



Department Source: Human Resources

To: City Council

From: City Manager & Staff

Council Meeting Date: September 3, 2024

Re: Establish plan year 2025 medical and dental plan premium rates for active employees and non-Medicare retirees.

Executive Summary

The ordinance adopts the City's self-funded health plan premium rates and fully insured dental plan premium rates for plan year 2025, and authorizes payroll withholding for active employee premiums. Rates are effective January 1, 2025.

Discussion

Employee and dependent health gross premium rates will increase by approximately 4.82% for plan year 2025. To maintain premiums paid by active employees at the same level as 2024, the city contribution is increasing to cover the increase in premiums. 2025 rates are attached.

Non-Medicare retiree health gross premium rates will also increase by 4.82%. 2025 rates are attached.

Dental insurance rates will not increase. The City will continue to pay the full cost of active employee dental insurance premiums. 2025 rates are attached.

- The City will continue to pay the full cost of active employee health insurance premiums in the High Deductible Health Plan (HDHP).
- Employees enrolled in the \$750 and \$1,500 deductible PPO plans will continue to pay a portion of their health insurance premiums.
- The deductible amount in the HDHP will increase in 2025 per IRS regulations (\$3,300 single/\$6,600 family).
- City contributions to Health Savings Accounts (HSAs) under the HDHP will remain at \$125/month for employee only coverage, and \$250/month for family coverage.
- **Post-65 retiree** health premium rates are expected to increase by 8% under the fully insured plan.

Fiscal Impact

Short-Term Impact: All costs associated with implementation of the rates have been included in the FY 2025 Budget.

Long-Term Impact: Based on annual budget process



Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Organizational Excellence, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Comprehensive Plan Impacts:

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Legislative History

Date	Action
9/18/2023	Rates are adopted annually as part of the new fiscal year budget process. FY2024 changes

Suggested Council Action

Approve the proposed ordinance.