BOARD APPROVED
August 7, 2026
Cindy Ream
Corporate Secretary

To: Members of the Board of Trustees

Fr: Candace G. Shaffer, Associate Vice President, Benefits & Payroll

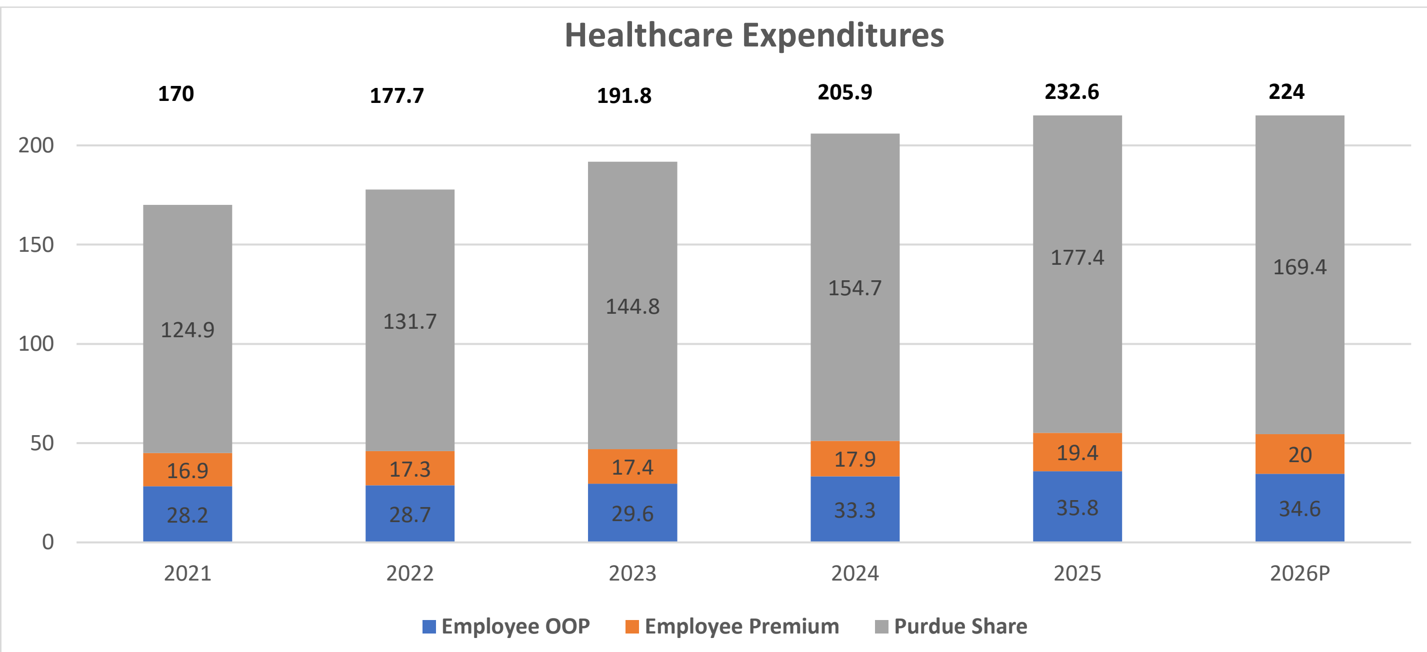
Date: August 7, 2026

Re: Approval of 2027 Medical Plans

CY 2024 / CY 2025 Healthcare expenses

Based on claims through May 2026, and inclusive of all approved programmatic changes, Purdue healthcare expenses for 2026 are projected to be 3.6% lower than CY2025. Figure 1 below summarizes actual healthcare expenditures for prior years and projected expenses for 2026.

Figure 1: Total Healthcare Expenditures CY 2021-2026P ($ in millions)



Although healthcare costs continue to increase nationally, Purdue remains committed to actively managing its self-funded health plan through strategic plan design, provider and vendor partnerships, and population health initiatives. Over the last several years, Purdue has invested in programs that improve health outcomes while reducing unnecessary healthcare spending, including the Center for Healthy Living, HealthSync, Carrum Health, direct provider agreements, and expanded navigation resources. These initiatives continue to position Purdue favorably against national healthcare trends while improving the healthcare experience for employees and their families.

Benefit communications throughout 2026 continue to emphasize preventive care, wellness incentive participation, and the many resources available to help members navigate the healthcare system. Employee engagement with preventive services remains at or near record levels, with 67% of employees and covered spouses completing their annual wellness examination during 2025.

Continued Success Managing Medical Costs

Purdue medical claims continue to perform within expectations despite continued inflationary pressure across the healthcare industry. Purdue attributes this performance to several years of focused investments designed to improve healthcare quality while managing costs. Programs such as HealthSync continue to improve chronic disease management by coordinating care between providers and patients, saving employees and the university over $54m since implementation in 2020. Carrum Health expanded access to high-quality centers of excellence for complex procedures, reducing variation in quality and cost while generating over $0.6M in savings. Likewise, the Center for Healthy Living remains a cornerstone of Purdue's healthcare strategy by providing convenient, high-quality primary care, acute care through telehealth, chronic condition management and preventive services at significantly lower cost than traditional community providers.

