GESC/Health Insurance
Board of Trustees

Presentation
Before the

Committee of the Whole

September 17, 2025

Beverly Joseph,
Chairperson
GESC/Health Insurance Board of Trustees

Good day members of the 36th Legislature of the Virgin Islands, members of the Committee of the Whole and listening audience. I am Beverly Joseph, Chairperson of the GESC Health Insurance Board of Trustees and the elected representative on behalf of active employees in St. Croix. Today, on behalf of the Board, I would like to present our recommendations for the contracting of the Medical & Prescription Drug, Dental, Vision, and Life insurance plans for Fiscal Year 2026.

I would like to thank the members of the Legislature for the opportunity to appear before you, the Honorable Governor Albert Bryan Jr., and my fellow Board members, Dr. Gilbert Comissiong, Co-Chairperson, Elected Active Representative St. Thomas & St. John; John Abramson Jr., Appointed Member St. Croix; Lorraine Gumbs-Morton, Appointed Member St. Thomas & St. John; Lori Anderson, Secretary & Elected Retiree Representative St. Thomas & St. John; Debra Christopher, Elected Retiree Representative St. Croix; Kisha Christian, Appointed Member St. Croix; and Andre T. Dorsey, Appointed Member St. Thomas and St. John.

I would also like to thank our Advisory Members, the Division of Personnel including the Director, the Chief and Staff of Group Health

Insurance, the Counsel to the Board, our Consultant, the Gehring Group, and all the Insurance Carriers for their assistance in developing these recommendations.

When you combine the employee, retiree, and government costs for all insurance coverages (including dental, vision, and life) for the upcoming fiscal year, we are looking at an increase of $27,259,574 which is a 13.7% increase of overall cost.

I would like to begin with some background information about how we arrived at our recommendations.

Please note that the "total cost" and "enrollment" figures that will be mentioned in this presentation generally exclude the active employees of non-General Fund entities that participate in the Government Employees' Plan – such as the University of the Virgin Islands (UVI), the Virgin Islands Port Authority (VIPA), Frederiksted Health Care Center (FHC), Virgin Islands Housing Authority (VIHA) and non-profit participating groups.

At least once every five years, the Board is required to solicit competitive bids for the insurance program. Previously, bids were solicited for all benefits in 2011, in 2013 at the Boards' request, in 2018 for the 2019 fiscal year and we solicited bids in 2023 for the 2024 fiscal year. This will

be our second renewal after the RFP process that was completed in 2023.

I will now summarize the Cigna medical and dental renewals for **active employees and pre-65 retirees**. Both the Vision Insurance and Life and Accidental Death & Dismemberment plans are in a pricing guarantee for the upcoming fiscal year and there will be no changes.

Based upon the most recent medical claims experience report through July 2025, the medical claims expenditures are 113% of the medical plans' premiums, exclusive of other plan expenditures such as administrative costs. Claims costs per employee per month have increased 18.4% over the past year while enrollment has decreased 1.3%. With losses such as our plan is experiencing, it would be anticipated of having an increase in excess of +30%.

Using Cigna's standard underwriting formula, the initial increase resulted in a 31% increase. Accordingly, the Board, through its Consultant Gehring Group requested that Cigna use the underwriting formula that they have historically used which generated a 24% increase. Subsequently through negotiations, the Board was able to negotiate the overall increase to a 17.5% increase; however, to achieve the savings, this would require the prescription drug plan to add prescription drug utilization management for certain medications as well as the elimination or

exclusion of weight management medications.

In June, the Board tasked its Consultant with developing a plan that would provide a single digit increase. At our July Board meeting the Gehring Group presented a high-deductible health plan with a Health Reimbursement Account to help offset the increased deductibles. This plan yielded an overall 9% increase and will be known now as Option #4. Individual deductibles would have increased $1,000 per person and family deductibles would have increased $2,000 per family. In addition, the primary care copayment would have increased to $30, and a specialist copayment would increase to $60. In addition, name-brand prescription drugs would have been subject to the deductible prior to any copayments being applicable. The Board voted to move forward with the plan changes to provide savings in premium to both the Government and the employee's payroll deductions. Based upon the proposed premiums, the overall medical increase to the Central Government would be approximately $10.4 million for a total of $146.3 million.

