



MEMORANDUM

TO: The Honorable Mayor & Town Council
FROM: Hope Toliver, Director of Finance & Town Treasurer
COPY: India Adams-Jacobs, Town Manager; Jeff Gore, Town Attorney
DATE: February 5, 2026
SUBJECT: Healthcare Insurance Premium Increase and Cost-Sharing Options – FY26 & FY27

SUMMARY:

The Town Council is requested to provide direction on how to address the upcoming increase in healthcare insurance premiums for 2026-2027. Staff are presenting three options for consideration: absorbing 100%, 50%, or 0% of the increase. For background, the Town Manager and Treasurer were notified by County staff of the County's Board of Supervisors' action to absorb 100% of the related healthcare increases on January 14, 2026. Open enrollment ends on February 17th, so a decision is needed to provide staff with direction and guidance prior to selecting healthcare plans for the coverage period.

BACKGROUND:

The Town's healthcare insurance, provided through the County, has notified staff of an **11.5% premium increase**, effective March 1, 2026. The Town's current annual **employer** healthcare premium cost is **\$55,746.96 for five (5) enrolled employees**. The total annual increase associated with the new rates is **\$7,092.96**.

FISCAL IMPACT & ALTERNATIVES:

The estimated annual fiscal impact under each option is as follows:

Option 1: Town Absorbs 100% of Increase

- **Town Cost:** \$7,092.96 annually
- **Employee Impact:** No change to employee premium contributions
- **Budget Impact:** General Fund healthcare expenditures increase by \$7,092.96

Option 2: Town Absorbs 50% of Increase

- **Town Cost:** \$3,546.48 annually
- **Employee Impact:** \$3,546.48 annually (total).
- **Budget Impact:** Partial increase to General Fund expenditures

Option 3: Town Absorbs 0% of Increase

- **Town Cost:** \$0
- **Employee Cost:** \$7,092.96 annually (total)
- **Budget Impact:** No additional General Fund impact



CONSIDERATIONS:

- Employee recruitment and retention
- Employee affordability of healthcare benefits
- Ongoing General Fund sustainability
- Consistency with prior Council actions regarding benefit cost-sharing

RECOMMENDATION:

Staff recommend Option 1, which absorbs 100% of the health insurance premium increase. This option preserves employee benefits, avoids financial burden on staff, and supports employee recruitment and retention. While it requires an increase in General Fund expenditure, staff believe this approach aligns with the Town’s Council’s strategic priorities to maintain an excellent town staff that is well-trained, appropriately compensated, has development opportunities, and demonstrates a dedication to public service.

OPTION 1: Town Absorbs 100% Increase

2025-2026 Rates							
Plan Selection	Coverage Level	Enrollment	Total	ER	EE	ER Cost Share	EE Cost Share
Healthkeepers 25	Employee Only	4	\$ 904.80	\$ 830.68	\$ 74.12	92%	8%
Healthkeepers 25	Employee Plus Spouse	0	\$ 1,752.34	\$ 1,497.57	\$ 254.77	85%	15%
Healthkeepers 25	Employee Plus Child	1	\$ 1,533.70	\$ 1,322.86	\$ 210.84	86%	14%
Healthkeepers 25	Family	0	\$ 2,760.69	\$ 2,185.33	\$ 575.36	79%	21%
Annual Subtotal		5	\$ 61,834.80	\$ 55,746.96	\$ 6,087.84	90%	10%

Plan Selection	Coverage Level	Enrollment	Total	ER	EE	ER Cost Share	EE Cost Share
KeyCare25	Employee Only	0	\$ 1,073.05	\$ 843.05	\$ 230.00	79%	21%
KeyCare25	Employee Plus Spouse	0	\$ 2,074.58	\$ 1,521.27	\$ 553.31	73%	27%
KeyCare25	Employee Plus Child	0	\$ 1,816.20	\$ 1,343.63	\$ 472.57	74%	26%
KeyCare25	Family	0	\$ 3,264.99	\$ 2,222.41	\$ 1,042.58	68%	32%

2026-2027 Rates - OPTION 1								EE Change	
Plan Selection	Coverage Level	Enrollment	Total	ER	EE	ER Cost Share	EE Cost Share	\$	%
Healthkeepers 25	Employee Only	4	\$ 1,008.59	\$ 934.47	\$ 74.12	93%	7%	\$0.00	0%
Healthkeepers 25	Employee Plus Spouse	0	\$ 1,953.33	\$ 1,698.56	\$ 254.77	87%	13%	\$0.00	0%
Healthkeepers 25	Employee Plus Child	1	\$ 1,709.62	\$ 1,498.78	\$ 210.84	88%	12%	\$0.00	0%
Healthkeepers 25	Family	0	\$ 3,077.34	\$ 2,501.98	\$ 575.36	81%	19%	\$0.00	0%
Annual Subtotal		5	\$ 68,927.76	\$ 62,839.92	\$ 6,087.84	91%	9%	\$0.00	0%

