



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Human Resources

To: City Council

From: City Manager & Staff

Council Meeting Date: September 2, 2025

Re: Establish plan year 2026 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 2026, and authorizes payroll withholding for active employee premiums. Rates are effective January 1, 2026.

Discussion

Employee and dependent health gross premium rates will increase by approximately 10% for plan year 2026. 2026 rates are attached.

Non-Medicare retiree health gross premium rates will increase by 17.2%. 2026 rates are attached.

Dental insurance rates will not increase. The City will continue to pay the full cost of active employee dental insurance premiums. 2026 rates are attached.

- For employee only coverage, the City will contribute 90% of the premium cost for the \$750 deductible PPO plan and 95% of the premium cost for the \$1,500 deductible PPO plan.
- The City will continue to pay the full cost of active employee health insurance premiums in the High Deductible Health Plan (HDHP).
- The individual out of pocket maximum for the \$1,500 deductible PPO plan will increase from \$4,000 to \$5,000, and for the \$750 deductible PPO plan will increase from \$3,000 to \$4,000. The out of pocket maximum for the HDHP will not increase in 2026.
- The deductible amount in the HDHP will increase in 2026 to \$3,400/\$6,800 per IRS regulations.
- City contributions to Health Savings Accounts (HSAs) under the HDHP will increase from \$1,500 to \$1,700 annually (deposited bi-monthly) for employee only coverage, and from \$3,000 to \$3,400 annually (deposited bi-monthly) for family coverage. For these contributions, the definition of family coverage includes Employee & Spouse, Employee & Child(ren), and Full Family.
- Specialty prescription copays for the \$750 deductible and \$1,500 deductible plans will increase from \$150 to \$200. Additionally, a prescription cost relief program will be implemented to provide certain specialty medications at no cost to employees.
- Pre-65 retiree health premium rates will increase by 17.2%.
- Post-65 retiree health premium rates will increase by 6.5% under the fully insured plan.



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Fiscal Impact

Short-Term Impact: All costs associated with implementation of the rates have been included in the FY 2026 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
9/16/2024	Rates are adopted annually as part of the new fiscal year budget process. FY 2025 changes

Suggested Council Action

Approve the proposed ordinance.