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MEMO

January 28, 2026

To: Dave Cook, IPBC Executive Director

From: Barb Dewey, FSA, MAAA
Jacob Sargent, ASA, MAAA

Re: Preliminary Renewal for IPBC's PPO, HMO, and Dental Products – Fiscal Year 2027 and Calendar Year 2027

IPBC asked Milliman to prepare July 2026 to June 2027 (FY 2027) and January to December 2027 (CY 2027) renewal rate changes for the pool overall and each IPBC entity for the PPO, HMO, and dental products. The results presented in this memo are preliminary and intended for initial budgeting, discussion, and decision-making purposes only. These results will be finalized in an upcoming memo in early March 2026. In this memo, we provide summary tables detailing the rate development calculations and discuss the general methodology, data sources, and specific adjustments that were applied.

The table below summarizes the proposed rate increases by product.

Table 1: Renewal Rate Changes by Product

PRODUCT	CURRENT AVERAGE FUNDING RATES PEPM (FY & CY 2026)	PROPOSED AVERAGE FUNDING RATES PEPM (FY & CY 2027)	PROPOSED RENEWAL RATE CHANGE
PPO	$1,866.44	$2,270.54	21.7%
HMO	$1,472.03	$1,762.33	19.7%
DENTAL	$79.05	$82.93	4.9%

Key Considerations

We recognize that the proposed renewal rate changes above are higher than historical rate changes, so we have identified a few key factors that contribute to the proposed renewal rate changes.

FACTORS DRIVING HIGHER RENEWAL RATES

Market Trend

Market trends for healthcare costs were relatively stable around 4-5% for several years before the COVID-19 pandemic. There was suppressed demand during the pandemic and a snap-back afterward. It initially seemed as though trends were returning to a stable level around 2023. However, trends have continued to climb and many in the industry are currently using market trends around 9-12%. In this renewal calculation, we use a market trend of 11.5%. For comparison, the market trend used in last year's renewal calculation was 9%.

The physician services fees (PSFs) are expected to increase over 10% based on preliminary information from BCBS. This is a material change compared to prior years. The overall PSF renewal increases for IPBC were below 2% in each of the past three years. For the purposes of this preliminary renewal, we are using a PSF trend of 11.5%. We will use the actual FY 2027 renewal PSFs by member for the final renewal calculation.

IPBC Fee-for-Service Claims Trend

IPBC has consistently kept its overall fee-for-service (FFS) cost trends well below market trend. IPBC trends continue to be below market trends. However, market trends are higher and the gap between IPBC trend and market trend has narrowed. In last year's renewal calculation, the IPBC overall FFS trends were 5.75% for both the PPO and HMO (below a 9% market trend by 3.25%). This year, IPBC overall FFS trends used in this renewal calculation are considerably higher at 10.5% for the PPO and 11.5% for the HMO (below an 11.5% market trend by 1% and 0%, respectively). The table below shows IPBC FFS trends from CY 2024 to CY 2025 broken out by medical, pharmacy, pharmacy rebates, and net cost. These trends are based on estimated incurred values from paid claims data.

Table 2: IPBC Observed FFS Trends from CY 2024 to CY2025

	2025 / 2024 TRENDS	
	PPO	HMO
Medical Claims	6.5%	6.6%
Pharmacy Claims	14.9%	23.6%
Rx Rebates	6.1%	22.1%
Net Cost	10.5%	11.5%

Sufficiency of Funding in Recent Experience

The goal of the renewal calculation is to set renewal rates that will be sufficient to cover the projected claims costs. In addition to increasing rates for projected trends in claims costs, we must also adjust rates to reflect any insufficiency or oversufficiency in the current rates. That is, if the pool is underfunded by 5% in the most recent experience, rates will need to increase by 5% to correct for the mismatch before considering the impact of trend. In CY 2025, the IPBC PPO was underfunded by about 9.7% and the IPBC HMO was underfunded by about 4.9% (not including the target 5% margin). This is based on paid funding and adjusted paid claims in each calendar year with our best estimate of incurred rebates offsetting the paid claims.

The major item contributing to the insufficiency in the current rates is the increase in IBPC's trend as described above. The trends used to set the FY and CY 2026 rates were markedly lower than IPBC's realized experience trends. Major drivers of this unanticipated increase in trend were increasing outpatient facility cost trends and high pharmacy trend driven by weight loss GLP-1 utilization, as described in our Preliminary Estimate memo dated 11/12/2025.

FACTORS DRIVING LOWER RENEWAL RATES

PBM Operational Changes

IPBC plans to implement a tighter utilization management program and stricter enforcement of dispense-as-written (DAW) code penalties. We incorporated a -0.5% change in both the PPO and HMO renewal calculations in consideration of the projected savings from these changes.

Enrollment Shifting from HMOI to BAHMO

On 7/1/2025, the departure of Advocate from the HMOI network prompted many IPBC HMO pool members to either replace their HMOI plans with BAHMO plans or add BAHMO plans alongside their HMOI plans. This resulted in considerable enrollment shifting toward the BAHMO network which has lower reimbursement rates for FFS claims as well as lower physician services fees (PSFs). Adjusting the historical FFS experience to account for this shift changes the overall IPBC HMO renewal by about -0.5%.

FACTORS WITHOUT A MATERIAL IMPACT ON RENEWAL RATES

Growth and New Membership

IPBC has grown quickly. In light of this new membership, it is prudent to check if new members are driving larger renewal rate increases. We reviewed average claims and funding rates based on years of membership and did not find material evidence that newer members have higher CY 2025 loss ratios than long-standing members.

Stoploss Attachment Point Change

IPBC increased the PPO stoploss attachment point from $1 million to $1.5 million effective 7/1/2024 and again from $1.5 million to $2.0 million effective 7/1/2025. We note that the additional claims expense to IPBC from this change is more than offset by the decrease in the stoploss premium. This means that the increase in stoploss attachment point results in a modest reduction in the PPO renewal.