The Board along with the Department of Personnel presented Option 4 to employees and retirees at the open enrollment meetings in August. Employees and retirees both expressed concerns regarding the increased out of pocket costs and

their ability to afford their own health care. After hearing these concerns, the Board requested the Department of Personnel to do a survey to see whether employees wanted to keep what they have with a higher payroll deduction or to move forward with Option 4. Overwhelmingly, 91% of employees wanted to keep their existing plan versus 5% wanting to move forward with Option 4, while 3% did not want either option.

The Board's ongoing negotiations with Cigna have resulted in a best and final offer of maintaining the existing plan at a 17.5% increase with the addition of adding prescription drug utilization management on certain prescriptions while maintaining the coverage for weight loss medication. Cigna expects that this program will save an estimated 2.5% to 3% annual savings as prescriptions will be reviewed for safety and lower-cost options. The prescription drug utilization management program will help ensure appropriate dosing and safe use; mitigate drug waste/stockpiling; ensure drugs are being taken according to medical necessity, ensure FDA approved indications and off-label use; reduce waste, error, and unnecessary drug use; and additionally promote the use of clinically effective, lower-cost drugs before higher-cost options would be considered. This is the only change to the plan as all deductibles, copayments, and out-of-pocket maximums would remain the same. Based upon the proposed premiums, the overall medical

increase to the Central Government will be approximately $20.2 million for a total of $156 million.

The total dollar amount includes a 3% increase in dental premiums. The premium is contractually capped annually throughout the term of the contract. Dental claims expenditures are 101% of the dental plans' premiums, exclusive of other plan expenditures such as administrative costs. Claims costs per employee per month have increased 11.3% over the past year and thus a 3% increase in premiums is justifiable.

In addition to the above financial implications, Cigna will continue to include the following in their contract with the Board:

- Support the USVI community by providing six (6) two-year nursing scholarships to the University of the Virgin Islands in the amount of $6,250 per student per year and providing $375,000 in grants to non-profit agencies.
- Provide a Wellness Fund of $1,000,000.
- Continuation of the two (2) full-time on-site Customer Service Representatives.
- Inclusion of Motivate-Me, a turnkey wellness incentive

program that gives employees and their spouses opportunities to earn rewards for taking charge of and improving their health while funding $300,000 in incentives.

- Continuation of Omada's Pre-Diabetes Prevention Program.
- Continuation of the 2 Health Improvement Offices with two (2) health coaches and two (2) mobile vans; and
- Placing $1.7 in premiums at risk for performance guarantees.

Effective October 1, 2019, as part of CIGNA's medical renewal offer, the Board agreed to offer their voluntary worksite products to active employees to purchase at their own expense for: Accidental Injury, Critical Illness, and Hospital Care. Active employees can enroll in these products during open enrollment based upon the needs of themselves and their families. There is no cost to the Board nor the Government to offer these ancillary products.

The Board continued to offer the voluntary worksite products beginning October 1, 2023 and is electing to continue offering them for the upcoming plan year. There will be no change to the cost of the voluntary worksite insurance products for the upcoming fiscal year while providing these negotiated enhancements to the plan(s):

Accidental Injury

- Increased Diagnostic Exam benefits to $75
- Updated Wellness Incentive benefit to include routine dental and vision examinations

Critical Illness

- Enhanced Wellness Incentive benefit to include routine dental and vision examinations as well as COVID-19 immunization and screening
- Added Childhood Conditions to include Cerebral Palsy, Cystic Fibrosis, Muscular Dystrophy, Poliomyelitis, Heart Wall Malformation, and Sickle Cell Disease

Hospital Care

- Added Newborn Nursey Care Stay at $100 per day on either plan
- Enhanced Wellness Incentive benefit to include routine dental and vision examinations

Cigna has also recently revamped their worksite product claims process to make it simpler and quicker for claimants to get paid due to ability to have direct deposit capabilities. Since the Board is recommending renewing our medical coverage with Cigna, The Board believes that we should continue to offer the Cigna Voluntary Worksite products as a valuable enhancement to our plan offerings.

For our post-65 Retirees, UnitedHealthcare was the only insurer who responded to the post-65 retiree coverage RFP and maintains a competitive advantage in the Territory being licensed to offer a group Medicare Advantage plan.

UnitedHealthcare began its partnership with the Government in 2013 offering their AARP Medicare Supplement plans alongside a custom Medicare Part D Prescription Drug Plan (PDP). The plans offered significant savings to the Government and retirees. Over the years we have worked with UnitedHealthcare to ensure a long term and sustainable program for the Government and retirees.