Collectively, these initiatives have allowed Purdue to better manage the medical component of the health plan while improving access to care and outcomes for all Purdue members. Purdue will continue evaluating new opportunities to improve healthcare quality while responsibly managing long-term costs.

Pharmacy Costs Continue to Present Challenges

While medical spending has remained relatively well managed during 2026, prescription drug costs—particularly traditional (non-specialty) pharmacy spending—rose substantially, driving significant overruns in budgeted spend. Since January 2025, Purdue has implemented several important pharmacy initiatives, including transitioning to a new pharmacy benefit manager, gaining greater control over formulary management and member cost sharing, and establishing a direct agreement with Eli Lilly to provide Zepbound at substantially lower cost. These changes position Purdue for stronger long-term pharmacy management but were not sufficient to fully offset the significant increase in prescription utilization experienced during the year.

Like employers nationwide, Purdue continues to experience increasing demand for GLP-1 medications used to treat obesity through the university's weight management program. While recent management strategies have begun moving pharmacy spending in a more favorable direction, GLP-1 utilization remains an important area requiring continued oversight. In 2025, prescription spend was 20.3% of total healthcare claims, compared to 2024 at 16.7%. Purdue will continue to monitor utilization, evaluate clinical outcomes, and implement additional strategies that improve affordability while maintaining appropriate access for eligible members.

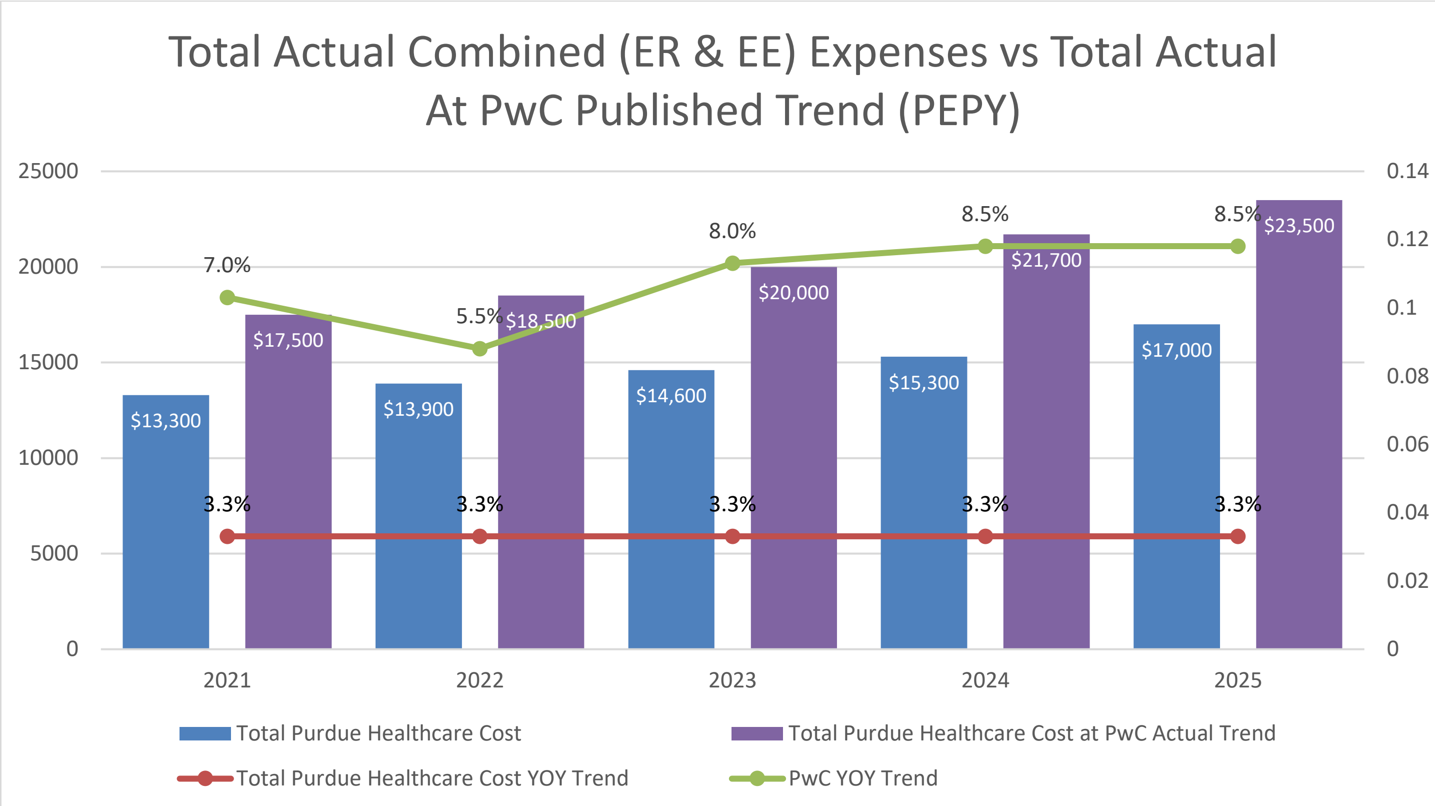
While the medical portion of the plan continues to perform favorably, pharmacy management will remain a significant strategic focus in 2027. Purdue will continue evaluating prescription utilization trends, particularly GLP-1 medications, while pursuing innovative partnerships and plan design strategies that improve value for both members and the university.

