

**CITY OF HOMER  
HOMER, ALASKA**

City Manager

**RESOLUTION 25-051**

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,  
APPROVING NEW ONE-YEAR CONTRACTS WITH MODA HEALTH,  
VSP, AND PRUDENTIAL WITH A RENEWAL DATE OF JULY 1, 2025.

WHEREAS, Moda Health extended a renewal offer of a 10.9% medical plan increase for employee healthcare coverage for the 2025-26 plan year; and

WHEREAS, USI conducted a targeted market review and solicited bids for healthcare from multiple carriers; and

WHEREAS, Aetna declined to quote due to uncompetitive rates; and

WHEREAS, Premera Blue Cross extended a bid offer with a 35% increase over Moda's medical plan renewal bid; and

WHEREAS, Alaska Municipal Heath Trust (AMHT) extended a bid offer with a 32% increase over Moda's medical plan renewal bid; and

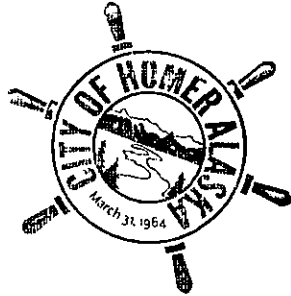
WHEREAS, Moda Health's plan options are the most competitive; and

WHEREAS, The City already has a rate lock with VSP for vision and Prudential for Life Insurance, which provide the best rates for those benefits; and

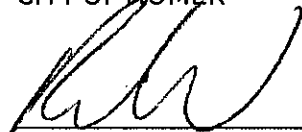
WHEREAS, The Employee Committee reviewed the benefit coverage and cost projections for the July 1<sup>st</sup>, 2025 renewal, and would like to stay with Moda Health and the current plan/ renewal option.

NOW, THEREFORE, BE IT RESOLVED that the Homer City Council hereby approves new one-year contracts based upon the proposals with terms beginning on July 1, 2025, and authorizes the City Manager to execute the appropriate documents.

PASSED AND ADOPTED by the Homer City Council this 27<sup>th</sup> day of May, 2025.



CITY OF HOMER

  
RACHEL LORD, MAYOR

ATTEST:

  
RENEE KRAUSE, CITY CLERK

Fiscal Note: \$2,306,727 annual cost of employee health care and life insurance.



# 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



# MEMORANDUM

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## Health Insurance Renewal 2025

**Item Type:** Backup Memorandum  
**Prepared For:** Mayor Lord and City Council  
**Date:** May 12, 2025  
**From:** Aaron Glidden, Chair, Employee Committee  
**Through:** Melissa Jacobsen, City Manager

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### Summary:

The Employee Committee respectfully requests the renewal of the City's existing healthcare plan, and that Employee out-of-pocket premiums stay the same.

### Background:

The Employee Committee met on April 30, 2025 and reviewed the proposed cost increases along with options to the existing plan. Each member took information back to their respective departments to obtain feedback on preferences. The Employee Committee then met on May 7, 2025 to disseminate the department feedback.

The Employee Committee recognizes the budgetary hardship caused by the shortfall of sales tax revenue for the upcoming fiscal year. We understand the need to curb costs and manage the budget as efficiently as possible, but hope that the Council can find a way to do this without placing an undue burden on the employees.

A negative change to the healthcare plan is essentially a reduction in benefits, and an increase in premiums is effectively a pay cut that employees will feel in their day-to-day lives. This, unfortunately, has been the trend in recent years.

### Recommendation:

The Employee Committee recommends that the Council secure the funds to renew our existing healthcare plan, and keep our monthly premiums as they are.



# MEMORANDUM

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## Health Care Renewal

**Item Type:** Informational Memorandum  
**Prepared For:** Mayor Lord and City Council  
**Date:** April 30, 2025  
**From:** Andrea Browning, HR  
**Through:** Melissa Jacobsen, City Manager

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The City of Homer's employee benefit plans are due to renew on July 1, 2025.

