

# Exhibit to Agenda Item #3

Discuss approving contract change to Contract No. 4500147540 with **UnitedHealthcare Insurance Company** approving 2026 medical insurance premium rates; 2026 cost estimated at \$40.6 million.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting  
Tuesday, September 16, 2025, scheduled to begin at 6:00 p.m.  
SMUD Headquarters Building, Auditorium

# 2026 UnitedHealthcare Medical Benefits Background

- UnitedHealthcare (UHC) plans offer employees & retirees HMO, HMO Alliance, and High-Deductible Healthcare Plans (HDHP).
- 2026 rate cap for HMO/HMO Alliance initially 8.9% and 2026 HDHP rate cap was 13.4%, however, due to the new infertility law they were increased to 9.6% and 14.4% respectively.
- Utilization/Claims primary influencer of premiums. Other factors include:
  - Significant increase in GLP-1 drug utilization
  - Addition of SB-729 coverage for diagnosis of infertility and fertility services
  - Inflationary Impacts on Healthcare Provider Costs
  - Increasing cost of pharmaceuticals



# UHC Renewal Increases

Paid Claims PMPM (Price per Member per Month) increased 10.9% from Mar 2024 – Feb 2025

- Medical Net Paid PMPM increased 6% year over year
  - 22% higher than UHC benchmark
- High-Cost Claimants PMPM decreased -11% year over year
  - In line with UHC benchmark
- 32 high-cost claimants over \$50k claims
  - Represents 9% of medical spend, which is a decrease of -3% year over year

# 2026 UHC Renewals

UHC Plan	Renewal	Contract	Change
HMO High/Low Plans – Active & Retiree Employees	9.6%	\$24.6 million (\$22.5 million for 2025)	\$2.2 million increase
HMO Alliance	9.6%	\$4.7 million	\$410K increase
PPO/HDHP	14.4%	\$11.3 million	\$1.5 million increase
<b>Total Cost UHC</b>	<b>10%</b>	<b>\$40.6 million</b>	<b>\$4.1 million increase</b>

## Addressing rising health care costs:

- Ongoing employee education
- Promote SMUD's wellness programs and Health Assessment Program (HAP)
- Strategic Team established to explore options for addressing ongoing rising health care costs

# 2026 Active Employee Monthly Medical Premium Rates

Active Employees	Basic		
Carrier	Employee Only	Employee + 1	Employee + Family
UnitedHealthcare Signature Value HMO – High Plan	\$1,382.13	\$2,916.28	\$4,174.01
UnitedHealthcare Signature Value HMO – Low Plan	\$1,242.43	\$2,621.49	\$3,752.16
UnitedHealthcare Signature Alliance HMO – High Plan	\$1,161.78	\$2,451.36	\$3,508.58
UnitedHealthcare Signature Alliance HMO – Low Plan	\$1,044.36	\$2,203.57	\$3,153.99
UnitedHealthcare High-Deductible Health Plan	\$1,046.00	\$2,207.07	\$3,158.93
UnitedHealthcare PPO Plan (plan closed to new participants based on high cost)	\$2,022.16	\$4,226.76	\$6,106.91

SMUD pays between 85% and 100% depending on employee status, plan, dependent coverage and rep group

# 2026 Retiree Monthly Medical Premium Rates

Retiree	Basic		
Carrier	Retiree Only	Retiree + 1	Retiree + Family
UnitedHealthcare Signature Value HMO	\$1,382.13	\$2,916.28	\$4,174.01
UnitedHealthcare Signature Alliance	\$1,161.78	\$2,451.36	\$3,508.58
UnitedHealthcare PPO – in CA	\$2,022.16	\$4,266.76	\$6,206.91
UnitedHealthcare PPO – out of CA	\$2,022.16	\$4,266.76	\$6,106.91

Cost sharing is dependent on plan, hire date, and years of service at time of retirement