National Healthcare Environment

Purdue continues to benchmark its health plans against national healthcare trends as well as peer institutions. Updated national healthcare trend information from PricewaterhouseCoopers (PwC) indicates healthcare costs continue to grow at approximately 8% annually. Despite increasing pressure across both medical and pharmacy spending, Purdue's long-term healthcare trend remains well below national averages at approximately 3.3% annually (Figure 2), reflecting years of active plan management and strategic investments.

Purdue also continues to benchmark employee premium contributions and medical plan design against national employers and Big Ten institutions. While adjustments have been made over the past several years to maintain the long-term financial health of the plan, Purdue's medical plans remain highly competitive with peer institutions while continuing to provide comprehensive benefits.

Figure 2: Total Combined (ER & EE) Expenses vs Total Actual at PwC Published Trend (PEPY)



2027 Medical Plans - Positioning the Plan for Long-Term Sustainability

Although healthcare inflation continues to exceed general inflation, Purdue remains committed to balancing affordability for employees with responsible financial stewardship of the health plan. We continue to work towards our plan to 1) improve population health, 2) control overall costs and 3) achieve the Board target of a 70/30 cost share.

Recommendations to take effect January 1, 2027, include (Public Session Slide 12):

- No premium increase for active employees and long-term disability members, after two years of premium increases.
- Increasing premium rates for early retirees by 5%. Approximately 115 early retirees are on the medical plans. Collectively their claims exceed premiums by over $1.7 million. We continue to work towards reducing the subsidy over time. Savings to the plan are $0.075 million.
- Modestly increase medical plan deductibles and out of pocket maximums on all three consumer driven health plans to meet IRS requirements. Savings to the plans are $1.0 million.
- Expand current Carrum Health partnership to mandate total shoulder replacement through OrthoIndy and the broad Carrum network. Further, we will develop and execute an education and redirection strategy plan to boost utilization of high-quality, low-cost surgeries through Carrum Health. All members utilizing Carrum Health are provided with travel accommodation, per diem and cash payment after surgery. Savings are $0.1 million.
- Renew current specialty pharmacy contract with Archimedes that is cost neutral for 2027 and a modest fee increase of 1.5% for 2028 and 2029. Annual expense is estimated at $0.5 million.
- Renew the Delta Dental contract with a premium increase for 2027 and premium hold for 2028. Purdue will continue to provide preventive dental at no cost to employees and their covered family members as well as the

preventive cost portion of the two other plan options. The increase will be spread over all three plan options with the two buy-up plans absorbing a higher portion of the increase. The total cost to plan is $0.26 million.

- Enhance voluntary hospital indemnity benefit with comprehensive Benefit Bump program, supporting enrolled employees growing their family.
- Add the voluntary benefit Aura, a digital security benefit, combining identity protection, fraud monitoring, cyber security tools and privacy services into one platform for employes and their family members.
- Reduce eligibility for Paid Parental Leave from twelve to six months, providing earlier access to this important family benefit.
- Improve non-exempt sick leave program by allocating time upon hire and each year on January 1, providing non-exempt employees earlier access to paid sick leave and greater flexibility.

Collectively, these recommendations are expected to produce a net annual savings of $0.415 million to the medical plans when fully implemented. We request your approval of the proposed 2027 Medical Plans for the August Board of Trustees meeting.

2027 Health Plans

Board of Trustees – August 7, 2026

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Purdue Health Plans - Overview

2026 Plan Demographics

13,175 active eligible employees; 12,124 enrolled – 4.4% decrease from prior year

24,735 total members – 3.1% decrease from prior year

51% single; 20% family; 13% employee + spouse; 16% employee + children

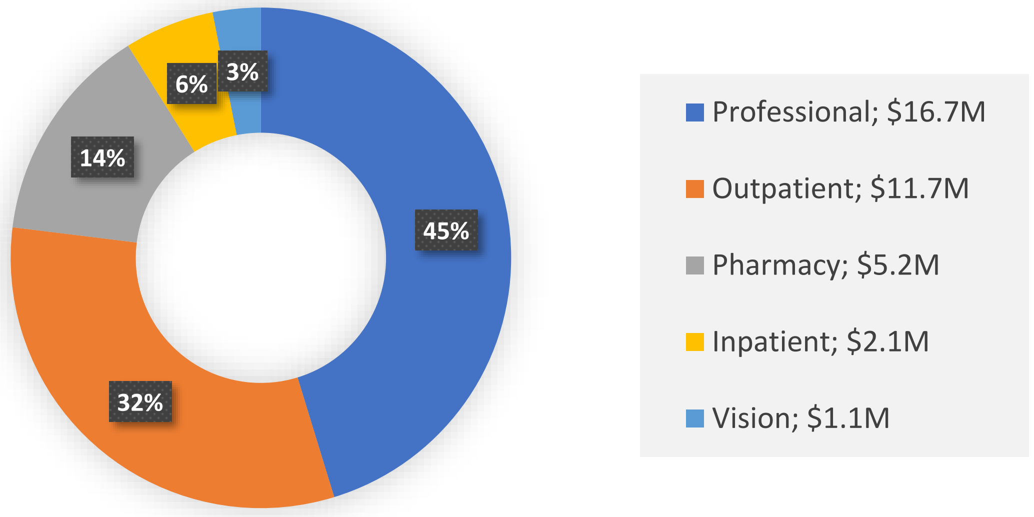
Offer Consumer Driven Health Plans with Health Savings Accounts
- 50% Premier; 35% Standard; 13% Limited; 2% J1