Below is a summary of the upcoming renewal:

- USI Insurance Services conducted a targeted market review, and solicited bids for healthcare from multiple carriers: Aetna, Premera, and Alaska Municipal Health Trust (AMHT) for medical and dental quotes. Aetna declined to quote, due to uncompetitive rates. Premera and AMHT provided quotes with a substantial increase.
- Moda was the most competitive bid, but that is still an increase of \$217,927 for Medical, Dental, and Vision coverage over FY25 (based on current enrollment numbers).
- At the request of HR, USI requested additional plan options through Moda that provide possible cost savings.
- USI Vice President, Employee Benefits – Brian Hardy will present those plan options to Council.

### Claims

The City's renewal position was weaker than last year, based on overall usage and group activity (high claims).

\*\*\* We are currently running at 122% loss ratio – which means for every \$1 we paid to Moda in premiums, we have cost them \$1.22 in claims.

### 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 decreased by two (2) employees in the past year. However, our demographics have shifted. For example- we now have 24 families on the plan, compared to 13 families on the plan one year ago. This increases our cost.

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

The July 1, 2024 renewal rates are reflective of 72 total employees on the plan

27	Employee Only
12	Employee + Spouse
20	Employee + Child(ren)
13	Employee + Family

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

**Vision, Dental, and Life insurance**

- VSP (vision) provided a rate pass, with guaranteed rate until 7/1/2027. FY26 bid is \$11,815 (no increase from last year).
- Moda (dental) FY26 bid is \$104,529 (up from \$101,887 in FY25).
- Prudential (life insurance) provided a rate pass, with a guaranteed rate until 7/1/2027.

**Employee Committee**

The Employee Committee held a meeting on April 30<sup>th</sup> and reviewed the Moda plan options with broker Brian Hardy and HR. They will submit a separate memo to City Council with their recommendations once they have spoken with their respective departments and reached a consensus.



**City of Homer**  
**Cost Summary**  
**July 1, 2025 Renewal Date**

Carriers	Current	Renewal	Option 1	Option 2	Option 3
Medical	Moda	Moda	Moda (Pioneer Network)	Moda	Moda
Dental	Moda	Moda	Moda	Moda	Moda
Vision	VSP	VSP	VSP	VSP	VSP
Total Annual Cost		% Change	% Change	% Change	% Change
Medical	\$1,975,098	\$2,190,383 10.9%	\$1,909,989 -3.3%	\$2,061,563 4.4%	\$2,100,855 6.4%
Dental	\$101,887	\$104,529 2.6%	\$104,529 2.6%	\$104,529 2.6%	\$104,529 2.6%
Vision	\$11,815	\$11,815 0.0%	\$11,815 0.0%	\$11,815 0.0%	\$11,815 0.0%
<b>Annual Total</b>	<b>\$2,088,800</b>	<b>\$2,306,727</b>	<b>\$2,026,333</b>	<b>\$2,177,907</b>	<b>\$2,217,199</b>
Change from Current		\$217,927	-\$62,467	\$89,106	\$128,399
Percentage Change from Current		10.4%	-3.0%	4.3%	6.1%

- USI reached out to Aetna, Premera, and the AMHT for medical and dental quotes for the 2025-26 plan year.
- Aetna declined to quote due to uncompetitive rates.
- Premera:
  - Medical: +35.8% (Additional \$508k from Moda's renewal)
  - Dental: +11.1% (Additional \$9k from Moda's renewal)
  - 1% bundling discount included for adding dental
- AMHT:
  - Medical: +32.4% (Additional \$424k from Moda's renewal)
  - Dental: +11.1% (Additional \$9k from Moda's renewal)

Carrier	A.M. Best Rating	Coverage Requested	Status	Comments
Aetna	A	Medical, Dental	Declined to Quote	Uncompetitive
Moda	NR	Medical, Dental	INCUMBENT	Medical: +10.9% Dental: +2.6%
Premera Blue Cross Blue Shield of AK	A	Medical, Dental	Received	Medical: +35.8% Dental: +11.1%
Alaska Municipal Health Trust (AMHT)	NR	Medical, Dental	Received	Medical: +32.4% Dental: +11.1%



