School Employees Retirement System	SPECIAL COMPENSATION COMMITTEE MEETING MINUTES		
Preparer	Vatina Gray	**Meeting Date**:	September 18, 2025
Committee Chair	Daniel Wilson	**Committee Roll Call was as follows:** Present: Jeanine Alexander, Jeffrey DeLeone, Rebekah Roe, Frank Weglarz, and Daniel Wilson. **Also in Attendance:** Mary Therese Bridge, representative from the Ohio Attorney General's Office. Also in attendance were SERS Staff: Richard Stensrud, Joe Marotta and Vatina Gray.	
Agenda	1. Roll Call 2. Approval of June 18, 2025, Special Compensation Committee Minutes (R) 3. SERS' Employee Health Insurance Plan and Retiree Life Insurance Plan Discussion 4. Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment of a public employee (R) 5. Adjournment		

Discussion

The SERS Compensation Committee meeting convened in open session at 7:30 a.m.

ROLL CALL

The SERS Special Compensation Committee roll call was as follows: In-Person: Daniel Wilson, Jeanine Alexander, Jeffrey DeLeone, Rebekah Roe, and Frank Weglarz.

APPROVAL OF MINUTES

Jeff DeLeone moved and Rebekah Roe seconded the motion to approve the minutes of the Special Compensation Committee meeting held on June 18, 2025. Upon roll call the vote was as follows: Yea: Jeanine Alexander, Jeffrey DeLeone, Rebekah Roe, Frank Weglarz, and Daniel Wilson. The motion carried.

SERS' EMPLOYEE HEALTH INSURANCE PLAN & RETIREE LIFE INSURNACE PLAN DISCUSSION

SERS Executive Director, Richard Stensrud, provided the Compensation Committee with an update on the SERS Employee Health Insurance Plan & Retiree Life Insurance Plan. Mr. Stensrud stated that at the June Compensation Committee Meeting, the Committee was advised about a package of adjustments to the employee sick and vacation leave accrual and cash out program that will be implemented over the next year. Mr. Stensrud provided additional background and detail about changes that are planned to the employee health insurance plan.

Mr. Stensrud reported that annually the Executive Director, with input and guidance from the Deputy Executive Director and the Directors of Human Resources, Health Care Services, and Finance, reviews and considers potential adjustments to the non-salary benefits provided to SERS employees. The primary goal is to ensure that SERS is being fiscally prudent while providing a benefits package that supports the overall compensation objective of being able to attract and retain well-qualified personnel.

Mr. Stensrud provided some additional background, stating that the employee health insurance plan is an important component of SERS' non-salary benefit package. SERS' employee health care plan is self-insured, which means that SERS pays the health care claims (both medical and drugs (Rx)) up to $250,000 per member per year. Claim costs above that amount are covered by stop-loss insurance.

Mr. Stensrud continued, stating that because the plan is self-insured, CavMac provides guidance on the projected annual cost of the plan based on our prior plan experience and medical cost trends. The analysis also includes any plan changes that would have a projected positive, negative, or neutral cost impact. That can include changes to premiums; co-pays; co-insurance; deductibles; out-of-pocket maximums; prescription formulary changes; and plan coverage changes. SERS' portion of the projected cost is then built into the administrative budget.

SERS medical and prescription costs have been at elevated levels for the last several years relative to past years. With the exception of a low cost year in FY 22-23, health insurance costs have been consistently above 10% of the total budget, with three of the last five years over 11%. In the fiscal year just ended, they were 11.44% of the total budget, which was more than $1 million over what was budgeted. There is a similar pattern when looking at health insurance costs as a percentage

of overall personnel costs, including salaries.

Mr. Stensrud reported that the increased cost picture is made even clearer when we look at the experience in calendar year 2024 while noting that health insurance plans operate on a calendar year basis. In 2024, SERS medical cost paid Per Member Per Month (PMPM) increased 72.3% with the average PMPM increasing from $420 to $723. Having six High-Cost Claimants (HCCs) with average claims paid of $303,853 drove up the PMPM in 2024. There was one HCC that drove a majority of the plan spend – over $1M in CY2024. This is compared to 2023, when we had one HCC with claims paid of $116,509.

Mr. Stensrud continued, stating that the Rx plan saw a 6.3% increase in total plan cost from 2023 to 2024. Net plan cost increased from $734,072 to $780,320. We continue to have a high-cost claimant whose Rx claims exceeded $250,000 in 2024 and they are expected to exceed that threshold in 2025. The member's Rx claims cost increased 14.7% in 2024. This HCC has not historically had high-cost medical claims. However, they hit the stoploss threshold on Rx claims alone.

Mr. Stensrud stated thus far in 2025, SERS is continuing to see high medical and Rx claims cost. Average PMPM costs are trending over $700 PMPM and we expect to have 2-3 people hit the stoploss threshold. SERS has already received $132,388 in medical plan stop-loss reimbursement for plan year CY2025.