1,019 covered spouses with additional premium – 18% decrease from prior year

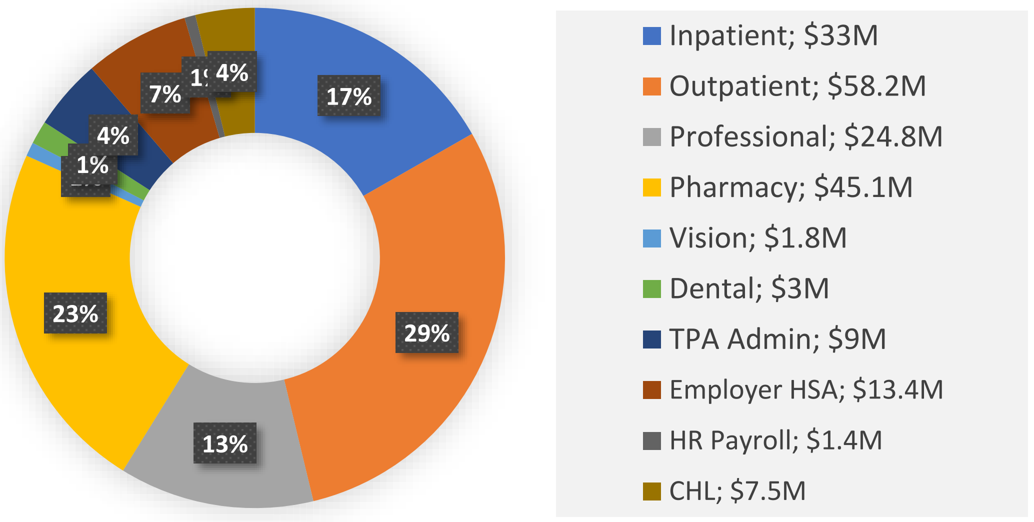
67% annual physicals in CY 2025

Summary of Expenses – CY 2025

2025 Employee Spend - $36.9M



2025 Purdue Medical Spend - $197.2M



2026 Projected Spend - $34.6m Employees and $190m Purdue

Cost Containment Strategy – Purdue Implemented Strategies 2017 - 2026

Less Savings -- More Savings

Foundational Tactics	Progressive Tactics	Disruptive Tactics

Foundational Tactics

- Employee premium increases (2018; 2019; 2025)
- Deductible/OOP increases
- Retiree premium increases
- Expansion of CHL to PNW & PFW
- Imaging/radiology offered at PUSH
- Numerous measures to reduce administrative costs (i.e. new vendors; lower admin costs; performance guarantees)

Progressive Tactics

- Launched Healthy Boiler financial incentives for wellness activities and education
- Prescription formulary change (2019; 2025)
- Tobacco surcharge increase
- Prescription and Cancer Concierge
- Direct Agreements – Preferred Providers
- Healthcare Navigator
- CHL Telehealth Program
- Centers of Excellence (voluntary and mandated)
- New provider partners to West Lafayette area (Ascension, OrthoIndy)
- Weight Management Program

Disruptive Tactics

- Working spouse premium
- Specialty Prescription Carve Out
- Sunset PPO medical plan (1/1/21)
- 100% CDHP (3 plans)
- Tiered narrow network option
- Total Hip and Knee Replacement direct agreement

Results of Changes – Center for Healthy Living

- West Lafayette location operated by One to One Health since 2017 with expanded services to PNW and PFW campuses in 2022 and 2024
  - Primary and Acute care
  - Services available in-person and virtual
    - Behavioral Health Long-term Counseling
    - Medication Therapy Management
    - Health Coaching and Education
    - Chronic Condition Management
  - Other: Mobile Physicals, Flu Vaccine Clinics, Sports Physicals
  - Navigation Services & Targeted Referrals – Launched 2023
  - Telehealth Program – Launched 2024
  - Weight Management Program - Launched July 2025

one to one HEALTH

$26.4m Saved
2017-2025

5,100 Employees & Spouses

Provider group with highest physical compliance

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Results of Changes – HealthSync Narrow Network

HEALTHY BOILER TIER 1 (HEALTHSYNC)

MANAGING YOUR HEALTH EXPENSES

- Tier 1 with lower deductible and out of pocket expenses compared to Tier 2 (all other in-network providers)