**City of Homer**  
**Medical Plan**  
**Benefit Outline and Cost Summary**  
**July 1, 2025 Renewal Date**

Benefit Outline	Current	Renewal	Option 1	Option 2	Option 3
Carrier	Moda	Moda	Moda	Moda	Moda
Plan Type, Network	PPO, Endeavor Select	PPO, Endeavor Select	PPO, Pioneer	Value, Endeavor Select	PPO, Endeavor Select
Deductible (Ind / Fam)	\$1,000 / \$2,000	\$1,000 / \$2,000	Tier 1: \$1,000 / \$2,000 Tier 2: \$2,000 / \$4,000	\$1,000 / \$2,000	\$2,000 / \$4,000
Non-Network Deductible (Ind / Fam)	\$2,000 / \$4,000	\$2,000 / \$4,000	Tier 3: \$4,000 / \$8,000	\$2,000 / \$4,000	\$4,000 / \$8,000
Deductible Embedded / Non-Embedded	Embedded	Embedded	Embedded	Embedded	Embedded
Out-of-Pocket Maximum (Ind / Fam)	\$4,500 / \$9,000	\$4,500 / \$9,000	Tier 1: \$7,000 / \$14,000 Tier 2: \$8,550 / \$17,100	\$7,000 / \$14,000	\$4,500 / \$9,000
Non-Network OOP Max (Ind / Fam)	\$45,000 / \$90,000	\$45,000 / \$90,000	Tier 3: \$20,000 / \$40,000	\$45,000 / \$90,000	\$45,000 / \$90,000
Prescription OOP Max (Ind / Fam)	Included w/ Medical	Included w/ Medical	Included w/ Medical	Included w/ Medical	Included w/ Medical
Coinsurance (In / Out)	80% / 50%	80% / 50%	80% / 60%	80% / 50%	80% / 50%
Wellness / Preventive Care	100% (dw)	100% (dw)	100% (dw)	100% (dw)	100% (dw)
Primary Care Office Visit	First 3 Visits: \$5 Copay (dw) 4+ Visits: \$25 Copay (dw)	First 3 Visits: \$5 Copay (dw) 4+ Visits: \$25 Copay (dw)	First 3 Visits: \$5 Copay (dw) 4+ Visits: \$25 Copay (dw)	First 3 Visits: \$5 Copay (dw) 4+ Visits: \$25 Copay (dw)	First 3 Visits: \$5 Copay (dw) 4+ Visits: \$25 Copay (dw)
Specialist Office Visit	\$25 Copay (dw)	\$25 Copay (dw)	\$50 Copay (dw)	\$50 Copay (dw)	\$25 Copay (dw)
Walk-In / Urgent Care Visit	\$25 Copay (dw)	\$25 Copay (dw)	\$50 Copay (dw)	\$50 Copay (dw)	\$25 Copay (dw)
Emergency Room	\$100 Copay / 80%	\$100 Copay / 80%	\$100 Copay / 80%	\$100 Copay / 80%	\$100 Copay / 80%
Outpatient Lab / X-Ray	80% (dw)	80% (dw)	80% (dw)	80% (dw)	80% (dw)
Complex Imaging (MRI, CAT, PET, et al.)	80%	80%	80%	80%	80%
Outpatient Surgical Facility	80%	80%	80%	80%	80%
Inpatient Hospital Facility	80%	80%	80%	80%	80%
Retail Prescription Drug Copays	\$0 / \$10 / \$30 / \$50 (dw)	\$0 / \$10 / \$30 / \$50 (dw)	\$0 / \$15 / \$45 / \$75 (dw)	\$0 / \$15 / \$45 / \$75 (dw)	\$0 / \$15 / \$45 / \$75 (dw)
Mail Order Prescription Drug Copays	3x Retail	3x Retail	3x Retail	3x Retail	3x Retail
Specialty Prescription Drugs	\$10 / \$150 / 30% (dw)	\$10 / \$150 / 30% (dw)	\$15 / \$225 / 30% (dw)	\$15 / \$225 / 30% (dw)	\$15 / \$225 / 30% (dw)

