



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

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 City Manager

4 **RESOLUTION 23-044**

5
6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
7 APPROVING NEW ONE-YEAR CONTRACTS WITH PREMIERA BLUE
8 CROSS, VSP, AND PRUDENTIAL WITH A RENEWAL DATE OF JULY
9 1, 2023.

10
11 WHEREAS, Premera Blue Cross extended an initial renewal offer of a 23% increase for
12 the City to remain on the Political Subdivision Plan (APS) for the 2023-24 plan year; and

13
14 WHEREAS The City has the option of leaving the Political Subdivision Group and
15 requesting a bid for through Premera directly and independently; and

16
17 WHEREAS, Renewing the contract with Premera Blue Cross direct, effective July 1st,
18 2023 provided a significantly lower renewal rate, resulting in an overall health care increase of
19 2% over FY2023 budget, and a 6.8% increase based on current enrollment and rates; and

20
21 WHEREAS, VSP extended a rate pass for Vision, and Prudential Life extended a rate pass
22 for Life Insurance, and both rates were offered with a two-year rate guarantee, which provides
23 the City with the best rate for those benefits; and

24
25 WHEREAS, The Employee Committee reviewed the benefit coverage and cost
26 projections for the July 1st, 2023 renewal, and supports this recommendation.

27
28 NOW, THEREFORE, BE IT RESOLVED that the Homer City Council hereby approves new
29 one-year contracts based upon the proposals with terms beginning on July 1, 2023, and
30 authorizes the City Manager to execute the appropriate documents.

31
32 PASSED AND ADOPTED by the Homer City Council this 24th day of April, 2023.

33
34 CITY OF HOMER

35
36 _____
37 KEN CASTNER, MAYOR

38 ATTEST:

39
40 _____
41 MELISSA JACOBSEN, MMC, CITY CLERK

42
43 Fiscal Note: \$2,304,994 annual cost of employee health care and life insurance.



April 6, 2023

GROUP BENEFITS RENEWAL ANALYSIS REPORT

City of Homer

Brian Hardy | Amanda Estocapio | Tom McCauley
www.usi.com





**City of Homer
Cost Summary
July 1, 2023 Renewal Date**

Carriers	Current	Renewal	Option 1
Medical	Premera BCBS of AK (APS)	Premera BCBS of AK (APS)	Premera BCBS of AK (Direct)
Dental	Premera BCBS of AK (APS)	Premera BCBS of AK (APS)	Premera BCBS of AK (Direct)
Vision	VSP	VSP	VSP
Life / AD&D	Prudential	Prudential	Prudential
Voluntary Life / AD&D	Prudential	Prudential	Prudential
Flexible Spending Account Admin.	Premera BCBS of AK	Premera BCBS of AK	Premera BCBS of AK

Total Annual Cost

Medical	\$2,029,128	\$2,495,567	\$2,176,223
Dental	\$104,741	\$104,741	\$104,741
Vision	\$13,596	\$13,596	\$13,596
Life / AD&D	\$9,264	\$9,264	\$9,264
Flexible Spending Account Admin.	\$1,170	\$1,170	\$1,170
Annual Total	\$2,157,899	\$2,624,338	\$2,304,994
Change from Current		\$466,439	\$147,095
Percentage Change		21.6%	6.8%

Notes

1. Voluntary Life / AD&D is omitted from total annual cost as this coverage is fully employee paid.



**City of Homer
Medical Plan
Benefit Outline and Cost Summary
July 1, 2023 Renewal Date**

Benefit Outline	Current	Renewal	Option 1
Carrier	Premera BCBS of AK (APS)	Premera BCBS of AK (APS)	Premera BCBS of AK (Direct)
Plan Type, Name, Network	PPO, HeritagePlus	PPO, HeritagePlus	PPO, Preferred Choice Plus
Deductible (Individual / Family)	\$1,500 / \$4,500	\$1,500 / \$4,500	\$1,000 / \$2,000
Non-Network Deductible (Individual / Family)	Shared w/ In-Network	Shared w/ In-Network	\$2,000 / \$4,000
Deductible Embedded / Non-Embedded	Embedded	Embedded	Embedded
Out-of-Pocket Maximum (Individual / Family)	\$4,000 / \$12,000	\$4,000 / \$12,000	\$4,500 / \$9,000
Non-Network OOP Max (Individual / Family)	\$45,000 / \$135,000	\$45,000 / \$135,000	\$45,000 / \$90,000
Prescription OOP Max (Individual / Family)	Included w/ Medical	Included w/ Medical	Included w/ Medical
Coinsurance (Pref. / Part. / Out)	80% / 60% / 40%	80% / 60% / 40%	80% / 60% / 40%
Wellness / Preventive Care	100% (dw)	100% (dw)	100% (dw)
Primary Care Office Visit	\$35 Copay (dw)	\$35 Copay (dw)	\$25 Copay (dw)
Specialist Office Visit	\$35 Copay (dw)	\$35 Copay (dw)	\$60 Copay (dw)
Walk-In / Urgent Care Visit	\$35 Copay (dw)	\$35 Copay (dw)	\$40 Copay (dw)
Emergency Room	\$150 Copay / 80%	\$150 Copay / 80%	\$100 Copay / 80%
Outpatient Lab / X-Ray	80%	80%	80%
Complex Imaging (MRI, CAT, PET, et al.)	80%	80%	80%
Outpatient Surgical Facility	80%	80%	80%
Inpatient Hospital Facility	80%	80%	80%
Retail Prescription Drug Copays	\$20 / \$40 / \$80 (dw)	\$20 / \$40 / \$80 (dw)	\$20 / \$40 / \$60 (dw)
Mail Order Prescription Drug Copays	2.5x Retail	2.5x Retail	2.5x Retail
Specialty Prescription Drugs	Same as Retail	Same as Retail	Same as Retail