Future Updates

The following is a list of known updates which will be incorporated with the final renewal:

- Plan design change adjustments to claims, including shifts to the lower cost Blue Choice Options network
- Replace current estimate with actual BCBS medical rebate reconciliation for FY 2025
- Replace current estimate with actual BCBS PSFs for FY 2027
- Replace current estimate with actual medical administrative fees for FY 2027
- Replace current estimate with actual stop loss premiums for FY 2027

Exhibits

The following exhibits are included as attachments to this memo.

- Appendix A – Rate Development for PPO
- Appendix B – Rate Development for HMO
- Appendix C – Rate Development for Dental
- Appendix D – Member Specific Rate Changes for PPO, HMO, and Dental Plans Renewing in July 2026 and January 2027 [This Appendix will be provided separately by the end of this week.]

The remainder of this memo discusses the data sources and methodologies that we applied in preparing the rate changes.

Data Sources and Methodology

Rate increases were calculated by projecting claims experience, adding administrative expenses and fees, and comparing to the funding rates as of January 2026.

The following list describes the general approach used as demonstrated in Appendices A, B, and C.

- Claims:
  - For the PPO and HMO, we used claims paid from January 2021 to December 2025. For the overall IPBC average, we applied 25% weight to CY 2024 and 75% weight to CY 2025. For the PPO member-specific calculations, we considered claims experience in the higher layers for a five-year lookback period. For both the PPO and HMO, we used the last three years of claims as the primary basis for our member-specific experience rating.
  - For dental, we used claims paid from January 2024 to December 2025. For the overall IPBC average and member-specific calculations, we applied 25% weight to CY 2023 and 75% weight to CY 2024.
- Enrollment:
  We used enrollment from December 2020 to January 2026. We used the January 2026 enrollment as the projected enrollment. We shifted enrollment by one month relative to paid claims to approximate claims on an incurred basis.

- Adjustments:
  - For the PPO, we removed high-cost claims and pooled claims over $50,000 across all tiers and IPBC entities; pooling was based on a five-year lookback
  - For the HMO, we adjusted for high-cost claims; pooling was based on a five-year lookback
  - Trend
  - Claims adjustments
  - IPBC entity mix
  - Margin
  - PBM savings
  - Projected fee changes
  - Entity-specific constraint that rate increases be within +/-5% of the overall IPBC average. Entities who maintained a loss ratio (with claims pooled above $500,000) of below 80% or above 120% for the last three consecutive fiscal years have a constraint to be within +/-10% of the IPBC average.

Groups not participating in IPBC during CY 2025 were omitted from the comprehensive rate development process. These new members received the IPBC average rate change. Groups that terminated prior to December 2025 have been removed from the rate increase development. Groups with less than a full year of experience were rated in a separate process in which we applied the IPBC average rate change and adjusted in consideration of their "Revised Surplus (Deficit)" reflected in Domo and pharmacy rebates for July through December of 2025 compared to the rest of IPBC.

TIER DEFINITIONS

IPBC entities were assigned to tiers based on the average number of employees throughout CY 2025. Tiers were assigned separately for PPO, HMO, and dental renewals. The following table shows the employee counts used to assign tiers.

Table 3: Tier Definitions

	AVERAGE NUMBER	NUMBER OF ENTITIES		
TIER	**OF EMPLOYEES**	**PPO**	**HMO**	**DENTAL**
Tier 1	1-50	65	88	31
Tier 2	51-150	58	31	55
Tier 3	151-300	29	3	26
Tier 4	301+	10	2	14

In the renewal calculation, listed entities were grouped or separated to be consistent with the year-end audit.

The table below breaks out the average renewal rate change by tier.

Table 4: Average Renewal Rate Changes by Tier

	AVERAGE RENEWAL RATE CHANGE		
TIER	**PPO**	**HMO**	**DENTAL**
Tier 1	20.8%	18.0%	3.7%
Tier 2	22.4%	18.4%	4.3%
Tier 3	21.5%	19.4%	4.5%
Tier 4	21.3%	24.0%	5.7%
Overall	**21.7%**	**19.7%**	**4.9%**

DATA SOURCES

We used summary reports in Domo for medical and pharmacy claims net of rebates and high-cost claimants for July 2022 to December 2025. These Domo reports were prepared using data from carrier invoices. Medical and pharmacy claims net of rebates and high-cost claimants for January 2020 through June 2022 were taken from the Excel files underlying the annual audit calculations.

Table 5: Data Sources Used

PURPOSE	DATA FILES USED
Medical and pharmacy claims experience, enrollment	PPO Experience: 1. IPBC Domo reports July 2022 through December 2025 a. IPBC Lives (All Plans) b. PPO Medical and Prescription Drug Loss Ratios c. PPO Medical and Prescription Drug Loss Ratios by Member d. PPO Claims by Individual 2. 12-22 PPO Medical and Prescription Drug Loss Ratios by Member.xlsx 3. IPBC DOMO Monthly Member Report Aug-22 to Jan-23 - PPO 4. Final PPO Renewal Data.xlsx 5. PPO Report.xls (FY 2022) 6. PPO Report.xls (FY 2021) HMO Experience: 1. IPBC Domo reports July 2022 through December 2025 a. IPBC Lives (All Plans) b. HMO Medical and Prescription Drug Loss Ratios c. HMO Medical and Prescription Drug Loss Ratios by Member 2. IPBC DOMO Monthly Member Report Dec-22 - HMO 3. IPBC DOMO Monthly Member Report Aug-22 to Jan-23 - HMO 4. HMO Report.xls (FY 2022) 5. HMO Report.xls (FY 2021) 6. HMO Report.xls (FY 2020) 7. HMO Report.xls (FY 2019) Dental Experience: 1. IPBC Domo reports July 2022 through December 2025 – Dental ASO Loss Ratios by Member Offsets to Claims not Included in Domo 1. 2022-23 4177 Contract Breakout with Additional Payment Amounts.xlsx 2. 2022-23 performance guarantees.xlsx 3. 2023-24 Perfromance Guarantees.xlsx 4. FY 23-24 IPBC breakout of Pricing Guarantees.xlsx 5. IPBC 2022-2023 Med Rebate Breakout (By groupenrollment).xlsx 6. IPBC 2025 Med Rebate By Group.xlsx 7. ESI pricing guarantees IPBC 24-25 NED Breakout upload.xlsx
Administrative expenses	1. IPBC HMO 7.1.25 Renewal.pdf 2. IPBC PPO 7.1.25 Renewal.pdf