**Rates & Total Cost**

Employee	19	\$1,129.73	\$1,252.87	\$1,092.49	\$1,179.19	\$1,201.66
Employee + Spouse	11	\$2,595.69	\$2,878.62	\$2,510.12	\$2,709.32	\$2,760.96
Employee + Child(ren)	13	\$2,145.71	\$2,379.59	\$2,074.98	\$2,239.64	\$2,282.33
Employee + Family	24	\$3,611.66	\$4,005.33	\$3,492.60	\$3,769.77	\$3,841.62
<b>Total Employees</b>	<b>67</b>					
<b>Annual Total</b>		<b>\$1,975,098</b>	<b>\$2,190,383</b>	<b>\$1,909,989</b>	<b>\$2,061,563</b>	<b>\$2,100,855</b>
Change from Current			\$215,285	-\$65,109	\$86,465	\$125,757
Percentage Change			10.9%	-3.3%	4.4%	6.4%

**Notes**

- Deductible applies unless otherwise noted by (dw) = deductible waived.
- Enrollment provided by City of Homer, April 2025.
- The prescription copays are shown at the Value tier / Select tier / Preferred tier / Nonpreferred Tier.
- The benefits for the Pioneer option (Option 1) are shown at the Tier 1 level.





**City of Homer**  
**Dental Plan**  
**Benefit Outline and Cost Summary**  
**July 1, 2025 Renewal Date**

<b>Benefit Outline</b>	<b>Current</b>	<b>Renewal</b>
Carrier	Moda (Delta Dental)	Moda (Delta Dental)
Plan Type	PPO	PPO
Deductible (Individual / Family)	PPO: \$25 / \$75 Premier: \$50 / \$150	PPO: \$25 / \$75 Premier: \$50 / \$150
Waived For Preventive	Yes	Yes
Annual Maximum	PPO: \$2,100 Premier: \$2,000	PPO: \$2,100 Premier: \$2,000
Preventive Services	100%	100%
Basic Services	80%	80%
Major Services	50%	50%
Endodontics / Periodontics	Basic	Basic
Implants	Major	Major
Orthodontia	50% (dw)	50% (dw)
Eligibility	Adult and Child	Adult and Child
Lifetime Maximum	\$1,500	\$1,500
Rate Guarantee	To 7/1/2025	To 7/1/2026

**Rates & Total Cost**

Employee	19	\$56.43	\$57.96
Employee + Spouse	11	\$112.11	\$115.17
Employee + Child(ren)	13	\$129.28	\$132.49
Employee + Family	24	\$187.69	\$192.51
<b>Total Employees</b>	<b>67</b>		
<b>Annual Total</b>		<b>\$101,887</b>	<b>\$104,529</b>
Change From Current			\$2,642
Percentage Change			2.6%



**City of Homer**  
**Vision Plan**  
**Benefit Outline and Cost Summary**  
**July 1, 2025 Renewal Date**

Benefit Outline		Current/Renewal
Carrier		VSP
Exam Copay		\$10
Materials Copay		\$25
Lenses		100%
Frames		100% to \$130; 20% Off Balance
Elective Contacts		100% to \$130
Lasik Surgery Discount		Included
Benefit Frequencies (E / L / F / C)		12 / 12 / 24 / 12
Rate Guarantee		To 7/1/2027

**Rates & Total Cost**

Employee	18	\$8.17
Employee + Spouse	15	\$13.07
Employee + Child(ren)	11	\$13.34
Employee + Family	23	\$21.51
<b>Total Employees</b>	<b>67</b>	
<b>Annual Total</b>		<b>\$11,815</b>

**Notes**

1. Enrollment provided by VSP, December 2024.
2. Contacts are covered in lieu of lenses and frames.



**City of Homer**  
**Life / AD&D Plan**  
**Benefit Outline and Cost Summary**  
**July 1, 2025 Renewal Date**

<b>Benefit Outline</b>	<b>Current / Renewal</b>
Carrier	Prudential
Definition of Earnings	Base Salary Only
Contributory / Non-Contributory	Non-Contributory
Eligibility	FTE Working ≥ 40 HPW
Benefit Amount	1x Earnings to \$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	90%
Portability	Not Included
Conversion	Included
Rate Guarantee	<b>To 7/1/2027</b>