In 2017, the Board recommended to offer the stateside retiree's two Medicare Advantage Plans with Prescription Drug Coverage (MAPD) which further reduced costs to the Government and eased administrative burdens while maximizing benefits for stateside retirees. This proved to be extremely successful with a smooth transition and a retiree satisfaction score of 95%.

For 2021, UnitedHealthcare received approval for the Territorial retirees to participate in the group Medicare Advantage plan offered by UnitedHealthcare which covers everything covered by original Medicare

with additional benefits including health and wellness, routine vision checks, hearing checks, podiatry, chiropractic, and prescription drugs.

All post-65 retirees are covered by one plan regardless of if they are Territorial residents or Stateside residents. Coverage is nationwide and retirees are not required to select a Primary Care Physician (PCP) and referrals are not required to see a Specialist.

At our Board meeting in July, United presented a 9% increase in premiums, which is an overall increase of $2.3 million. Subsequently, the Board was able to negotiate no increase to the 2026 premiums with no change in plan benefits; however, in order to achieve this savings, the pharmacy plan must be carved-out from the medical plan in order for United to receive more funding from Centers for Medicare and Medicaid (CMS). Essentially, retirees will be covered by two plans, meaning they will have two ID cards, one for medical and one for prescriptions as they have had in the past, before the Board merged both plans into a single plan. No copayments or deductibles will be changing in 2026.

Premiums are submitted for regulatory approval to both CMS and the USVI Department of Insurance and the monthly premium has been approved effective January 1, 2026, through December 31, 2026, at no increase. The

monthly premium will continue to be $330.24 per person per month combined. Based on current cost-share the Governments portion of the premium would be $16,998,140 and the retirees portion would be $8,756,617 for an overall program cost of $25.8 million.

There have been some additional program enhancements included for 2026 at no additional cost to continuously care for our retirees:

- Calm Health is a self-paced digital task that can help our retirees develop skills to address emotions, sleep, and mindfulness. They can also help recommend other mental health resources, such as counseling at no additional cost.

In addition, Medicare Retirees will continue to receive a quarterly Grocery Store Benefit. Retirees will receive a $40 credit each quarter to spend locally on healthy food and over-the-counter products. They can choose from a variety of approved items like fruits, vegetables, dairy, meat, pain relievers, cold remedies, vitamins and more. Credits are added to a debit card on the first day of each quarter (in January, April, July, and October) and expire at the end of the year.

House Calls will also continue for 2026, which allows our retirees to have a yearly visit with a healthcare practitioner right in the privacy of their

own home. It is a great opportunity for members to discuss their health care needs, create a plan for prevention and get the personal attention they deserve. During the visit, the practitioner will confirm medical history, complete a physical exam, review medications, and answer any questions the retiree may have, as well as provide any additional health screenings the practitioner deems necessary.

Finally, UnitedHealthcare will continue to offer $200,000 through their Wellness Incentive Fund, which will allow the GESC and the Government to provide wellness incentives and initiatives for our Medicare Retirees.

Although there was a need to separate the medical and pharmacy plans this year, the Board believes it was able to obtain the overall lowest cost and maintain the benefits for both the Government and its retirees, while maintaining a viable benefit offering.

For **all insurance coverage** combined (including dental, vision and life), plan outlays will increase from $198.9 million in Fiscal Year 2025 to $226.1 million in Fiscal Year 2026. This is an increase of approximately $20.2 million, which is a 14.8% increase.

As you may recall the Senate absorbed the increases to employees and

retirees in the current FY2024. Employees and retirees are paying the same as they did in FY19. Due to this, employees are not paying 35% of the cost share. They are paying approximately 27% of the cost share and the Government is paying 73% of the cost share. If the Government reverts to the 65% / 35% split this will drastically increase an employee's or retiree's payroll contribution, and the entire increase will be on the backs of the employees and retirees. Therefore, we implore the Senate to continue the existing cost share, as we come to you today.

In summary, the Board recommends accepting the contracts that we have negotiated.

Members of the 36th Legislature of the Virgin Islands, the GESC/Health Insurance Board of Trustees is appreciative of your continued interest, support, and involvement in the Group Health Insurance Program, and we look forward to your assistance to ensure this year's recommendations are approved as presented.

The Consultant, our Carriers, the Division of Personnel, and I on behalf of the Board stand ready to answer any questions you may have regarding our insurance programs.

Once again, thank you.

EXHIBIT A

Financial Charts