PURPOSE	DATA FILES USED
	3. IPBC Renewal - 2024 - Three Year Guarantee - cv.xlsx 4. Delta Renewal Executed for -2024-07 Renewal Packet 4.pdf 5. Carrier and admin fee assignments from historical and Domo reporting 6. Call with Dave Cook on 1/10/2025 (IPBC Wellness and Admin Fees) 7. UHC shared savings estimated as $14 PEPM for members with UHC 8. SunLife Firm 180 Day Lock Renewal (12-12 Contract).pdf 9. Email from Dave Cook on 2/28/2025 regarding BCBS counterproposal update
Miscellaneous (current funding rates, physician service fees, pharmacy rebate projections, and YTD loss ratios)	1. IPBC Domo Reports July 2022 through January 2025 a. HMO Medical and Prescription Drug Loss Ratios by Member b. PPO Medical and Prescription Drug Loss Ratios by Member c. Dental ASO Loss Ratios by Member 2. IPBC Lives (All Plans) 01.26.xlsx 3. January premiums for Milliman.xlsx

POOLING ADJUSTMENT

For the PPO:

- Claims under $50,000 were pooled for entities in Tiers 1 and 2 subject to expanded factor caps to allow for plan design and health status differences. Claims under $50,000 were not pooled for entities in Tiers 3 or 4.
- Claims from $50,000 to $150,000 were pooled across all IPBC entities subject to tier-specific factor caps.
- Claims from $150,000 to $500,000 were pooled across all IPBC entities subject to tier-specific factor caps.
- Claims from $500,000 to the individual stoploss limit (ISL) were shared across all IPBC entities on a per employee per month (PEPM) basis.
- Claims over the ISL were shared across all IPBC entities on a PEPM basis in the form of stoploss insurance.

For the HMO:

- High cost claims were pooled across all IPBC entities on a PEPM basis in the form of stoploss insurance.

The rate changes for each IPBC entity were constrained to be within +/- 5.0% of the average rate change across all of IPBC HMO or PPO as applicable. Entities who maintained a loss ratio (with claims pooled above $500,000) of below 80% or above 120% for the last three consecutive fiscal years have a constraint to be within +/-10% of the IPBC average.

In an effort to smooth rate changes for smaller entities, we incorporated a credibility adjustment in the calculation. We blended (1) the historical claims experience with (2) the expected claims costs from the FY 2026 funding rates (for July 1 renewals) and from the CY 2026 funding rates (for January 1 renewals).[1] The weight given to the historical claims experience was calculated using the following formula:

$$\sqrt{\frac{\text{experience period average employees}}{\text{N employees}}}$$

Where N was 300 employees for the PPO, 900 employees for the HMO, and 150 employees for dental.

TREND

For the PPO, we applied a 10.5% FFS claims cost trend from CY 2024 to CY 2025 based on recent observed trends across the IPBC pool. We applied a trend rate that was a blend of an IPBC-specific case rate and a general

[1] The funding rates for IPBC member MPEA were first adjusted to reflect its population change (which we quoted on 9/19/2025) when developing the expected claims costs for the credibility blending. This was necessary because the quoted rate change was not implemented as MPEA elected to defer the rate change to its next renewal (7/1/2026).

benchmark market rate from CY 2025 to FY 2027 and CY 2027. The IPBC-specific case rate used was 10.5%. The general market trend used was 11.5%. This value was based on observed trends in IPBC's service area from the Milliman Health Trend Guidelines™ (HTGs), a proprietary tool used to give insurers, healthcare providers, and employers monthly information on healthcare expenditures and utilization for individuals enrolled in commercial insurance plans in the United States.[2] The HTGs provide a retrospective view of trend, and we assume that recent trend experience will continue when setting market trends. We blended the case trend and the market trend by applying a 25% weight to the market trend.

For the HMO, we applied a 11.5% FFS claims cost trend from CY 2024 to CY 2025. We applied a trend rate that was a blend of an IPBC-specific case rate and a general benchmark market rate from CY 2025 to FY 2027 and CY 2027. We blended the case trend and the market trend by applying a 25% weight to the market trend. This trend was only applied to FFS claims. A separate trend is applied to the physician service fees (PSFs).

For dental, we applied a 3.8% trend from CY 2024 to CY 2025 based on recent IPBC dental experience. We applied a 4.0% market trend rate from CY 2025 to FY 2027 and CY 2027 based on recent IPBC trends and the Milliman Health Cost Guidelines - Dental™.

Table 6: Basis of FFS Claims Cost Trends Used to Trend from CY 2025 to FY 2027 and CY 2027

TREND DESCRIPTION	PPO	HMO	DENTAL
Case trend (also used to trend to CY 2025)	10.5%	11.5%	3.8%
Market trend	11.5%	11.5%	4.0%
Weight applied to market trend	25%	25%	100%
Blended trend used for CY 2025 to FY 2027 and CY 2027	10.8%	11.5%	4.0%

The trend assumption applied is a major driver of the overall renewal rate change calculated. There is significant uncertainty in setting trend assumptions. If the trend assumption is set too low, IPBC's funding rates would be insufficient, leading to significant stress on the current surplus as well as large audit settlements for members. Similarly, if the trend assumption is set too high, IPBC's funding rates would be overly sufficient.

Our trend assumptions are based on an analysis of IPBC's recent trends and local market trends. We have considered the unique circumstances of the local market, the population, and the product design being analyzed. Random and short-term fluctuations specific to local markets or other unusual external forces such as inflation may result in variance, especially over short time periods. The general approach used for this rate setting exercise reflects our best estimate of trend given recent IPBC trends and the pattern of recent market trends.

