MEMORANDUM

To: Chief Executive Officers & HR Directors

From: VBA Benefits Corp., d/b/a Bankers Benefit Solutions

Date: September 2026

Subject: 2027 Health & Welfare Program Renewal

As we enter the 2027 renewal season, employer-sponsored health plans continue to face significant cost pressures driven by medical inflation, escalating pharmacy expenses, increased utilization, and a growing prevalence of high-cost claims. Despite this environment, VBA Benefits Corp. remains committed to providing participating banks with a sustainable and competitive benefits program.

2027 RENEWAL HIGHLIGHTS

Medical and Prescription Drug Benefits

The average 2027 rate increase for the pooled banks is 11.3%, with increases ranging from 8.0% to 14.0%. The pooled banks cover 1,800 employees and have projected costs of $27,000,000. Overall plan enrollment is 4,700 employees, including self-funded minimum premium groups. More than 95% of total costs are driven by historical claims, adjusted for healthcare trend. For 2027, the annual medical trend is 7.9% and the pharmacy trend is 10.0%, compared with 5.5% and 9.0%, respectively, for 2026. The remaining 5% of overall costs is attributable to plan administration, including Anthem's claims administration and network access, the concierge customer service model, EAP, and reinsurance protection for catastrophic claims. It also includes VBA Benefits Corp. fees to support plan administration, resources, compliance, and fiduciary oversight (no increase in these fees). These expenses continue to be offset by negotiated pharmacy rebates returned to the plan through administrative fee credits.

Plan Changes

Plan modifications for 2027 are minimal and are primarily limited to actuarial value updates. These values determine the rate differentials between plans by reflecting the relative richness of each option, including network access, deductibles, and cost sharing. High-deductible health plan values are moving closer to copay plan values due to deductible erosion from limited indexing and employer Health Savings Account (HSA) contributions. As a result, high-deductible plan rates will increase more than copay plan rates in 2027. To see an example of how plan values affect rates, click here.

Plan Changes cont.

For 2027, we are introducing two strategic enhancements designed to help members manage health conditions at no cost to them and potentially mitigate future large claims to the plan:

- FedLogic, a benefits navigation and advocacy service, will help eligible employees and family members understand, access, and maximize federal and state healthcare and disability programs for multiple conditions. For more information, click here.
- We will transition the diabetes management program from Teladoc Health to Virta, a more robust program that expands chronic disease management with the potential to reverse the condition.

What can employers do to help mitigate future healthcare plan increases?

- **Prevention:** Encourage preventive care and screenings to reduce future high-cost claims and slow the progression of chronic disease. Because costs escalate sharply with later-stage diagnoses, early detection is critical.
- **Point solutions:** Promote condition-management programs that help members manage chronic conditions.
- **Advocacy**: Direct members to Anthem's Total Health Complete family advocates.
- **Inform:** Educate members to compare provider outcomes, costs, and treatment settings. Encourage use of Anthem's Sydney app to access comparative provider cost information.
- **Incent:** When setting contribution strategies, considerations should include:
  - Basing employer contributions on lower-cost plans and allow employees to buy up to richer plans. This can be accomplished by applying the same dollar amount to each plan, so employees see the actuarial value differences reflected in their contributions.
  - Incorporating HSA contributions or matching into the overall employer contribution subsidy. To assist with contribution modeling, we are introducing an updated template that employers can use to determine their subsidy while also taking any HSA contributions into account. To access this template, click here.
  - Considering incentives for employees who comply with preventive care or chronic disease management programs.

<u>Life and Accidental Death & Dismemberment (AD&D) Insurance Benefits</u>

Life Insurance and AD&D rate guarantees with Securian expire at the end of 2026. Through a formal request for proposal process, we were able to negotiate the proposed significant rate increase down to a composite 0% increase from current rates. However, individual bank rates are being re-rated to reflect demographic changes since this was last completed in 2024. Securian also offered a five-year rate guarantee and several plan enhancements, including: (1) a one-time guaranteed issue opportunity during 2027 open enrollment for eligible employees seeking additional supplemental life coverage; and (2) dependent child life coverage eligibility extended to age 26 without a student status requirement.

Ancillary Benefits

- Dental premiums will increase approximately 7%, marking the first rate increase since 2018. This change is driven by increased claims utilization and a 4.5% annual dental trend.
- Supplemental Health benefits, including Critical Illness, Accident, and Hospital Indemnity coverage, were renewed with Securian at current rates with a five-year rate guarantee. One important change is that the wellness exam benefit will be eliminated from these plans effective January 1, 2027, due to Virginia's new insurance requirement.
- Most other ancillary programs will remain unchanged.

LOOKING AHEAD

While healthcare costs continue to challenge employers nationwide, VBA Benefits Corp. remains focused on delivering long-term value through prudent financial stewardship, innovative health management solutions, and the collective strength of participating banks.

Thank you for your continued participation and partnership.