



Panama Canal Area Retirees Association

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Association of Retirees of the Canal Area

Position About Premium Increases for C/Y 2026.

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The Board of Directors of the Panama Canal Area Retirees Association (AJAC) regrets the hardship experienced by all members of the association whose health plan's premium increased substantially by order of the United States Department of Personnel management (OPM). To remove any doubt, neither AJAC nor the Plan Administrator have the authority to increase premiums.

Reasons cited by OPM for the sharp premium increase are: 1) Several years of operating in a deficit. 2) Low capital reserve. 3) Reduced share of the US Government in premium expense by an average of 20% as compared to 2025.

Historic Background:

The Panama Canal Area Benefit Plan (PCABP) was established with a goal of providing Panamanians who worked for the Panama Canal Administration, up to October 1979, access to medical benefits during their retirement. Over the years, the Plan faithfully served the needs of tens of thousands of people with most generous benefits at a very low cost. Our plan is unique in its scope of coverage and member share of premium expense, both in Panama and in the United States. Nevertheless, with time, our membership shrank, premium revenue decreased and the cost of medical services in Panama escalated sharply in the past 10 years.

While it is not unusual for private health insurance premiums to rise every year, the substantial increase in our plan's 2026 premium structure is certainly unusual. Nevertheless, it is important to note that over the past 10 years, annual increases in plan premiums were kept at an average of 2.5% per year, when in-fact the correct range of increase should have been 12%-15% per-year. Accordingly, the sharp increase in 2026 premiums should be viewed as an emergency effort by OPM to close the gap created by 10 years of insufficiently low increases.

In summary, the decision to increase the premiums of our plan was made by the United States Department of Personnel management (OPM) based on the financial reasons listed above.

For further information, please refer to **www.OPM.gov**

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