IPBC has historically used a 50%/50% weighting of experience (case) and market trends for setting the PPO trend. For the 2026 renewal, IPBC's Finance Committee voted to change to use a weighting of 75%/25% experience and market trends. We used this 75%/25% weighting for the 2027 renewal.

CLAIMS ADJUSTMENTS

As described above in the "Factors Driving Lower Renewal Rates" section, on 7/1/2025, there was considerable enrollment shifting toward the BAHMO network which has lower reimbursement rates for FFS claims as well as lower PSFs. We captured the PSF changes by using FY 2026 PSF data as our starting point. We applied an effective -7% adjustment to FFS medical claims before 7/1/2025 for those members who moved from HMOI to BAHMO.

We did not make similar claims adjustments for member-specific plan design changes or changes to GLP-1 coverage effective 7/1/2025 and 1/1/2026. We intend to incorporate these adjustments into the final renewal.

IPBC ENTITY MIX ADJUSTMENT

The IPBC has experienced both growth and attrition over time. In order to account for differences in IPBC entity mix, we calculated an IPBC entity mix adjustment. Using the most recent PEPMs by IPBC entity and the employee counts from each time period (CY 2024, CY 2025, and January 2026), we calculated a factor for every time period to reflect the most recent membership available (January 2026).

[2] https://www.milliman.com/en/products/milliman-health-trend-guidelines

MARGIN

Consistent with the FY 2026 and CY 2026 rate development, we have assumed a margin on fee-for-service claims liability of 0% for the PPO. In a change compared to the FY 2026 and CY 2026 rate development, we have assumed a margin on fee-for-service claims liability of 0% for the HMO. The FY 2026 and CY 2026 renewal assumed a 5% margin for the HMO.

PBM SAVINGS

We understand that IPBC has elected to implement changes to its pharmacy benefit in the form of a tighter utilization management program and more strict enforcement of dispense-as-written (DAW) code penalties. We have incorporated expected savings from these program changes in the form of a PBM savings adjustment equal to about -0.5% of total expenses, consistent with our previous analysis delivered 1/13/2026.

Most IPBC groups implemented the SaveOnSP program on May 1, 2021. We have allowed the savings from CY 2024 and CY 2025 to flow through the calculation. We have not made an adjustment up or down for any change in expected savings for this program for FY 2027 or CY 2027.

OTHER ADJUSTMENTS

Consistent with the FY 2026 and CY 2026 renewal calculation, we did not make an adjustment for the Health Advocacy Solutions (HAS) program.

ADMINISTRATIVE FEES

To estimate the BCBSIL PPO and HMO administrative fees, we used the administrative fee values from the FY 2026 BCBSIL renewal and trended at 5% to project FY 2027 and FY 2028 administrative fees.

The UHC PPO administrative fees include both the fixed fees and an estimate for the shared savings expense based on actual shared savings fees from a historical time period. The shared savings component of the UHC administrative expense was trended at a rate consistent with the claims cost trend. The fixed fees are currently in a three-year rate lock from FY 2025 through FY 2027. We applied a 5% trend to the FY 2027 fees to project the FY 2028 fixed fees

We used the December 2025 physician services fees (PSFs) and enrollment to calculate FY 2026 PSFs by member. We assumed an 11.5% PSF trend from FY 2026 to FY 2027 and FY 2028 to calculate FY and CY 2027 PSFs by member. This trend assumption is based on market average information provided by BCBSIL. We assumed the managed care fee would increase 0.1% on 7/1/2026 and again on 7/1/2027.

For both the HMO and PPO, we trended current stoploss premiums by 15% annually to project rates in FY 2027 and FY 2028.

We used administrative fee data from August 2025 through December 2025 to develop an estimate of average ESI administrative fees PEPM. We performed this analysis separately for the HMO and PPO. This time period includes an annual fee charged by ESI in September 2025 of about $800,000 which IPBC has contested and we understand will be reversed and not charged in the future. We adjusted the ESI admin calculation to exclude this fee. We trended this average PEPM from FY 2026 to FY 2027 and FY 2028 using an annual trend rate of 6.4% to reflect the mix of ESI administrative fees that are flat PMPM fees versus a percentage of specialty drug cost (SaveOnSP administrative fees).

We used the FY 2027 IPBC administrative and wellness fees that are on the agenda for board approval on 1/29/2026: $24.32 PEPM for the IPBC administrative fee and $11.01 PEPM for the wellness fee. We applied a 5% annual trend to the FY 2027 IPBC administrative fee and wellness fee to project these fees in FY 2028.

The DDIL administrative fees are $2.66 PEPM based on IPBC's current ASO employee count. The DDIL administrative fees are currently in a multi-year rate lock until 7/1/2027. We assumed rates would increase by 4% on 7/1/2027.

CURRENT FUNDING RATES

Current funding rates were calculated based on funding and enrollment from January 2026 as reported in the files "IPBC Lives (All Plans) 01.26.xlsx" and "January premiums for Milliman.xlsx."

ADDITIONAL MEMBER-SPECIFIC ADJUSTMENTS

City of Effingham and Northbrook Public Library requested renewal rates effective from 7/1/2026 through 12/31/2027. We applied an adjustment factor to our calculated 12-month renewal rates to account for the additional 3 months of trend required to produce the requested 18-month rates. We calculated this adjustment factor separately for the PPO, HMO, and dental renewals. The annual trend used to calculate the adjustment factor is based on an IPBC-average-weighted blend of FFS claims trend, physician services fee trend (HMO only), and non-benefit expense trend.

Skokie Park District was given an additional credit against its CY 2025 claims of $12,897.58 to reflect a claims adjudication error which resulted in the plan overpaying by this amount. Skokie Park District elected not to re-adjudicate the claims to avoid passing this cost along to its employees, so the 2025 experience claims data for Skokie Park District is overstated.

MPEA experienced a large change in enrollment on 7/1/2025. We provided a quote for the rate impact of this population change on 9/19/2025. MPEA elected to delay this rate change until its next renewal, necessitating an adjustment to its renewal calculations described on page 6, footnote 1.