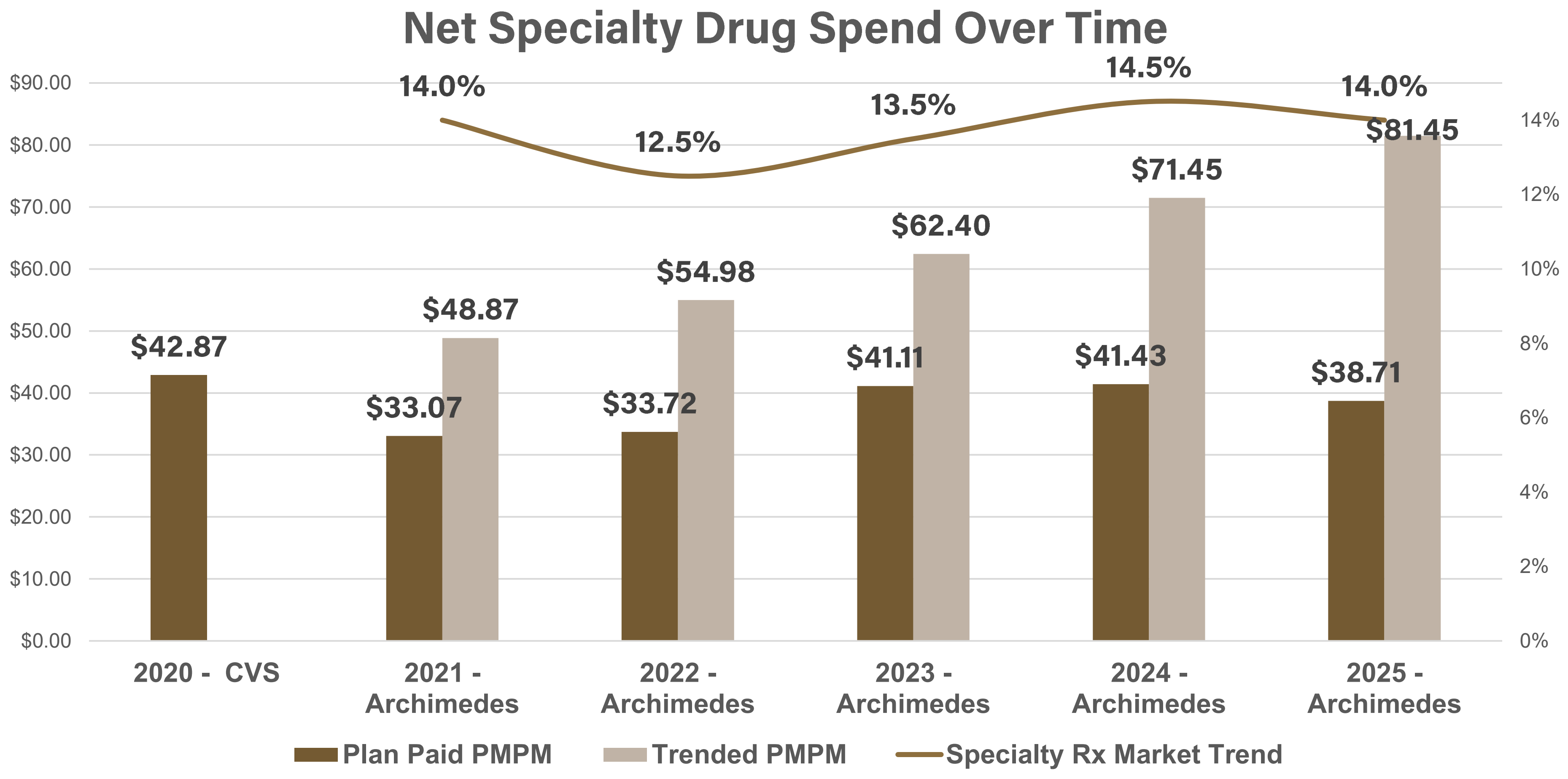
- Built with high performing providers with a history of quality that must be maintained

- **52%** Purdue members engaged in HealthSync
  - Carry more health risk
  - Are more compliant with physicals and annual screenings (72% compared to 53%)
  - Have lower lengths of inpatient stays
  - Have less ER visits (10% compared to 12%)

- Savings from 2020 implementation through 2025- **$10.9m employees; $43.6m university**

- **Future:** We will continue to evaluate the impact of the narrow network as well as options to further expand network and incentivize use of HealthSync network providers

Results of Changes – Specialty Prescriptions (PBM)



Goals:

- Right drug, right channel
- Clinically based prior authorization process
- Formulary optimization
- Management of manufacturer assistance
- High-cost case management

