



City of Homer

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Human Resources

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MEMORANDUM 21-097

TO: Mayor Castner and City Council
THROUGH: Rob Dumouchel, City Manager
FROM: Andrea Browning, HR
DATE: June 8, 2021
SUBJECT: Healthcare Renewal

The City of Homer's employee benefit plans are due to renew on August 1, 2021. 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 14th Committee of the Whole Meeting, as well as answer any questions.

Below is a summary of the upcoming renewal:

- Based on large medical claims activity involving ongoing claimants, Premera's initial renewal quote for the upcoming year was a 25.2% rate increase for Medical/Rx, and a 5% increase to Dental rates.
- USI conducted a targeted market review and solicited bids for healthcare from multiple carriers and received very competitive bids from Aetna and Moda. Moda was eliminated based on their lack of in-network providers.
- USI advised Premera of these counter bids, and Premera submitted a second proposal for Medical/ Rx and Dental, which would result in an overall healthcare increase of 4.3% (based on current enrollment). This would move the City to Premera's Political Sub (poly sub) plan, but allow us to retain the same network coverage.
- VSP extended a rate pass for Vision, and these rates were offered with a two-year rate guarantee.
- Prudential extended a 40% rate decrease to Life/ AD&D plan for Life Insurance and a rate pass for Voluntary Life/ AD&D plan, and these rates were offered with a two-year rate guarantee.

	Full FY 2021 Budget	August 2021 (Renewal)	Difference \$	Increase %
Budget	\$1,878,138	\$2,055,110	\$176,972	9.4%
\$ Based on Current Enrollment	\$1,969,693	\$2,055,110	\$85,417	4.3%

*The City will budget for a 10% increase in the FY 2023 Budget.

Premera's Political Subdivision Plan renewal data: 3-year historical association renewal has been a rate pass (no increase). The largest renewal given to any one group was 6%.