New members were assigned the weighted average IPBC rate change.

Limitations

Milliman's work is prepared solely for the internal business use of the IPBC. Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party.

Milliman has developed certain models to estimate the values included in this memo. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP). The models rely on data and information as input to the models. We have relied upon certain data and information provided by IPBC and accepted it without audit. To the extent that the data and information provided is not accurate, or is not complete, the values provided in this report may likewise be inaccurate or incomplete. The models, including all input, calculations, and output may not be appropriate for any other purpose.

In performing this analysis, we relied on data and other information provided by contributors to the Milliman Health Trend Guidelines. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. In that event, the results of our analysis may not be suitable for the intended purposes.

Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. Our trend assumptions are based on an analysis of IPBC’s trends and local market trends. We have considered the unique circumstances of the local market, the population, and the product design being analyzed. Random and short-term fluctuations specific to local markets or other unusual external forces such as inflation may result in variance, especially over short time periods. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The authors are members of the American Academy of Actuaries and meet the qualification standards for performing the analyses in this memo.

Appendix A - Rate Development for PPO
Preliminary 7/1/2026 to 6/30/2027 and 1/1/2027 to 12/31/2027 Renewal
IPBC PPO - All Tiers
Projection Period FY 2027 and CY 2027
Experience Period CY 2024 through CY 2025

	7/1 Renewals		1/1 Renewals		
	CY 2024	CY 2025	CY 2024	CY 2025	FY 2027 / CY 2027
Plan Paid					
Layer 1 - Under $50,000	$63,562,350	$75,709,772	$143,078,400	$177,644,913	
Layer 2 - $50,000 to $150,000 (pooled)	$17,054,816	$19,373,568	$38,622,684	$47,317,570	
Layer 3 - $150,000 to $500,000 (pooled)	$8,611,786	$10,290,408	$19,234,974	$24,880,746	
Layer 4 - Greater than $500,000 (shared on PEPM basis)					
-- Claims between $500,000 and ISL	$910,254	$1,824,254	$4,017,195	$4,824,215	
-- Claims greater than ISL	$0	$0	$0	$149,536	
Total net paid adjusted claims	$90,139,207	$107,198,001	$204,953,253	$254,667,443	
Employee months shifted by 1 month	56,547	60,312	126,627	146,130	
PEPM net paid adjusted claims	$1,594.06	$1,777.39	$1,618.56	$1,742.75	
Annual trend to CY 2025	10.5%	10.5%	10.5%	10.5%	
Trend months	13	1	13	1	
Annual trend after CY 2025	10.8%	10.8%	10.8%	10.8%	
Trend months	18	18	24	24	
Effective trend factor	1.299	1.175	1.367	1.237	
Member mix adjustment	0.991	1.000	0.991	1.000	
Trended PEPM claims under $50,000	$1,446.58	$1,475.68	$1,530.28	$1,503.94	$1,497.87
Trended PEPM claims $50,000 to $150,000	$388.14	$377.62	$413.08	$400.59	$396.75
Trended PEPM claims between $150,000 and $500,000	$195.99	$200.57	$205.73	$210.64	$206.45
Trended PEPM claims between $500,000 and ISL	$20.72	$35.56	$37.29	$38.81	$36.44
Trended PEPM net paid adjusted claims	$2,051.42	$2,089.43	$2,186.38	$2,153.98	$2,137.52
Period weighting	25%	75%	25%	75%	
		Estimated FY 2027		Estimated CY 2027	
PEPM PBM savings					-$12.26
PEPM administration fee		$100.90		$103.16	$102.49
PEPM individual stoploss premium		$6.49		$6.97	$6.83
PEPM aggregate stoploss premium		$0.00		$0.00	$0.00
PEPM wellness program funding		$11.01		$11.29	$11.20
PEPM IPBC fee		$24.32		$24.93	$24.75
Projected funding PEPM for FY 2027 and CY 2027					$2,270.54
Current funding - January 2026					$1,866.44
IPBC rate adjustment					21.7%

Prepared by Milliman, Inc.
1/28/2026

Appendix B - Rate Development for HMO
Preliminary 7/1/2026 to 6/30/2027 and 1/1/2027 to 12/31/2027 Renewal
IPBC HMO - All Tiers
Projection Period FY 2027 and CY 2027
Experience Period CY 2024 through CY 2025

	7/1 Renewals		1/1 Renewals		
	CY 2024	CY 2025	CY 2024	CY 2025	FY 2027 / CY 2027
Plan Paid					
Paid Claims Below ISL, net of rebates	$21,061,281	$23,015,092	$38,407,072	$44,150,472	
Adjusted for network changes (HMOI to BAHMO)	$20,713,337	$22,831,221	$38,060,455	$43,958,411	
Employee months shifted by 1 month	25,991	25,536	42,692	45,426	
PEPM net paid adjusted claims	$796.94	$894.08	$891.52	$967.69	
Annual trend to CY 2025	11.5%	11.5%	11.5%	11.5%	
Trend months	13	1	13	1	
Annual trend after CY 2025	11.5%	11.5%	11.5%	11.5%	
Trend months	18	18	24	24	
Effective trend factor	1.325	1.188	1.399	1.255	
Member mix adjustment	0.985	0.999	0.985	0.999	
Trended PEPM claims under ISL	$1,039.56	$1,061.06	$1,227.98	$1,212.66	$1,157.75
Period weighting	25%	75%	25%	75%	
		FY 2027		CY 2027	
PEPM margin					$0.00
PEPM PBM savings					-$9.51
PEPM physician services fee		$436.06		$469.84	$457.58
PEPM administration fee		$79.44		$81.64	$80.84
PEPM managed care fee		$10.60		$10.61	$10.60
PEPM individual stoploss premium		$27.85		$29.94	$29.18
PEPM aggregate stoploss premium		$0.00		$0.00	$0.00
PEPM wellness program funding		$11.01		$11.29	$11.19
PEPM IPBC fee		$24.32		$24.93	$24.71
Projected funding PEPM for FY 2027 and CY 2027					$1,762.33
Current funding - January 2026					$1,472.03
IPBC rate adjustment					19.7%