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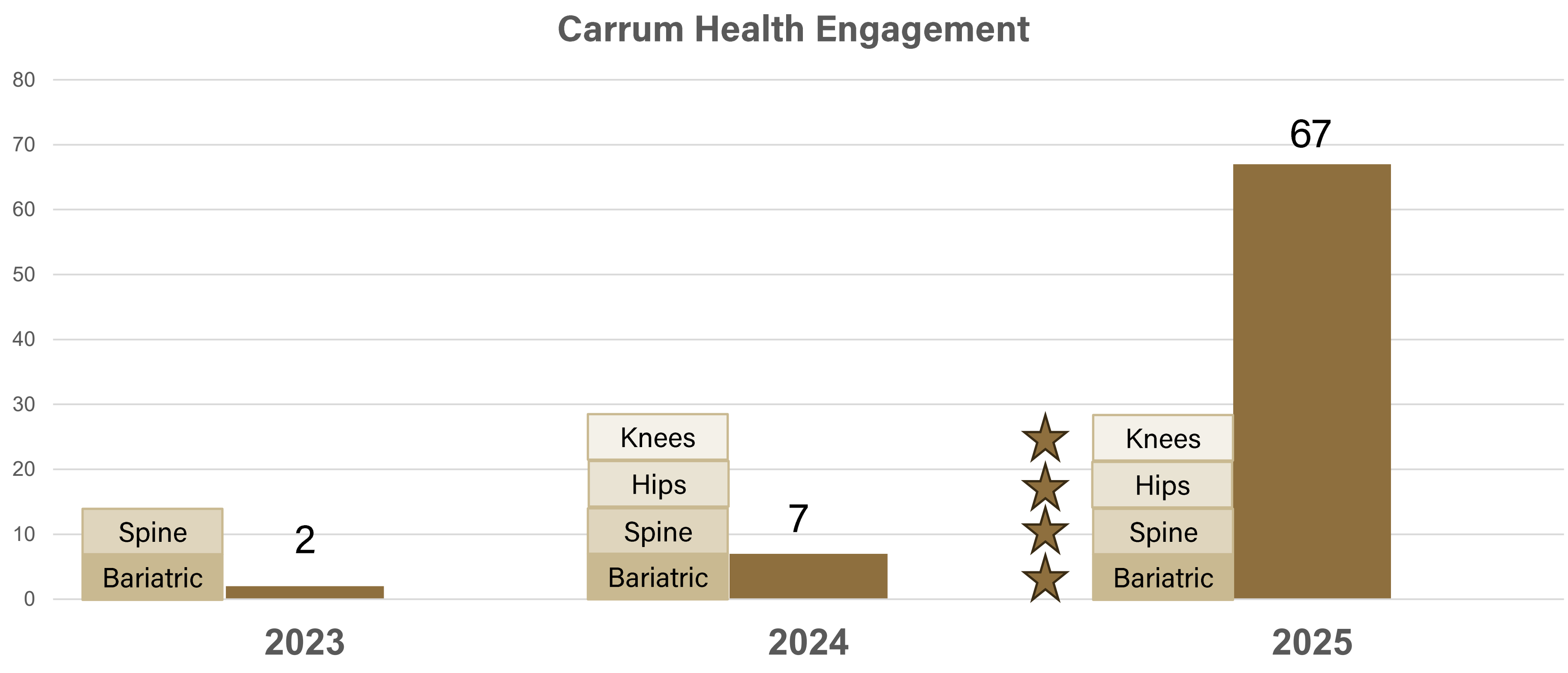
Results of Changes – Carrum Health

Claim Save:
$316,611

Avoided Surgery Save:
$313,611

Total 2025 Save:
$630,031



★ Mandated through Carrum Health

Other Optional Services through Carrum Health: Other Orthopedic Services, , Cardiac surgery, CAR T-cell Therapy, Multiple Myeloma, Other Common Cancers, Hysterectomy Care, Ear, Nose & Throat and Urology

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History of Changes - Pharmacy

2018	2019	2020	2021	2022	2023	2024	2025	2026
CVS Contract	Formulary Change	RxSavings Rx Concierge	Specialty Carve Out – Rx and Medical	Biosimilar First Approach		Medication Therapy Mgmt	Affirmed Rx / Transparent PBM Formulary Change Weight Mgmt Program	Lilly/Zepbound Agreement

	2021	2022	2023	2024	2025
Total Rx Cost as % of Total Healthcare Claims	14.6%	14.5%	16.0%	16.7%	20.3%

