



## AGENDA ITEM SUMMARY FORM

---

**MEETING DATE:** November 12, 2025

**PREPARED BY:** Colleen Martin

**AGENDA CONTENT:** Discussion and possible action on the 2026 employee health plan.

**AGENDA ITEM SECTION:** Regular Agenda

---

**BUDGETED AMOUNT:** \$2,164,883

**FUNDS REQUESTED:** \$2,031,051

**FUND:** xx-140-xxx

### EXECUTIVE SUMMARY:

Each year, during employee benefits open enrollment, the city offers medical, dental, vision, and life insurance, along with ancillary products, to all full-time employees and permanent part-time employees who work an average of 30 hours per week or more in a year, as mandated by the Affordable Care Act (ACA).

Historically, the city has contributed to the enrolled members' medical and dental coverage, provided a \$25,000 basic term life policy, and contributed to a Health Savings Account for High-Deductible Health Plan participants (22 participants as of this agenda item).

The city's health plan was under a 1-year agreement with BCBS of Texas. The city's consultant, Lockton, sought bids for the 2026 medical plan calendar year. As of September 30, 2025, the city had a rolling loss ratio of 118.9% and a year-to-date average annual cost of \$1.57m. Aetna and UHC declined to bid; Cigna bid with a +40.8% increase, and Curative bid with a +36.7% increase. The incumbent, BCBS of Texas, initially offered a 27% renewal, but as of October 2025, this was negotiated down to a 19.9% increase. BCBS only offered renewal plans with higher deductibles and maximum out-of-pocket amounts.

Staff present two health plan options to the council.

1. No change to the plans or costs to the employees, and the city absorbs an increase of \$355,226.
2. The City shares the cost of the increase with the employees.

On the PPO plan, the Employee Only would increase by \$2.52, from \$12.50 to \$15.02, Employee +Spouse would increase by \$56.70, from \$338.65 to \$281.95 to \$338.65, Employee +Child(ren) would increase by \$35.03, from \$174.17 to \$209.20, and Employee

+Family would increase by \$83.79, from \$416.68 to \$500.47 per pay period (25 payroll deductions).

On the HDHP plan, the Employee +Spouse would increase by \$38.03, from \$206.59 to \$244.62, Employee +Child(ren) would increase by \$22.82, from \$123.96 to \$146.78, Employee +Family would increase by \$57.04, from \$309.89 to \$366.93 per pay period, and Employee Only would remain at \$0 to the employee.

BCBS only offered plans with an increase in deductible from \$3,500 to \$4,500 for Employee Only, and from \$7,000 to \$9,000 for Employee +1; the Maximum Out of Pocket has also increased from \$5,000 to \$6,900 for Employee Only, and from \$10,000 to \$13,800 for Employee +1 (all in network).

The city's dental plan is also up for renewal; Ameritas and Humana came in lower; the incumbent, Lincoln Financial Dental, came in with an increase of \$2,936 with a 1-year rate guarantee.

#### **RECOMMENDATION:**

Staff recommend renewal with BCBS with an increase of \$355,226, and renew dental coverage with Lincoln Financial to avoid plan disruption and absorb the \$2,936 increase; total increase \$358,162