Appendix C - Rate Development for Dental
Preliminary 7/1/2026 to 6/30/2027 and 1/1/2027 to 12/31/2027 Renewal
IPBC ASO Dental - All Tiers
Projection Period FY 2027 and CY 2027
Experience Period CY 2024 through CY 2025

	7/1 Renewals		1/1 Renewals		
	CY 2024	CY 2025	CY 2024	CY 2025	FY 2027 / CY 2027
Plan Paid	$3,956,361	$4,525,882	$10,276,830	$12,349,972	
Employee months shifted by 1 month	53,942	59,424	141,839	169,092	
PEPM net paid adjusted claims	$73.34	$76.16	$72.45	$73.04	
Annual trend to CY 2025	3.8%	3.8%	3.8%	3.8%	
Trend months	13	1	13	1	
Annual trend after CY 2025	4.0%	4.0%	4.0%	4.0%	
Trend months	18	18	24	24	
Effective trend factor	1.104	1.064	1.126	1.085	
Member mix adjustment	1.007	0.995	1.007	1.000	
Trended PEPM net paid adjusted claims	$81.59	$80.63	$82.18	$79.28	$80.23
Period weighting	25%	75%	25%	75%	
PEPM administration fee					$2.70
Projected funding PEPM for FY 2027 and CY 2027					$82.93
Current funding - January 2026					$79.05
IPBC rate adjustment					4.9%

PRELIMINARY ONLY

Appendix D - Member Specific Rate Changes for PPO, HMO, and Dental Plans" consistent with the methodology and assumptions described in the preliminary renewal memo. These results are for budgeting, discussion, and decision-making purposes only and are subject to change as Milliman work to finalize the renewal

Appendix D - Member Specific Rate Changes for PPO, HMO, and Dental Plans
Renewing in July 2026 and January 2027
Preliminary FY 2027 and CY 2027 Renewal

			Proposed Rate Changes			
IPBC Member	**Renewal Date**	**Renewal Period**	**HMO**	**PPO**	**Overall Medical**	**Dental**
Algon-Lake Hills FPD	7/1/2026	12 Months		16.7%	16.7%	9.9%
Algonquin	1/1/2027	12 Months	17.9%	24.8%	22.0%	8.0%
America's Central Port District	1/1/2027	12 Months		21.7%	21.7%	4.9%
Barrington	7/1/2026	12 Months	17.1%	17.4%	17.3%	
Bartlett	1/1/2027	12 Months	20.1%	16.7%	18.2%	-0.1%
Bartlett Fire PD	1/1/2027	12 Months	19.7%	16.9%	16.9%	9.9%
Batavia	1/1/2027	12 Months	18.0%	22.2%	22.0%	7.1%
Batavia Library	1/1/2027	12 Months	14.4%	17.8%	17.5%	
Beach Park	7/1/2026	12 Months		17.1%	17.1%	
Beecher	7/1/2026	12 Months	17.6%	22.1%	21.7%	4.0%
Bensenville	7/1/2026	12 Months	19.8%	24.2%	23.1%	-0.1%
Berkeley	1/1/2027	12 Months	16.6%	23.1%	20.9%	0.9%
Bethalto	1/1/2027	12 Months		21.7%	21.7%	4.9%
Bloomingdale	7/1/2026	12 Months	14.7%	19.4%	16.8%	-0.1%
Boone County	7/1/2026	12 Months		19.9%	19.9%	
Buffalo Grove	1/1/2027	12 Months	21.1%	19.2%	19.3%	9.9%
Burr Ridge	7/1/2026	12 Months	20.4%	25.6%	22.4%	
Byron FPD	1/1/2027	12 Months		22.5%	22.5%	9.9%
Campton Hills	7/1/2026	12 Months		14.2%	14.2%	8.4%
Carol Stream	7/1/2026	12 Months	19.2%		19.2%	7.1%
Carpentersville	1/1/2027	12 Months	19.8%	25.9%	25.6%	4.4%
Cary	1/1/2027	12 Months	20.4%	26.7%	24.5%	8.2%
Cary Fire Prtct Dist	1/1/2027	12 Months		21.5%	21.5%	9.9%
Caseyville	7/1/2026	12 Months		16.7%	16.7%	-0.1%
Centralia	1/1/2027	12 Months		31.3%	31.3%	-0.1%
Channahon	7/1/2026	12 Months	15.0%	12.5%	13.3%	0.2%
Charleston	1/1/2027	12 Months		26.7%	26.7%	-0.1%
Clarendon Hills	7/1/2026	12 Months	20.3%	26.1%	21.8%	9.1%
Coal City	1/1/2027	12 Months		20.8%	20.8%	
Collinsville	7/1/2026	12 Months	17.2%	22.7%	22.7%	-0.1%
Colona	7/1/2026	12 Months		22.0%	22.0%	
Countryside	7/1/2026	12 Months	21.7%	18.8%	21.0%	1.8%
Crest Hill	1/1/2027	12 Months	20.6%	19.4%	19.6%	-0.1%
Crete	7/1/2026	12 Months	18.2%	18.5%	18.5%	
Crete Township	7/1/2026	12 Months		21.9%	21.9%	
Crystal Lake	7/1/2026	12 Months	18.5%	18.2%	18.2%	2.8%
Darien	7/1/2026	12 Months	20.6%		20.6%	
Deerfield	1/1/2027	12 Months	21.6%	20.8%	20.9%	6.1%
DeKalb	1/1/2027	12 Months	20.7%	26.7%	25.3%	6.5%
DeKalb County	1/1/2027	12 Months	20.5%	27.0%	25.4%	3.1%
Des Plaines	1/1/2027	12 Months	15.6%	17.3%	17.1%	8.2%
Dixon	1/1/2027	12 Months		26.7%	26.7%	-0.1%
DU-Comm	7/1/2026	12 Months	18.2%	26.7%	22.5%	
East Moline	1/1/2027	12 Months		16.7%	16.7%	-0.1%
Edwardsville	1/1/2027	12 Months		22.1%	22.1%	1.2%
Effingham	7/1/2026	18 Months		25.4%	25.4%	
Elk Grove Village	7/1/2026	12 Months	19.5%	18.4%	18.5%	9.9%
Evanston	1/1/2027	12 Months	20.5%	19.0%	19.2%	
Fox Lake	1/1/2027	12 Months	16.4%	22.9%	22.7%	-0.1%
FP Dist-DuPage Co	1/1/2027	12 Months	22.8%	26.7%	25.1%	4.6%
FPD Winnebago	7/1/2026	12 Months	13.5%	18.4%	16.3%	9.6%
FPDKC	7/1/2026	12 Months	21.2%	20.3%	20.7%	9.2%
Franklin Park	7/1/2026	12 Months	18.6%	22.7%	22.0%	
Freeport	1/1/2027	12 Months		26.7%	26.7%	-0.1%
Gilberts	7/1/2026	12 Months	20.6%	26.7%	22.8%	1.0%
Glen Carbon	1/1/2027	12 Months		23.8%	23.8%	6.4%
Glen Ellyn	7/1/2026	12 Months	20.4%	23.4%	22.6%	9.9%