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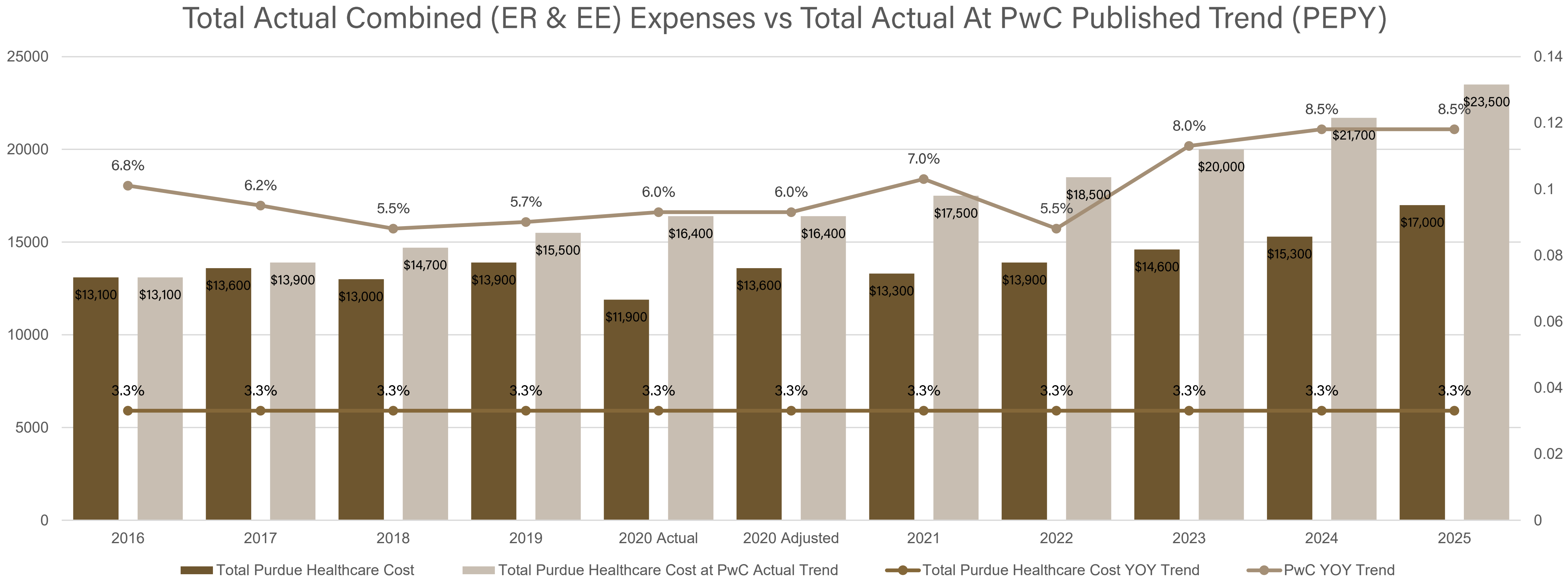
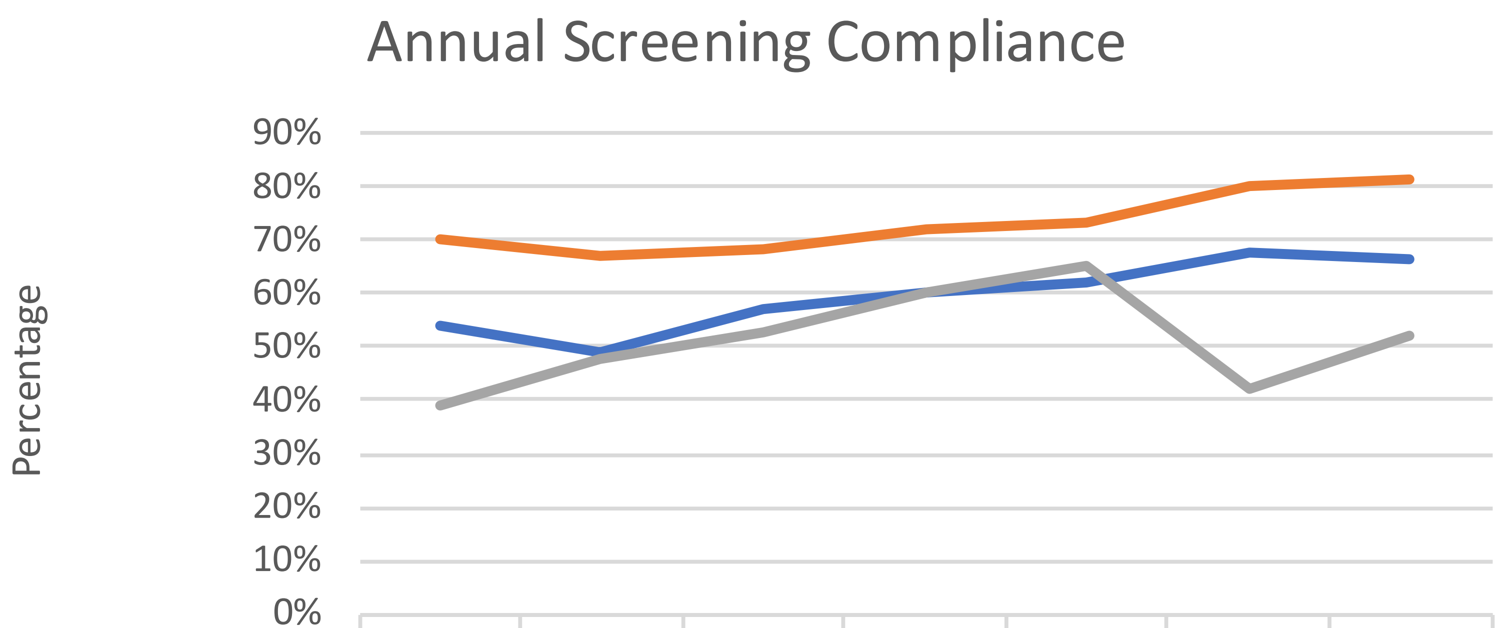
Healthcare Expenditures - Overall 2016 - 2025

