

Dear Colleagues,

After significant time and attention this summer, the Benefits Advisory Committee (or BAC) is sending forward to University Leadership the following recommendations for 2027 benefits:

Employee and Retiree Health Insurance:

- ***Claims Experience:***

As a self-funded health plan, Stetson sets a budget for how much we expect to spend on medical claims for the year, based on past performance. Claims experience tracks the amount of health costs the plan covers when an employee goes in for service. After a multi-year approach targeting a reduction in costs, the BAC noted that claims have been 0.6% over our projected budget during 2026.

- ***Initial Projections for 2027:***

Plan projections are based on a review of the previous 24-months of claims and a review of medical trend. Medical trend is an aggregate of increases in medical costs that come from everything from the price of medical equipment, wage growth in medical personnel, inflationary pressures from things like tariffs and supply shortages, and other cost impacted items. Trend typically falls around 10%, and the actuaries at Brown and Brown (B&B) calculated trend for 2026 at 9.6%. This resulted in a projected increase of 10.2% if the plan made no changes.

- ***Impact of ERIP and Samaritan Fund:***

Last year Stetson partnered with a non-profit group called the Samaritan Fund that provides insurance for those facing high claims. Partnership with this fund will continue in 2027. In addition, Stetson offered the Early Retirement Incentive Program to staff and faculty for a March and May retirement date respectively. As a result of the success of these two programs, our actuaries at B&B were able to re-run our projected costs for next year and reduced our projected increase from the initial 10.2% to 6.1%

- ***Plan Design Changes/Final Projection:***

The group worked with the B&B team to model changes to the plans, recognizing that a 6.1% increase was too high for both employees and the university. They examined changes to premiums, deductibles, and a range of copays, and prioritized minimizing impact on preventative services that employees use most. These changes result in a **final projected increase of 3.5%**, though employees making less than \$42,300 will likely see no increase.

- ***Sunset High-Deductible Plan:***

The BAC received employee requests for a high-deductible health plan (HDHP). As a part of last year's recommendations, a new HDHP plan with a health savings account (HSA) seed was added to the university's offerings. Unfortunately, only eight employees elected the plan in all of 2026 and the BAC is recommending ending the plan as of December 31, 2026.

- ***DHMO Changes:***

Delta Dental offered Stetson University no increase, however, the current DHMO plan is no longer offered by Delta. The BAC is recommending Stetson move to a similar DHMO product Delta currently offers. After review, most benefits are improved, with slight increases in the cost of some materials

due to inflationary factors. The only major change is that cleanings will now come with a \$5 copay. PPO products remain unchanged.

- ***Life/Disability Changes:***

The BAC is recommending Stetson join a consortium of other colleges and schools called the HBA trust to negotiate life and disability products. Life insurance and short- and long-term disability products would move to the Hartford for 2027 which will result in savings to the university.

- ***Ancillary Products:***

The committee is recommending Stetson switch vendors for our Critical Illness, Hospital Indemnity, and other group ancillary products from AFLAC to TransAmerica. This switch will result in savings on these products on employee's monthly premiums.

Vision, Retiree coverage, and Other Benefits:

- CMS has not released information on retiree coverages, once Stetson has received information, People Operations will communicate with university leadership and retirees on any changes.
- VSP offered to keep rates the same for 2027. The committee is recommending no changes.
- Stetson is exploring a change in vendors for flexible spending accounts due to some security issues the current company, Medcom, faced in 2026. If implemented, this will result in no changes in benefits.

As members of the Benefits Advisory Committee, we understand that change can be difficult. The group kept that front and center as we developed our recommendations. The BAC put tremendous effort into respectful dialogue, analysis, and debate on each of these issues. Not all votes were unanimous, but ultimately the full committee stands behind these recommendations. Please feel free to contact us or People Operations if you have any questions.

Sincerely,

Benefits Advisory Committee:

Catherine Cameron, Professor of Law

Jessica Day, Executive Director, Residential Living and Learning

Michael Eskenazi, Associate Professor of Psychology (President, Faculty Senate)

Jeremy DiGorio, VP for Finance and CFO (ex-officio)

Natalie Jones, Health Professions Advisor

Melissa Mundt, Registrar for the College of Law

John Tichenor, Professor of Management

Non-Voting Members:

Evan Itle, AVP of Budget and Finance for the College of Law

Maureen McNamara, Director of Budget

Graciela Dufour, Chief People Officer and AVP of Human Resources

Vi Bumgarner, People Operations Manager for COL

Chris Chellberg, Associate Director of People Operations