Mr. Stensrud continued, reporting that increased GLP-1 usage in 2025 is driving the Rx plan cost increases. Cost of GLP-1's in the first half of CY25 is $121,192 with two thirds of that cost ($82,512) for GLP-1s for weight loss. If this continues into the second half of CY25, the plan could see a 46% increase in cost of GLP-1 claims.

As Mr. Stensrud previously noted, CavMac provides guidance on the projected overall costs of the health insurance plan and recommends the rate paid per member to address that cost. That rate is then allocated between SERS and the employee. For the past several years, SERS has paid for 89% of the cost, and the employee pays the remaining 11% in the form of premiums. Covering 89% of the cost of coverage is generous and compares favorably based on national averages. For example, the Bureau of Labor Statistics reports that for government employers the average employer portion is 86% and the average employee portion is 14%.

Mr. Stensrud reported that SERS offers four tiers of coverage: Employee only; Employee and spouse; Employee and child(ren); and Family. The premium cost varies by coverage type, but the cost for participants in all tiers is 11% of the total cost. Many employers require an employee to pay a higher premium for covering family members beyond the employee. For example, the Bureau of Labor Statistics reports that the national average for the employee-paid portion of a family plan is 29%.

Proposed Changes for Calendar Year 2026

Mr. Stensrud stated while some year-to-year variability in health care cost is to be expected, the trend of continued high medical and Rx costs will result in increased budgetary strain for SERS, beginning with SERS' FY 25-26 budget, and increased premiums for employees.

Specifically, no changes to the plan design or the premium structure will result in a 12.2% cost increase.

Accordingly, to maintain a health insurance plan that is attractive and affordable to employees while managing the long term costs and sustainability of the benefit plan, several proposed changes have been identified.

- Increase the out-of-pocket maximum (OPM) on the Rx plan from $1,250/$2,500 to $1,500/$3,000.
    - Four employees exceeded the OPM in 2024 and the same four have exceeded it in 2025.

- Update the Rx co-pay structure.
    - Generic – no change at $10
    - Preferred brand – no change at $40
    - Preferred insulin – no change at $25

- Specialty generic – no change at $10
- Specialty Preferred brand – increase to $100 from $50
  - Most specialty drug patients participate in the SaveOn program and will not have a cost increase.

- Increase medical deductible.
  - In-network - $500/$1000 to $750/$1500
  - Out-of-network - $1000/$2000 to $1500/$3000
  - Estimated impact based on 2024 claims - 2.85% to the medical claims ($117K)

The Rx changes plus the increase in the medical deductible will lower the cost increase to 9.8%.

- Exclude GLP-1s from plan coverage for weight loss purposes.
  - Coverage for GLP-1's for diabetes doesn't change. Diabetic versions are also less costly compared to the weight loss versions.
  - OPERS not covering them effective 1/1/2025 and State of Ohio not covering them effective 7/1/2025.
  - While weight loss could lead to health improvements over time, potential reduction in health care costs will be longer term rather immediate.

The Rx changes, increase in medical deductible and exclusion of GLP-1s for weight loss will lower cost increase to 9.2%.

- Adopt a premium differential model under which SERS pays more of the employee rate and a reduced spouse/dependent rate.
  - The employee-only rate would be reduced from 11% to 10%. This would allow the employee cost to remain flat.
  - The spouse/dependent rate would increase from 11% to 15%. The rate would still be generous relative to most government employers.

All the above changes together would lower the cost increase to 7.4%.

Below is the cost impact of the proposed changes by coverage tier.

Medical Rx, Dental & Vision Monthly EE Premium Comparison			
Tier	**2025**	**2026**	**Increase***
Employee Only	$108.08	$108.08	$0.00
EE + Spouse	$216.16	$263.80	$47.64
EE + Child(ren)	$179.99	$211.04	$31.05
Family	$323.99	$422.08	$98.09

As noted above the proposed changes will result in SERS employees who have employee-only coverage (60, or approximately one third of the staff) having no cost increase. While there will still be a cost increase for both SERS and employees with dependent coverage, the size of the increase will be reduced by 40%.

Overall, I believe the proposed changes will allow SERS to maintain a health insurance plan that is attractive and affordable to employees while managing the cost and sustainability of the benefit plan. Since the premiums and plan design features are reviewed annually, these changes can be revisited if experience and cost improves in future years. Following a robust discussion, the committee thanked Mr. Stensrud for his update.

EXECUTIVE SESSION

Frank Weglarz moved and Aimee Russell seconded the motion that the Committee convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the employment of a public employee. Upon roll call the vote was as follows: Yea: Jeanine Alexander, Jeffrey DeLeone, Rebekah Roe, Frank Weglarz, and Daniel Wilson. The motion carried.

	The committee convened in executive session at 7:44 a.m. The committee returned to open session at 8:30 a.m. **ADJOURNMENT** Daniel Wilson moved to adjourn the meeting at 8:31 a.m.

	Action Items	Assigned Person	Due Date
Action Items			
Committee Chair Signature		**Date Signed**	

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Dan Wilson, Committee Chair

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Richard Stensrud, Secretary