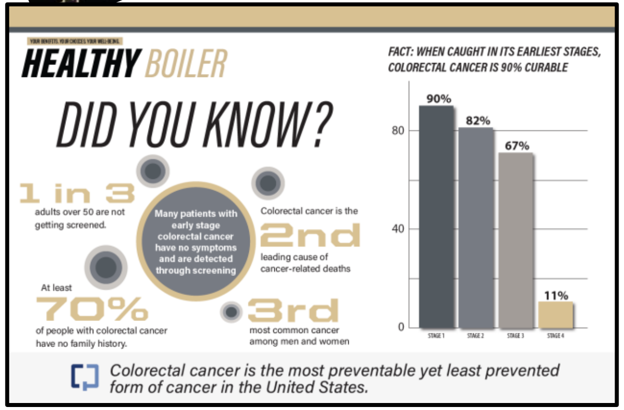


*Total Purdue Healthcare cost is equal to the member out of pocket expenses plus the claims paid by Purdue

Results of Changes – Focus on Population Health



	2019	2020	2021	2022	2023	2024	2025
Physical	54%	49%	57%	60%	62%	68%	67%
Mammogram	70%	67%	68%	72%	73%	80%	81%
Colonoscopy	39%	48%	53%	60%	65%	42%	52%



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Purdue population outperforms Anthem's Indiana Benchmark in 17 out of 20 preventive care compliance measures.

2027 Recommendations

Strategy	Plan Cost/Savings	Employee Cost/Savings
No Increase in Employee premiums	🔴	🟢
Increase Retiree premiums	🟢	🔴
Increase deductible and out of pocket maximum to meet IRS regulations	🟢	🔴
Expand Carrum Health partnership	🟢	🟢
Renew Specialty Rx contract with Archimedes	🟢	
Increase dental premiums	🔴	🔴
Enhance voluntary hospital indemnity with Benefit Bump	N/A	🟢
Add voluntary Aura, digital security benefit	N/A	🟢
Reduce eligibility for Paid Parental Leave	N/A	🟢
Improve non-exempt sick leave program	N/A	🟢

Not Recommended for 2027. Consider in future years:

- Employee premium increase
- Additional or elimination of medical plan tiers
- Out of State only plan
- Cost share on preventive dental
- Cost share on vision
- Expansion of preventive drug list
- Narrow Network only Medical plan

Recognition, Engagement & Communication

1. Recognition

- 2026 Indiana's Healthiest Employers
- 2026 Bell Seal for Workplace Mental Health – Platinum Recipient
- 2026 5-Star Achieve WELL designation – Indiana Wellness Council
- 2026 Indiana Workplace Well-Being – Ending Weight Bias and Breastfeeding Friendly Workplace

2. Continued stakeholder engagement

•Joint meetings – MaPSAC, CSSAC, Faculty benefits and compensation sub-committee

•Working with Hoosiers for Affordable Healthcare, Employers Forum of Indiana and Indiana Business Health Collaborative

•Return member of All Payer Claims Database Advisory Board

3. Open Enrollment Support

•Two weeks (includes two weekends) – October 27 – November 10

•Presentations, one-on-one counseling, online guide and dedicated website

•Benefit education emails – Focus on changes and how all benefit programs support overall health and well-being

Appendix

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Cost Containment Strategy – Purdue Implemented Strategies 2017 - 2026

2017	2018 / 2019	2020
Mid-America contract for labs Imaging/radiology offered at PUSH Launched Healthy Boiler financial incentives Employee premium increase (4%)	CVS contract for PBM services Prescription formulary change Numerous measures to reduce administrative costs Deductible / OOP increase Employee premium increase (2018-7% / 2019-6%) Purdue budget increase	No employee premium increase Sunset PPO medical plan (1/1/21) Working spouse premium Tobacco surcharge increase Prescription concierge Tiered narrow network option Direct agreement - THR/TKR and Imaging
2021	**2022**	**2023**
No employee premium increase 100% CDHP (triple option) Specialty prescription drug carve out Direct provider agreement - Physical Therapy Vision separated from medical election	No Employee premium increase Retiree premium increase (5%) Dental premium decrease Healthy Boiler portal and additional incentives Additional investments in diabetes management	No employee premium increase Retiree premium increase (5%) Expanded CHL & Added Telehealth Pilot Center of Excellence with Carrum Health Medication Therapy Management RFP
2024	**2025**	**2026**
No employee premium increase Retiree premium increase (5%) Deductible / OOP increase Expanded Telehealth and Added Navigation Expanded hours of CHL at WL Implemented clinic @ PFW Deploy Physical Therapy Redirection Strategy Implement MTM Program	Deductible / OOP increase Mandated Hip, Knee, Spine & Bariatrics to Carrum Retiree premium increase (5%) Employee premium increase (3%) Purdue budget increase Increase SP & Tobacco surcharges Increase incentive amount by $100/$200 Implement Weight Management program w/ CHL Move Retail/Mail Rx to AffirmedRx	Retiree premium increase (5%) Employee premium increase (3%) Purdue department increase Implement Stelara biosimilar Increase SP & Tobacco surcharges Lilly / Zepbound direct agreement