



BDW Meeting

University of Louisville

March 7, 2025



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Market trends and UofL healthcare experience



UofL Historical Experience

- UofL's budget increased above market trend in 2023 and 2024 driven by high cost claimant experience and in line with market trend in 2025.
- UofL's 2024 medical experience was favorable with only a small increase over 2023. Favorable trends appear to continue for UofL in 2025.
- Prescription drug costs continue to increase above expected trends, driven by increased utilization in GLP-1 medications for diabetes and weight loss.



Market Trends

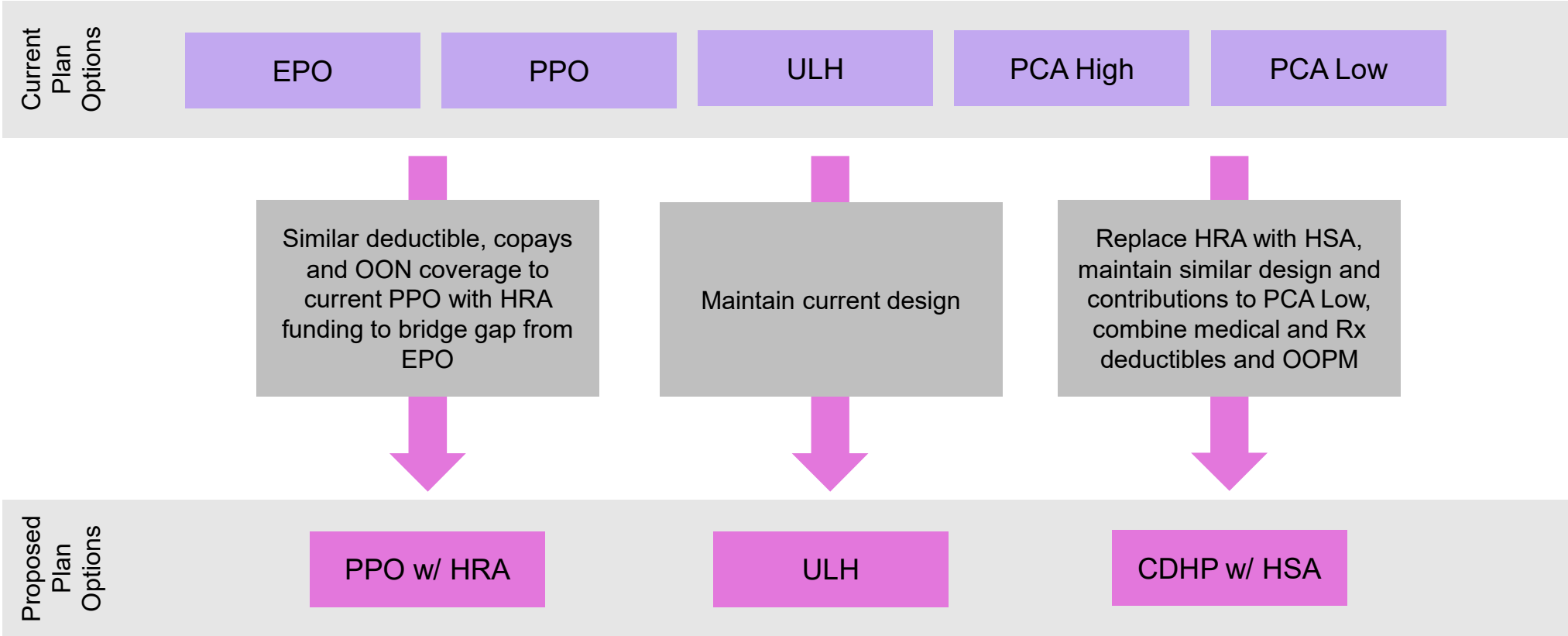
- High cost claimants have continued to drive higher trends and lead to large increase in stop loss fees.
- In addition to the increased GLP-1 utilization, specialty medications continue to drive double digit trends for prescription drug costs.
- Most employers provide employees with plan choices including a PPO option and a CDHP with HSA option.



Initial 2026 Projections

- While an increase is expected for 2026, UofL's budget increase is expected to be below trend, driven by favorable recent experience and contract improvements from vendor partners.
- UofL has received feedback from employees to offer a CDHP with HSA plan option.
- UofL values its employees and would like to offer healthcare plans that align with market and give employees an opportunity to elect a plan that matches their lifestyle.

Proposed 2026 plan designs



UofL has the opportunity to streamline plan options and add a new plan type to enhance employee choice. Reducing the number of plan options allows clearer choices for employees while still providing a competitive range of options.

Considerations for employees

Employees have provided feedback that they would like the ability to have an HSA eligible plan, but UofL recognizes many employees appreciate the rich design of current plan options. UofL would like to simplify the plan options while still providing choice to meet employee needs.

- How did you choose your current 2025 medical plan options? Which features of the plan do you find valuable today?
 - I prefer a plan with lower or fixed costs when I access care.
 - I prefer a plan with lower payroll deductions.
- What type of medical expenses do you have today?
 - I am relatively healthy and only utilize preventive care.
 - I have ongoing costs associated with a chronic condition.
 - My annual costs are typically ongoing prescriptions.
 - I would be able to financially handle a \$1,000 medical bill.
- Are you familiar with Health Savings Accounts (HSA)?
 - Do you have available income and would like a tax-advantaged way to save for future expenses?
 - Have you had an HSA eligible plan at a prior employer?