

10. Contract for Stop Loss Insurance for Health Insurance Program with Highmark Insurance Group (\$3,413,616)

## **Action Item - 10**

**Title:** Contract for Stop Loss Insurance for Health Insurance Program with Highmark Insurance Group (\$3,413,616)

**Board of Education Meeting Date:** 6/26/2025

### **Action Under Consideration:**

The Administration recommends that the Board of Education authorize The School District of Philadelphia, through the Superintendent or his designee, to execute and perform a contract, subject to funding, as follows:

**With:**

Highmark Insurance Group (HMIG)

**Purpose:**

Stop loss insurance

**Start date:** 7/1/2025

**End Date:** 6/30/2026

**Compensation not to exceed:**

\$3,413,616

**Location:**

School District of Philadelphia

**Renewal Option:**

Number of options: 1; Duration of each option: 1 year

**Maximum Compensation authorized per option period:**

\$3,413,616

**Description:**

**Why is this contract needed?**

The School District has been responsible for all medical claims that it incurs and pays under its self-funded arrangement with Independence Blue Cross since 2011. Stop loss insurance, which is standard with self-funded medical plan arrangements, is purchased to protect against catastrophic claims, such as premature births with associated complications or treatments involving high-cost specialty drugs. Stop loss insurance provides a cap to the maximum out-of-pocket claims for which the District is responsible. This stop loss policy caps the District's exposure for any individual claim to \$1.25 million, with the stop loss provider paying the costs beyond that. This arrangement greatly aids in budgetary planning. Stop Loss insurance can protect the

District from catastrophic or unexpectedly large medical claims, providing financial stability and predictability to the healthcare budget.

**How will the success of this contract be measured?**

The District monitors the usage of the stop loss insurance on a monthly basis and reviews the trend over the year to make any adjustments in the design and coverage of the stop loss insurance. Stop-loss insurance is a common approach for self-funded medical plans. The District's Benefits Office periodically consults with our Benefits Consultant to understand any changes in the market and best practices.

**Which Goal and/or Guardrail does this Action Item support?**

**Has this investment been discussed during a progress monitoring session?**

**Which session?**

N/A

**Does this Action Item support a specific strategy/intervention identified in the Strategic Plan?**

This contract enhances the District's fiscal responsibility and sustainability of our self-insured Health Fund so that resources are best utilized to support our students and our progress towards achieving Goals & Guardrails.

**Related resolution(s)/action item(s)**

June 27, 2024; No. 14

May 25, 2023; No. 77

June 24, 2021; No. 17

**Funding Source(s)**

FY 26-27 Health Fund

**Office Originating Request:**

Talent

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