Appendix D - Member Specific Rate Changes for PPO, HMO, and Dental Plans
Renewing in July 2026 and January 2027
Preliminary FY 2027 and CY 2027 Renewal

IPBC Member	Renewal Date	Renewal Period	Proposed Rate Changes HMO	PPO	Overall Medical	Dental
Glencoe	1/1/2027	12 Months	20.0%	21.2%	21.0%	-0.1%
Glenview	1/1/2027	12 Months	19.3%	16.7%	17.3%	9.9%
Glenview Park Distr	1/1/2027	12 Months	15.9%	16.7%	16.5%	2.2%
Granite City	1/1/2027	12 Months		23.4%	23.4%	-0.1%
Grayslake	7/1/2026	12 Months		21.0%	21.0%	-0.1%
Hanover Park	7/1/2026	12 Months	19.1%	25.7%	24.2%	9.3%
Highland Park	1/1/2027	12 Months	18.1%	20.0%	19.9%	3.3%
Highwood	7/1/2026	12 Months	20.2%	17.9%	18.1%	
Hinsdale	1/1/2027	12 Months	22.0%	16.7%	19.5%	9.9%
Hoffman Estates	1/1/2027	12 Months	16.9%	26.7%	25.9%	9.9%
Homer Glen	7/1/2026	12 Months	18.9%	17.1%	17.3%	1.3%
Homewood	7/1/2026	12 Months	19.5%	20.1%	20.1%	
Homewood Library	7/1/2026	12 Months	15.7%	21.6%	16.3%	
Huntley	7/1/2026	12 Months	18.9%	26.7%	24.9%	6.5%
Indian Head Park	7/1/2026	12 Months	20.8%	26.7%	23.5%	
IPBC	1/1/2027	12 Months	19.7%		19.7%	
Itasca	7/1/2026	12 Months	19.1%	16.9%	17.1%	-0.1%
JAWA	7/1/2026	12 Months	14.7%	18.5%	16.8%	1.4%
Justice	7/1/2026	12 Months	18.7%	21.4%	18.8%	
Kendall County	1/1/2027	12 Months	15.9%	26.7%	25.4%	-0.1%
La Grange	7/1/2026	12 Months	14.7%		14.7%	
LaGrange Park	7/1/2026	12 Months	15.1%		15.1%	4.9%
LaGrange Park Park District	7/1/2026	12 Months	18.9%		18.9%	4.9%
Lake County	1/1/2027	12 Months	24.7%	22.7%	23.5%	3.0%
Lake County FPD	1/1/2027	12 Months	16.9%	21.1%	20.1%	1.3%
Lake Forest	1/1/2027	12 Months	14.7%	16.7%	16.4%	-0.1%
Lake in the Hills	7/1/2026	12 Months	18.7%	24.0%	23.1%	9.9%
Lake Zurich	1/1/2027	12 Months	15.7%	21.8%	19.0%	-0.1%
LakeComm	7/1/2026	12 Months	19.7%	21.7%	21.7%	4.9%
Lee County	1/1/2027	12 Months		26.7%	26.7%	9.9%
Libertyville	7/1/2026	12 Months	14.7%	19.7%	19.3%	6.5%
Lindenhurst	7/1/2026	12 Months		17.1%	17.1%	-0.1%
Lisle	1/1/2027	12 Months	19.6%	21.1%	20.8%	7.8%
Lisle Park District	7/1/2026	12 Months	19.1%	21.1%	20.7%	
Lisle Woodridge FPD	7/1/2026	12 Months	13.2%	11.7%	11.9%	-0.1%
Lockport	7/1/2026	12 Months	20.4%	26.7%	26.0%	6.9%
Lombard	1/1/2027	12 Months	18.6%	24.4%	22.1%	9.9%
McHenry County	1/1/2027	12 Months	22.5%	22.2%	22.3%	7.5%
McHenry Cty Con Dist	1/1/2027	12 Months	20.7%	26.7%	25.4%	6.8%
McHenry-city	1/1/2027	12 Months	15.0%	25.0%	23.9%	-0.1%
Metropolitan Airport Authority of Rock Island County	7/1/2026	12 Months		26.7%	26.7%	9.9%
Mokena	7/1/2026	12 Months	19.4%	17.4%	18.2%	5.2%
Monee	7/1/2026	12 Months	17.9%	22.5%	22.4%	
Monroe	1/1/2027	12 Months		16.7%	16.7%	
Montgomery	7/1/2026	12 Months	16.7%	22.9%	16.9%	0.2%
Morrison	7/1/2026	12 Months		26.7%	26.7%	2.0%
Morton Grove	1/1/2027	12 Months	20.2%	24.6%	24.4%	2.5%
Mount Prospect	1/1/2027	12 Months	19.2%	19.9%	19.9%	3.2%
MPEA	7/1/2026	12 Months	9.4%	26.7%	22.8%	4.9%
Mundelein	1/1/2027	12 Months	18.3%	19.3%	19.2%	-0.1%
Muni Cons Dispatch	7/1/2026	12 Months	20.6%	26.7%	21.8%	
Naperville PD	1/1/2027	12 Months	11.5%	24.9%	21.2%	
New Baden	7/1/2026	12 Months		31.7%	31.7%	2.0%
North Aurora	1/1/2027	12 Months	16.7%	23.1%	19.0%	
North Riverside	7/1/2026	12 Months	16.3%	16.7%	16.6%	5.4%
Northbrook	1/1/2027	12 Months	19.2%	16.7%	16.9%	9.9%
Northbrook Library	7/1/2026	18 Months	15.2%	24.1%	22.9%	3.8%
Northbrook Park Dist	1/1/2027	12 Months	12.0%	20.8%	19.3%	0.4%
NWCD	1/1/2027	12 Months	20.3%	23.4%	23.0%	9.9%
Oak Park Public Libr	1/1/2027	12 Months	17.1%	21.8%	21.5%	
Oak Park Township	7/1/2026	12 Months	18.2%	21.3%	21.0%	
Oswego	7/1/2026	12 Months	19.9%	20.6%	20.3%	6.0%
Oswego Township	7/1/2026	12 Months	20.1%	22.3%	21.5%	-0.1%
Oswegoland PD	7/1/2026	12 Months	19.2%	19.6%	19.3%	2.4%

