



# MEMORANDUM

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## Budget Worksession – Health Insurance Information

**Item Type:** Informational Memorandum  
**Prepared For:** Mayor Lord and Homer City Council  
**Date:** May 12, 2025  
**From:** Melissa Jacobsen, City Manager

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At the Committee of the Whole we will have a presentation from our Brian Hardy, our Benefit Broker about the results of the bids for health insurance for the upcoming year. I was asked to provide information on the percentage of increase in real dollars regarding health insurance.

The City Manager's draft budget includes \$2,275,991 for the health insurance premium, which is a 27% increase over FY25's budget of \$1,791,912.

Budgeting for health insurance can be challenging in that the costs are based on current enrollment, and this number fluctuates throughout the year as employees leave or join the plan, as they get married, have children, etc... When we renewed our plan with Moda in 2024 for FY25, we had a greater number of employees on the plan (72), but far fewer in the *Family* tier. The *Family* tier is by far the most expensive tier, with a renewal rate is \$4,005.33 for Medical. So that shift in demographics translates to a significant increase in overall cost.

Additionally, when we made the change to Moda last year, they offered us a one-time "premium holiday," which was divided over the year, to discount of over \$150,000.

*Last year during renewal, our enrollment numbers were:*

Employee 27  
Employee + Spouse 12  
Employee + Children 20  
Family 13  
72 total employees

*This year we are at:*

Employee 19  
Employee + Spouse 11  
Employee + Children 13  
Family 24  
67 total employees