



AGENDA ITEM REPORT

Resolution 23-044, A Resolution of the City Council of Homer, Alaska Approving New One-Year Contracts with Premera Blue Cross, VSP, and Prudential with a Renewal Date of July 1, 2023. City Manager.

Item Type: Resolution 23-044
Prepared For: Mayor Castner and Homer City Council
Meeting Date: 24 April 2023
From: Andrea Browning, HR Director
Through: Rob Dumouchel, City Manager

The City of Homer's employee benefit plans are due to renew on July 1, 2023.

Below is a summary of the upcoming renewal:

- The City's renewal position was weaker than last year, based on overall usage and group activity (high claims).
- The renewal rates in the packet provided by USI show rates based on current enrollment.
- Our enrollment numbers fluctuate throughout the year, however enrollment has decreased by an average of two employees in the past year. This is due to attrition, and a general shift in a fewer number of new-hires enrolling in healthcare, due to having separate coverage through the military, alternate spousal coverage, etc.
- VSP and Prudential provided a rate pass (no increase) and a two-year rate guarantee during this enrollment. Premera Dental was flat. Only Premera Medical/Rx increased.
- Municipalities in the Premera Political Subdivision Group fell into three tiers for renewal rates for the upcoming year. The City of Homer fell into the highest renewal tier, at a whopping 23%.
- The City went out to bid with other insurance groups, who declined to bid on the COH for the upcoming year.
- The City worked with our USI broker and his team to request a bid through Premera direct, which would require us to leave the Poli Sub Group. This worked in our favor!
- The City's renewal shows an overall healthcare increase of 2% from FY23 budget, and a 6.8% increase (based on current enrollment).

***To better illustrate the decrease in enrollment numbers - last year's enrollment numbers vs. current:

The July 1, 2022 renewal rates were reflective of 81 total employees on the plan

- 26 Employee Only
- 12 Employee + Spouse
- 16 Employee + Child(ren)
- 27 Employee + Spouse + Child(ren)

The July 1, 2023 renewal rates are reflective of 79 total employees on the plan

- 26 Employee Only
- 14 Employee + Spouse
- 15 Employee + Child(ren)
- 24 Employee + Spouse + Child(ren)

	FY 2023 Budget	July 1, 2023 (Renewal)	Difference \$	Increase/ Decrease %
Budget	FY23 \$2,260,621	\$2,304,994	\$44,373	2% Increase

Recommendation:

Adopt Resolution 23-044

Attachments:

Resolution 23-044
City of Homer Renewal Group Benefits Renewal Analysis Report