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Renewing in July 2026 and January 2027
Preliminary FY 2027 and CY 2027 Renewal

			Proposed Rate Changes			
IPBC Member	**Renewal Date**	**Renewal Period**	**HMO**	**PPO**	**Overall Medical**	**Dental**
Palatine	1/1/2027	12 Months	18.0%	19.6%	19.6%	4.7%
Palatine PD	1/1/2027	12 Months	16.8%	18.6%	18.3%	6.6%
Park Ridge	7/1/2026	12 Months	17.0%	22.2%	21.0%	7.9%
Pekin	1/1/2027	12 Months		16.7%	16.7%	-0.1%
Peoria County	1/1/2027	12 Months		21.9%	21.9%	
Peotone	7/1/2026	12 Months		16.8%	16.8%	
Peru	1/1/2027	12 Months		17.2%	17.2%	9.7%
Pingree Grove	7/1/2026	12 Months		16.7%	16.7%	7.6%
Plainfield	7/1/2026	12 Months	19.4%	20.9%	20.6%	8.3%
Princeton	1/1/2027	12 Months		26.7%	26.7%	1.5%
River Forest	7/1/2026	12 Months	21.2%	26.7%	25.1%	8.8%
River Grove	1/1/2027	12 Months		24.0%	24.0%	-0.1%
Rochelle	1/1/2027	12 Months		26.7%	26.7%	
Rock Falls	7/1/2026	12 Months		26.7%	26.7%	9.9%
Rolling Meadows	1/1/2027	12 Months	19.4%	19.9%	19.8%	-0.1%
Roscoe	1/1/2027	12 Months	18.9%	26.7%	25.5%	
Roselle	1/1/2027	12 Months	16.2%	23.1%	21.9%	1.8%
Round Lake Beach	1/1/2027	12 Months	18.5%	21.8%	21.6%	0.3%
Schaumburg	1/1/2027	12 Months	18.5%	23.7%	22.0%	8.2%
SEECOM	1/1/2027	12 Months	19.8%	26.7%	24.9%	7.6%
Skokie Park District	1/1/2027	12 Months	14.9%	26.7%	23.8%	9.9%
South Chicago Height	7/1/2026	12 Months	16.2%	16.7%	16.3%	3.4%
South Holland	1/1/2027	12 Months		23.8%	23.8%	-0.1%
Spring Grove	7/1/2026	12 Months	18.9%	16.7%	16.8%	
St. Charles	1/1/2027	12 Months	14.7%	26.7%	24.5%	8.5%
St. Charles Library	1/1/2027	12 Months	19.6%	26.7%	26.3%	9.9%
St. Charles Park District	1/1/2027	12 Months	20.5%	21.5%	21.3%	-0.1%
Steger	7/1/2026	12 Months	20.6%	26.7%	25.3%	
Streamwood	1/1/2027	12 Months	14.7%	21.3%	16.3%	4.0%
Summit	7/1/2026	12 Months	16.4%	16.7%	16.6%	
Swansea	7/1/2026	12 Months	18.5%	17.9%	17.9%	0.2%
Trenton	7/1/2026	12 Months		25.3%	25.3%	-0.1%
Vernon Hills	1/1/2027	12 Months	19.7%	21.7%	21.5%	4.9%
Warrenville	1/1/2027	12 Months	19.4%	24.9%	23.5%	
Washington	1/1/2027	12 Months		20.6%	20.6%	
Wauconda	7/1/2026	12 Months		23.0%	23.0%	-0.1%
West Chicago	1/1/2027	12 Months	18.4%	17.3%	17.7%	9.9%
West Dundee	7/1/2026	12 Months	16.5%	16.7%	16.6%	-0.1%
Westchester	7/1/2026	12 Months	17.8%	24.2%	23.9%	1.4%
Westmont PD	7/1/2026	12 Months	20.4%		20.4%	-0.1%
Wheaton	7/1/2026	12 Months	14.7%	20.1%	18.9%	
Wheeling	7/1/2026	12 Months	20.0%	16.7%	17.7%	
Winfield	7/1/2026	12 Months	17.6%	29.3%	28.3%	6.3%
Winnetka	1/1/2027	12 Months	18.2%	26.7%	26.5%	9.9%
Wood Dale	7/1/2026	12 Months	16.3%	18.6%	17.6%	9.2%
Wood River	7/1/2026	12 Months		21.2%	21.2%	9.9%
Woodridge	7/1/2026	12 Months	22.1%	26.7%	23.4%	
Woodridge Library	7/1/2026	12 Months		16.7%	16.7%	
WSCDC	7/1/2026	12 Months	15.6%	24.3%	23.3%	