



# MEMORANDUM

CC-26-099

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## Resolution 26-033, a Resolution of the City Council of Homer, Alaska, Approving New 18-Month Contracts with Moda Health, VSP, and Prudential with a Renewal Date of July 1, 2026

**Item Type:** Backup Memorandum  
**Prepared For:** Mayor Lord and Homer City Council  
**Date:** April 30, 2026  
**From:** Andrea Browning, Personnel Director  
**Through:** Melissa Jacobsen, City Manager

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The City of Homer's employee benefit plans are due to renew on July 1, 2026. Below is a summary of the upcoming renewal:

USI Insurance Services conducted a targeted market review, and solicited bids for healthcare from multiple carriers: Premera, Aetna, and Alaska Municipal Health Trust (AMHT) for medical and dental quotes. Premera and Aetna provided quotes with a substantial increase. AMHT declined to quote, due to uncompetitive rates.

**\*Administration would like to move the city back to a January 1st healthcare renewal date each year, so we requested additional 6-month and 18-month bids, along with the standard 12-month renewals.**

Moda was the most competitive bid, but still a significant increase over FY26 (based on current enrollment numbers). A 6-month renewal contract of our current plan would be an 11.3% increase, and an 18-month contract would be a 24.5% increase.

At the request of HR, USI requested additional plan options through Moda that provide possible cost savings. USI Vice President, Employee Benefits – Brian Hardy presented plan options to Council on April 27th, including the Moda Select Plan, which provides the most cost-effective option.

- Moda came back with final number on 04/29/26, for the Moda Select Plan options, lowering the 18-month contract an additional 1%. (rate sheet attached).
- While the 6-month Moda Select Plan option offered would be a slight decrease in cost at -0.3%, it would only cover the period of July 1, 2026 – Dec 31, 2026, so we would be going out to bid again in 6 months.
- Based on our current loss ratio and large claims, and the initial quote from Moda for this renewal at 19.8%, it is unlikely that we would see anything under 20% for the 2027 renewal per USI.

If the City elects the 6-month plan using the Moda Select network option, below are some renewal scenario costs for plan year January 1, 2027 – December 31, 2027:

1. Moda releases a 10% renewal bid– COH would save about \$127,326-- savings of roughly 5%
2. Moda releases a 15% renewal bid– COH would pay about \$15,500 more-- increase cost of about 0.6%
3. Moda releases a 20% renewal bid– COH would pay about \$96,198 more-- increase cost of about 3.9%
4. Moda releases a 25% renewal bid– COH would pay about \$207,961 more-- increase cost of about 8.4%

**Administration recommendation:**

Approve an 18-month renewal contract of the Moda Select Plan, for an overall 9.6% increase. The current loss ratio and large claims indicate we would see a significant increase if we go out to bid in 6 months. Locking in the 18-month rate caps the increase and allows us to budget, while minimizing risk.

**Employee Committee**

EC met and discussed options, and they recommend the 6-month renewal with same Moda plan we currently have.

**Demographics**

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 increased by four (4) employees in the past year, which increases the overall cost of healthcare.

\*\*\*To better illustrate the demographics/ shift in enrollment numbers - last year's enrollment numbers vs. current enrollment:

The July 1, 2025 renewal rates are reflective of 67 total employees on the plan

- 19 Employee Only
- 11 Employee + Spouse
- 13 Employee + Child(ren)
- 24 Employee + Family

The July 1, 2026 renewal rates are reflective of 71 total employees on the plan

- 24 Employee Only
- 12 Employee + Spouse
- 11 Employee + Child(ren)
- 24 Employee + Family