**Volumes, Rates & Total Cost**

Number of Employees	101
Benefit Volume	\$7,624,750
Life Rate Per \$1,000	\$0.092
AD&D Rate Per \$1,000	\$0.019
<b>Annual Total</b>	<b>\$10,156</b>

**Notes**

1. Enrollment and volume provided by Prudential, December 2024.



City of Homer  
Voluntary Life / AD&D Plan  
Benefit Outline and Cost Summary  
July 1, 2025 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	Lesser of 7x Earnings or \$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	Included
Participation (Req. / Actual)	15% / 27.7% (28 Ees)
Rate Guarantee	To 7/1/2027

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, December 2024.



**City of Homer**  
**Flexible Spending Account**  
**Benefit Outline and Cost Summary**  
**January 1, 2026 Renewal Date**

<b>Benefit Outline</b>		<b>Current</b>
Administrator		BenefitHelp Solutions
.....		
Annual Contribution Maximum		
Section 125 Health Care	6	\$3,300
Section 129 Dependent Care	-	\$5,000
.....		
Reimbursement Method		Paper*, Direct Deposit
Web Based Administration		Included
.....		
Preparation of Plan Document & SPD		Included
.....		
IRS Form 5500 Preparation		Included
.....		
Discrimination Testing		Included
.....		
Carry-Over		Included
.....		
Rate Guarantee		To 1/1/2026
.....		

**Fees & Total Cost**

Per Participant/Account Per Month Fee	\$3.95
Debit Card Fee	Included
Renewal or Annual Fee	\$150
Minimum Monthly Fee	\$75
.....	
<b>Estimated Total Annual Cost</b>	<b>\$284</b>

**Notes**

1. The IRS carry-over for 2024 into 2025 is \$640. City of Homer elected to restrict to \$500.
2. \*Paper checks are subject to a \$5 minimum reimbursement requirement.



### Section III

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## Benefit Resource Center Flyer



Why won't they pay my claim?

Services denied?!

How can my claim still be "in process"? It's been two months!

I called my insurance carrier, but now I'm just more confused.

Do I have mail-order prescription benefits?



Call the Benefit Resource Center ("BRC"),  
We're Here To Help!

We speak insurance.

Our Benefits Specialists can help you choose the right plan for you and your family, translate confusing jargon, answer questions about which benefits are on your plan and which aren't, work directly with insurance carriers to resolve tricky issues regarding claims and denials of service—and more!

**Benefit Resource Center**

**BRCWest@usi.com | Toll Free: 866-468-7272**

**Monday through Friday 8:00am to 5:00pm Mountain, Pacific and Alaska Standard Time**



## Section IV

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# Renewal Timeline





# Benefits Renewal Timeline for City of Homer

July 01, 2025

## Pre-Renewal

Action	Responsibility	Due Week of	Date Completed
Request Employee Census	USI	03/03/2025	03/03/2025
Receive Employee Census	City of Homer / USI	03/24/2025	03/11/2025
Pre-Renewal Meeting	City of Homer / USI	04/08/2025	N/A

## Marketing

Action	Responsibility	Due Week of	Date Completed
Carrier Renewals Due	Carriers / USI	03/03/2025	02/27/2025
Request for Proposal Sent to Market*	USI	03/03/2025	03/12/2025
Proposals Received from Market*	USI	03/24/2025	03/25/2025
Renewal / Analysis Meeting	City of Homer / USI	05/03/2025	TBD

## Implementation

Action	Responsibility	Due Week of	Date Completed
Carrier/Benefit Decisions Due	City of Homer	05/12/2025	
Enrollment Material	USI	05/26/2025	
Employee Meetings	USI	05/26/2025	
Open Enrollment Paperwork Complete	City of Homer / USI	06/09/2025	
Enrollment Complete	USI	06/16/2025	

## Post-Renewal

Action	Responsibility	Due Week of	Date Completed
Post-Renewal Meeting	City of Homer / USI	08/16/2025	
Population Health Management Strategy	USI		
Creditable Coverage Reminder	USI	08/18/2025	
Creditable Coverage Notification to CMS	City of Homer / USI	08/29/2025	

\*If deemed to be necessary