



# MEMORANDUM

CC-26-100

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**Resolution 26-033, 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. City Manager.**

**Item Type:** Backup Information  
**Prepared For:** Mayor Lord and Homer City Council  
**Date:** May 7, 2026  
**From:** Melissa Jacobsen, City Manager

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**Background:** At the April 27 worksession, Council received information on health care renewal options from the City's benefits broker, USI. Following the worksession, Council requested additional information regarding a six-month renewal option under Option 1. USI provided the additional details in time for the Employee Committee (EC) to consider them at their meeting to discuss the health plan renewal options on Monday, May 4<sup>th</sup>.

**Discussion:** During the worksession, a Councilmember noted that some employee out-of-pocket costs increase under the Option 1 benefits plan. The benefits broker responded with a reference to a Health Savings Account (HSA) option intended to help employees enrolled in high-deductible health plans. In conversations with other managers, it appears there may be additional health plan options that could be beneficial to both employees and the City.

Human Resources Director Browning provided a thorough overview of the renewal options in her memo. An 18-month renewal under Option 1 appears to be the most cost-effective and lowest-risk option for the City, as it locks in a 9.6% rate increase for a longer period.

The EC agreed to recommend a six-month renewal with the current benefits.

After taking time to review plan differences, I believe a six-month renewal under the current plan merits consideration as well. While I recognize the risk and uncertainty associated with future renewal rates, a six-month term minimizes disruption and provides time for administration to better evaluate alternative options that may lessen impacts to the City budget and the employees. This additional time would also allow the EC to consult with their respective departments before making longer-term coverage recommendations.

I've provided a substitute resolution in the event the Council would like to consider the 6-month option under the current plan without having to make amendments at the table.