**Attachments:**

Renewal Proposal from USI



City of Homer  
 Cost Summary  
 July 1, 2026 Renewal Date

| Carriers                   | Current               | 12-Month Contract Current Benefits Renewal |       | 6-Month Contract Current Benefits Scenario A |       | 18-Month Contract Current Benefits Scenario B |       | 6-Month Contract Option 1 Benefits Scenario C |       | 12-Month Contract Option 1 Benefits Scenario C |      | 18-Month Contract Option 1 Benefits Scenario D |       |
|----------------------------|-----------------------|--|-------|--|-------|---|-------|---|-------|--|------|--|-------|
|                            |                       |  |       |  |       |   |       |   |       |  |      |  |       |
| Medical                    | Moda                  | Moda                                       |       | Moda   |       | Moda  |       | Moda  |       | Moda   |      | Moda   |       |
| Dental                     | Moda (Delta Dental)   | Moda (Delta Dental)                        |       | Moda (Delta Dental)                          |       | Moda (Delta Dental)                           |       | Moda (Delta Dental)                           |       | Moda (Delta Dental)                            |      | Moda (Delta Dental)                            |       |
| Vision                     | VSP                   | VSP  |       | VSP  |       | VSP   |       | VSP   |       | VSP  |      | VSP  |       |
| Life / AD&D                | Prudential            | Prudential                                 |       | Prudential                                   |       | Prudential                                    |       | Prudential                                    |       | Prudential                                     |      | Prudential                                     |       |
| FSA Administration         | BenefitHelp Solutions | BenefitHelp Solutions                      |       | BenefitHelp Solutions                        |       | BenefitHelp Solutions                         |       | BenefitHelp Solutions                         |       | BenefitHelp Solutions                          |      | BenefitHelp Solutions                          |       |
| <b>Total Annual Cost</b>   |                       |  |       |  |       |   |       |   |       |  |      |  |       |
| Medical                    | \$2,242,989           | \$2,687,103                                | 19.8% | \$2,512,147                                  | 12.0% | \$2,823,923                                   | 25.9% | \$2,235,250                                   | -0.3% | \$2,352,895                                    | 4.9% | \$2,471,731                                    | 10.2% |
| Dental                     | \$108,731             | \$108,731                                  | 0.0%  | \$108,731                                    | 0.0%  | \$108,731                                     | 0.0%  | \$108,731                                     | 0.0%  | \$108,731                                      | 0.0% | \$108,731                                      | 0.0%  |
| Vision                     | \$11,946              | \$11,946                                   | 0.0%  | \$11,946                                     | 0.0%  | \$11,946                                      | 0.0%  | \$11,946                                      | 0.0%  | \$11,946                                       | 0.0% | \$11,946                                       | 0.0%  |
| Life/AD&D                  | \$10,478              | \$10,478                                   | 0.0%  | \$10,478                                     | 0.0%  | \$10,478                                      | 0.0%  | \$10,478                                      | 0.0%  | \$10,478                                       | 0.0% | \$10,478                                       | 0.0%  |
| FSA Administration         | \$1,115               | \$1,115                                    | 0.0%  | \$1,115                                      | 0.0%  | \$1,115                                       | 0.0%  | \$1,115                                       | 0.0%  | \$1,115  | 0.0% | \$1,115  | 0.0%  |
| <b>Annual Total</b>        | <b>\$2,375,259</b>    | <b>\$2,819,373</b>                         |       | <b>\$2,644,417</b>                           |       | <b>\$2,956,193</b>                            |       | <b>\$2,367,520</b>                            |       | <b>\$2,485,165</b>                             |      | <b>\$2,604,001</b>                             |       |
| <b>Change from Current</b> |                       | <b>\$444,114</b>                           |       | <b>\$269,159</b>                             |       | <b>\$580,934</b>                              |       | <b>(\$7,738)</b>                              |       | <b>\$109,906</b>                               |      | <b>\$228,742</b>                               |       |
| <b>Percentage Change</b>   |                       | <b>18.7%</b>                               |       | <b>11.3%</b>                                 |       | <b>24.5%</b>                                  |       | <b>-0.3%</b>                                  |       | <b>4.6%</b>                                    |      | <b>9.6%</b>                                    |       |

**Notes**

If the city of Homer elects the 6 month plan using the Moda Select network option, below are the renewal scenario costs for 2027:

1. Moda releases a 10% renewal for the 12 month plan year (1/2027-12/2027) - City of Homer would save about \$127,326 - savings of roughly 5%
2. Moda releases a 15% renewal for the 12 month plan year (1/2027-12/2027) - City of Homer would pay about \$15,500 more - increase cost of about 0.6%
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