DOVER SCHOOL DISTRICT
SAU 11

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Empowering all Learners

MEMORANDUM

TO: Dover School Board; Superintendent Boston

FROM: Kimberly Cox, Director of Human Resources

DATE: March 31, 2026

RE: District-Wide Health Insurance Coverage

Executive Summary

The District's healthcare RFP process has resulted in a recommended broker and carrier solution that maintains current employee benefits, reduces overall cost relative to renewal, and strengthens the District's ability to proactively manage healthcare risk and long-term sustainability.

This recommendation reflects both the immediate financial implications of the recent SchoolCare assessment and the broader need to align the District's healthcare strategy with a more predictable, transparent, and collaborative model.

On October 1, 2025, SchoolCare's Board voted to issue a statewide assessment totaling approximately $30 million across its membership. Dover's share of this assessment was approximately $1.7 million. This action was implemented without prior member engagement or the presentation of alternative strategies to address the reported funding shortfall.

This assessment is best understood within the context of broader healthcare cost trends. Healthcare cost growth is not only persistent—it is accelerating. While historical trends have averaged 5–7% annually, PwC now projects employer healthcare costs increasing approximately 8.5% per year over multiple years. These increases are driven by well-established factors such as specialty pharmaceuticals, increased utilization, and an aging workforce.

At this level, cost growth is both predictable and widely recognized across the industry, requiring proactive pricing, disciplined reserve management, and ongoing plan design adjustments. In that context, the assessment reflects a misalignment between SchoolCare's financial management approach and prevailing industry practice. Most carriers and risk pools address these pressures through incremental premium adjustments, plan design modifications, and disciplined reserve management. In contrast, SchoolCare's reserves declined to a level that

necessitated a significant mid-year, retroactive assessment, concentrating financial impact within a single fiscal period.

From a governance perspective, this represents a shift from predictable cost management to reactive intervention. This shift introduces increased financial volatility and reduces the District's ability to plan and manage healthcare costs with confidence. When known trends are not addressed prospectively, the result is increased volatility and reduced financial predictability for participating entities. Accordingly, this assessment appears less the result of an isolated or unexpected event and more a delayed correction to ongoing healthcare cost trends.

In addition to financial considerations, recent disclosures in SchoolCare's FY2025 audited financial statements raise questions regarding operational capacity and service continuity. The report notes a Board-approved hiring freeze for FY2025–26, including several key positions, with staffing levels to be reevaluated in spring 2026.

At the same time, the planned retirement of SchoolCare's current executive leadership at the end of 2025 introduces additional considerations regarding leadership continuity. Taken together, these factors may have implications for service delivery, responsiveness, and strategic direction during a period of increasing complexity in the healthcare market.

These considerations were incorporated into the District's evaluation of long-term stability, governance alignment, and overall service reliability.

Accordingly, the District initiated a formal Request for Proposals (RFP) process on October 10, 2025, to evaluate more stable, transparent, and sustainable alternatives for delivering healthcare coverage. This step reflects the District's responsibility to ensure continuity of coverage, financial stability, and flexibility in plan design and funding strategies moving forward.

Proposal Evaluation

Evaluation criteria consisted of the following: Total Cost & Financial Sustainability (35%), Benefits Value & Access (25%), Approach & Expertise (20%), Account Management & Service (15%), and References & Governance Fit (5%).

Table I, *Scoring Matrix*, presents the comparative performance of each proposal against these criteria.

HealthTrust and HUB International were identified as finalists based on cost transparency, governance alignment, public-sector experience, and implementation readiness.

HUB's proposal offers flexibility across fully insured, level-funded, and self-funded models, enabling future adaptability.

HealthTrust proposals did not fully replicate current plan design and were priced above current levels.

Cost Analysis

Table I, *Final Pricing*, presents a comparative summary of the proposals and final pricing received.

- SchoolCare renewal: 6.6% increase (excluding $1.7M assessment) over current premiums
- HUB's Quote from Cigna: 5.6% increase over current premiums
- HealthTrust: approximately 39.9% higher than current premiums
- HUB's Quote from Cigna provides the most competitive and sustainable option

These results reinforce that the recommended HUB/Cigna solution provides not only the most competitive pricing, but also the most sustainable and predictable path forward.

Employee Impact

Employee impact was a central consideration in partner selection. The factors outlined below offer the most seamless transition of all options evaluated.

- Maintains same plan designs, deductibles, out-of-pocket maximums, and HRA structure.
- Same prescription formulary and provider network.
- Continued use of MyCigna platform.
- Continuity of referrals and pre-authorizations.
- Census-based enrollment option to simplify transition.

Conclusion

The District's evaluation process was designed to ensure both immediate stability and long-term sustainability in healthcare coverage. The findings indicate that the HUB/Cigna solution provides the best overall balance of cost, continuity, flexibility, and governance alignment.

Importantly, this recommendation maintains the benefits employees rely on today while positioning the District to more proactively manage healthcare costs, risk, and plan design in a rapidly evolving market.

This is not simply a change in vendor. It represents a shift toward a more predictable, collaborative, and strategically managed approach to healthcare.

Accordingly, the administration recommends that the Board authorize the District to move forward with HUB as broker and Cigna as carrier for the 2026–2027 plan year.

FINANCIAL AND COMPARATIVE ANALYSIS

Table I. Scoring Matrix

Bidder	Cost & Financial Sustainability (35%)	Benefits Value & Access (25%)	Approach & Expertise (20%)	Account Management & Service (15%)	References & Governance (5%)	Total	Disposition
HUB International	Best	Best	Best	Better	Best	4.75	AWARD
HealthTrust	Poor	Better	Good	Better	Best	3.21	ELIMINATED
SchoolCare	Poor	Best	Good	Better	Poor	2.78	ELIMINATED
Cross Insurance	na	na	na	na	na	na	Not Advanced
Gallagher	na	na	na	na	na	na	Not Advanced
MMA (Marsh)	na	na	na	na	na	na	Not Advanced
Symetra	na	na	na	na	na	na	Not Advanced
CGI	na	na	na	na	na	na	Declined to Bid

Table II. Final Pricing

Plan	Tier	Schoolcare Rates			HUB QUOTES				HealthTrust Quotes	
					Cigna		Self-Insured		Anthem	
		FY26 Rate	FY27 Rate	Δ	FY27 Rate	Δ	FY27 Rate	Δ	FY27 Rate	Δ
Yellow 2.0	EE	$1,104	$1,206	9.2%	$1,253	13.5%	$1,069	-3.1%	$1,743	58.0%
	EE +1	$2,207	$2,411	9.2%	$2,505	13.5%	$2,139	-3.1%	$3,485	57.9%
	Family	$2,979	$3,255	9.3%	$3,440	15.5%	$2,888	-3.1%	$4,705	57.9%
Yellow 2.0 w ChoiceFund	EE	$1,259	$1,340	6.4%	$1,304	3.6%	$1,188	-5.6%	$1,743	38.4%
	EE + 1	$2,518	$2,679	6.4%	$2,608	3.6%	$2,377	-5.6%	$3,485	38.4%
	Family	$3,400	$3,617	6.4%	$3,581	5.3%	$3,208	-5.6%	$4,705	38.4%
Total Annual		**$11,967,588**	**$12,758,826**	**6.6%**	**$12,637,897**	**5.6%**	**$11,317,153**	**-5.4%**	**$16,748,112**	**39.9%**