Rates & Total Cost

Employee	26	\$1,034.97	\$1,272.88	\$1,109.99
Employee + Spouse	14	\$2,377.93	\$2,924.55	\$2,550.32
Employee + Child(ren)	15	\$1,965.73	\$2,417.59	\$2,108.20
Employee + Spouse & Child(ren)	24	\$3,308.66	\$4,069.23	\$3,548.53
Total Employees	79			
Annual Premium Total		\$2,029,128	\$2,495,567	\$2,176,223
Change from Current			\$466,439	\$147,095
Percentage Change			23.0%	7.2%

Notes

1. All coinsurance applies after deductible unless denoted "(dw)" for deductible waived.
2. Enrollment provided by Premera, March 2023.
3. Benefits are illustrated at the Preferred level.



**City of Homer
Dental Plan
Benefit Outline and Cost Summary
July 1, 2023 Renewal Date**

Benefit Outline	Current / Renewal	Option 1
Carrier	Premera BCBS of AK (APS)	Premera BCBS of AK (Direct)
Plan Type	Dental PPO	Dental PPO
Deductible (Individual / Family)	\$0 / \$0	\$50 / \$150
Annual Maximum	\$2,000	\$2,000
Max Rollover	Not Included	Pending Confirmation
Preventive Services	100%	100%
Basic Services	80%	80%
Major Services	50%	50%
Endodontics / Periodontics	Basic	Basic
Implants	Major	Major
Orthodontia	50%	100%
Eligibility	Adult and Child	Adult and Child
Lifetime Maximum	\$1,000	\$1,500
Waiting Periods (Prev. / Basic / Major)	0 / 0 / 0	0 / 0 / 0
Non-Network	AK: 80th UCR Lower 48: 90th UCR	AK: 80th UCR Lower 48: 90th UCR
Rate Guarantee	To 7/1/2024	To 7/1/2024

Rates & Total Cost

Employee	26	\$58.96	\$58.96
Employee + Spouse	14	\$120.19	\$120.19
Employee + Child(ren)	15	\$103.68	\$103.68
Employee + Spouse & Child(ren)	24	\$164.90	\$164.90
Total Employees	79		
Annual Total		\$104,741	\$104,741

Notes

1. Enrollment provided by Premera, March 2023.



City of Homer
Vision Plan
Benefit Outline and Cost Summary
July 1, 2023 Renewal Date

Benefit Outline	Current/Renewal
Carrier	VSP
Exam Copay	\$10
Materials Copay	\$25
Lenses	100%
Frames	100% to \$130
Elective Contacts	100% to \$130
Lasik Surgery Discount	Discount Available
Benefit Frequencies (E / L / F / C)	12 / 12 / 24 / 12
Non-Network Benefits	Scheduled
Rate Guarantee	To 7/1/2025

Rates & Total Cost

Employee	26	\$8.17
Employee + Spouse	15	\$13.07
Employee + Child(ren)	14	\$13.34
Employee + Spouse & Child(ren)	25	\$21.51
Total Employees	80	
Annual Total		\$13,596

Notes

1. Enrollment provided by VSP, February 2023.



City of Homer
Life / AD&D Plan
Benefit Outline and Cost Summary
July 1, 2023 Renewal Date

