



MEMORANDUM

Resolution 24-049, A Resolution of the City Council of Homer Alaska Approving One Year Contracts with Moda Health, VSP and Prudential with a Renewal Date of July 1, 2024.

City Manager/HR Director

Item Type: Backup Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: May 3, 2024
From: Employee Committee
Through: Melissa Jacobsen, Interim City Manager

The City of Homer's Employee Committee met on March 28, 2024 and were presented information on the proposed Health insurance costs by Andrea Browning, HR Director. She provided clarification that the city consultant solicited bids to providers and received three bids as follows:

- Premera at an increase of 27.5% \$2,392,454
- Moda Health \$1,770,412
- United Health \$1,972,794

She reported that Moda Health has a similar provider network and United Health has a very limited provider network. The following information was brought forward to the departments by the respective representative on the Employee Committee:

- 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. On average, our enrollment has decreased by seven (7) 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, as we have a rate guarantee through 7/1/2025).

The Employee Committee was requested to bring the information back to their respective departments and receive input from them on the proposals.

At the Employee Committee meeting on April 30th it was reported that members of departments had concerns on the in network providers under Premera compared to Moda Health.

Employees present who previously had Moda Health as a provider at a previous employer related personal experiences dealing with insurance claims and that experiences were positive with regard to service. It was also noted that a local large employer offers Moda Health and comments from an employee did not relay any problems.

The Committee members noted that it was only for one year and if the experience was that bad they could always switch back and maybe Premera would offer better rates to get the city back as clients.

A motion was called for by the Chair. It was moved and seconded to switch providers from Premera BC/BS to Moda Health and the motion was approved ten in favor, two against.

Recommendation:

Employee Committee supports switching health insurance providers to Moda Health.