



City of Homer

www.cityofhomer-ak.gov

Human Resources

491 East Pioneer Avenue
Homer, Alaska 99603

personnel@cityofhomer-ak.gov

(p) 907-235-8121 x2225

(f) 907-235-3148

MEMORANDUM 20-068

TO: City Council
THROUGH: Marvin Yoder, Interim CM
FROM: Andrea Browning, HR
DATE: June 1, 2020
SUBJECT: Healthcare Renewal

The City of Homer's employee benefit plans are due to renew on August 1, 2020. USI has been working on behalf of the City of Homer to secure the best rates possible for Health Insurance and Life Insurance renewals. Brandon Nyberg from USI will present at the June 8th Committee of the Whole Meeting, as well as answer any questions. Below is a summary of the upcoming renewal.

- The August 1, 2019 renewal terms included Premera's 9.5% rate increase cap for the August 1, 2020 medical and dental renewal.
- Based on large medical claims activity involving ongoing claimants, Premera's initial renewal quote for the upcoming year was a 9.5% rate increase.
- Following renewal negotiations, Premera agreed to no increase in dental rates for the upcoming year.
- VSP Vision and Prudential Life Insurance have rate locks through August 1, 2021.

The August 1, 2020 renewal comes out to an 8.4% increase over the August 1, 2019 renewal.

However, please remember that the August 1, 2019 renewal was a 3.7% decrease.

If you look at the averages for the past two renewals, we are actually down -0.1% from the January 1, 2019 renewal.

*The City budgeted for a 9.5% increase in the 2021 Budget.

Additionally, Premera announced a multi-million dollar Premium Relief Program, in response to COVID-19 Pandemic. What does this mean for the City of Homer? We will receive up to an estimated 15% one-time premium credit for the month of August 2020. Based on current enrollment, this projects to be over \$20,000 in savings for the month of August. These numbers are not included in the 8.4% increase, since the Premium Relief Program is separate from the renewal.