Benefit Outline	Current/Renewal
Carrier	Prudential
Definition of Earnings	Base Salary Only
Contributory / Non-Contributory	Non-Contributory
Eligibility	FTE Working ≥ 40 HPW
Benefit Amount	1x Earnings
Benefit Maximum	\$100,000
Guarantee Issue	Full Benefit Amount
Benefit Reductions	Reduces To: 65% at Age 65; 50% at Age 70
Waiver of Premium	9 Mo. Elimination Period
Benefits Extend To	Age 65
If Disabled Prior To	Age 60
Accelerated Benefits	Included
Benefit Amount Accessible	90%
Portability	Not Included
Conversion	Life: Included
Rate Guarantee	To 7/1/2025

Volumes, Rates & Total Cost

Number of Employees	97
Benefit Volume	\$6,955,000
Life Rate Per \$1,000	\$0.092
AD&D Rate Per \$1,000	\$0.019
Annual Total	\$9,264

Notes

1. Enrollment and volume provided by Prudential, February 2023.



City of Homer
Voluntary Life / AD&D Plan
Benefit Outline and Cost Summary
July 1, 2023 Renewal Date

Benefit Outline	Current/Renewal
Carrier	Prudential
Definition of Earnings	Base Salary Only
Eligibility	FTE Working ≥ 40 HPW
Child Age Requirement	15 Days to Age 19, 25 if FTS
Benefit Increments	
Employee	\$10,000
Spouse	\$5,000
Children	\$2,000
Benefit Maximums	
Employee	7x Earnings to \$500,000
Spouse	50% of Ee Amt to \$150,000
Children	50% of Ee Amt to \$10,000
Guarantee Issue	
Employee	\$100,000
Spouse	\$20,000
Children	Full Benefit Amount
Benefit Reductions	Reduces To: 65% at Age 65; 50% at Age 70
Waiver of Premium	9 Mo. Elimination Period
Benefits Extend to	Age 65
If Disabled Prior to	Age 60
Portability	Not Included
Conversion	Life: Included
Participation (Req. / Actual)	15% / 19.6% (19 Ees)
Rate Guarantee	To 7/1/2025
Life Per \$1,000	
Employee / Spouse	
Under Age 25	\$0.120
25-29	\$0.120
30-34	\$0.130
35-39	\$0.170
40-44	\$0.220
45-49	\$0.340
50-54	\$0.600
55-59	\$1.010
60-64	\$1.360
65-69	\$2.110
70-74	\$3.950
75-99	\$6.850
Child Life	\$0.180
AD&D Per \$1,000	
EE AD&D	\$0.019
SP AD&D	\$0.020
Child AD&D	\$0.010

Notes

1. Participation provided by Prudential, February 2023.



City of Homer
Flexible Spending Account
Benefit Outline and Cost Summary
January 1, 2024 Renewal Date

Benefit Outline		Current
Administrator		Premera Blue Cross of AK
Annual Contribution Maximum		
Section 125 Health Care	20	\$2,850
Section 129 Dependent Care	10	\$5,000
Reimbursement Method		Paper, Direct Deposit
Web Based Administration		Included
Preparation of Plan Document & SPD		Not Included
IRS Form 5500 Preparation		Included
Discrimination Testing		Not Included
\$550 Carry-Over		Included
Rate Guarantee		To 1/1/2024

Fees & Total Cost

Per Participant/Account Per Month Fee	\$3.25
Debit Card Fee	Included
Total Annual Cost	\$1,170



Section III

Renewal Timeline



Benefits Renewal Timeline for City of Homer July 01, 2023

Pre-Renewal

Action	Responsibility	Due Week of	Date Completed
Request Employee Census	USI	03/06/2023	02/27/2023
Receive Employee Census	City of Homer / USI	03/28/2023	03/16/2023
Pre-Renewal Meeting	City of Homer / USI	04/11/2023	N/A

Marketing

Action	Responsibility	Due Week of	Date Completed
Carrier Renewals Due	Carriers / USI	04/09/2023	03/28/2023
Request for Proposal Sent to Market*	USI	04/09/2023	03/28/2023
Proposals Received from Market*	USI	04/23/2023	Pending
Renewal / Analysis Meeting	City of Homer / USI	05/06/2023	TBD

Implementation

Action	Responsibility	Due Week of	Date Completed
Carrier/Benefit Decisions Due	City of Homer	05/13/2023	
Enrollment Material	USI	05/27/2023	
Employee Meetings	USI	05/27/2023	
Open Enrollment Paperwork Complete	City of Homer / USI	06/11/2023	
Enrollment Complete	USI	06/18/2023	

Post-Renewal

Action	Responsibility	Due Week of	Date Completed
Post-Renewal Meeting	City of Homer / USI	08/19/2023	
Population Health Management Strategy	USI		
Creditable Coverage Reminder	USI	08/19/2023	
Creditable Coverage Notification to CMS	City of Homer / USI	08/29/2023	

*If deemed to be necessary