Plan Selection	Coverage Level	Enrollment	Total	ER	EE	ER Cost Share	EE Cost Share	\$	%
KeyCare25	Employee Only	0	\$ 1,196.13	\$ 966.13	\$ 230.00	81%	19%	\$0.00	0%
KeyCare25	Employee Plus Spouse	0	\$ 2,312.54	\$ 1,759.23	\$ 553.31	76%	24%	\$0.00	0%
KeyCare25	Employee Plus Child	0	\$ 2,024.53	\$ 1,551.95	\$ 472.57	77%	23%	\$0.00	0%
KeyCare25	Family	0	\$ 3,639.49	\$ 2,596.91	\$ 1,042.58	71%	29%	\$0.00	0%

OPTION 2: Town Absorbs 50% Increase



2025-2026 Rates							
Plan Selection	Coverage Level	Enrollment	Total	ER	EE	ER Cost Share	EE Cost Share
Healthkeepers 25	Employee Only	4	\$ 904.80	\$ 830.68	\$ 74.12	92%	8%
Healthkeepers 25	Employee Plus Spouse	0	\$ 1,752.34	\$ 1,497.57	\$ 254.77	85%	15%
Healthkeepers 25	Employee Plus Child	1	\$ 1,533.70	\$ 1,322.86	\$ 210.84	86%	14%
Healthkeepers 25	Family	0	\$ 2,760.69	\$ 2,185.33	\$ 575.36	79%	21%
Annual Subtotal		5	\$ 61,834.80	\$ 55,746.96	\$ 6,087.84	90%	10%
Plan Selection	Coverage Level	Enrollment	Total	ER	EE	ER Cost Share	EE Cost Share
KeyCare25	Employee Only	0	\$ 1,073.05	\$ 843.05	\$ 230.00	79%	21%
KeyCare25	Employee Plus Spouse	0	\$ 2,074.58	\$ 1,521.27	\$ 553.31	73%	27%
KeyCare25	Employee Plus Child	0	\$ 1,816.20	\$ 1,343.63	\$ 472.57	74%	26%
KeyCare25	Family	0	\$ 3,264.99	\$ 2,222.41	\$ 1,042.58	68%	32%

2026-2027 Rates - OPTION 2								EE Change (Increase)	
Plan Selection	Coverage Level	Enrollment	Total	ER	EE	ER Cost Share	EE Cost Share	\$	%
Healthkeepers 25	Employee Only	4	\$ 1,008.59	\$ 882.58	\$ 126.02	88%	12%	\$ 51.90	70%
Healthkeepers 25	Employee Plus Spouse	0	\$ 1,953.33	\$ 1,598.07	\$ 355.27	82%	18%	\$ 100.50	39%
Healthkeepers 25	Employee Plus Child	1	\$ 1,709.62	\$ 1,410.82	\$ 298.80	83%	17%	\$ 87.96	42%
Healthkeepers 25	Family	0	\$ 3,077.34	\$ 2,343.66	\$ 733.69	76%	24%	\$ 158.33	28%
Annual Subtotal		5	\$ 68,927.76	\$ 59,293.44	\$ 9,634.32	86%	14%	\$3,546.48	58%
Plan Selection	Coverage Level	Enrollment	Total	ER	EE	ER Cost Share	EE Cost Share	\$	%
KeyCare25	Employee Only	0	\$ 1,196.13	\$ 904.59	\$ 291.54	76%	24%	\$ 61.54	27%
KeyCare25	Employee Plus Spouse	0	\$ 2,312.54	\$ 1,640.25	\$ 672.29	71%	29%	\$ 118.98	22%
KeyCare25	Employee Plus Child	0	\$ 2,024.53	\$ 1,447.80	\$ 576.74	72%	28%	\$ 104.17	22%
KeyCare25	Family	0	\$ 3,639.49	\$ 2,409.66	\$ 1,229.83	66%	34%	\$ 187.25	18%

OPTION 3: Town Absorbs 0% of Increase

2025-2026 Rates							
Plan Selection	Coverage Level	Enrollment	Total	ER	EE	ER Cost Share	EE Cost Share
Healthkeepers 25	Employee Only	4	\$ 904.80	\$ 830.68	\$ 74.12	92%	8%
Healthkeepers 25	Employee Plus Spouse	0	\$ 1,752.34	\$ 1,497.57	\$ 254.77	85%	15%
Healthkeepers 25	Employee Plus Child	1	\$ 1,533.70	\$ 1,322.86	\$ 210.84	86%	14%
Healthkeepers 25	Family	0	\$ 2,760.69	\$ 2,185.33	\$ 575.36	79%	21%
Annual Subtotal		5	\$ 61,834.80	\$ 55,746.96	\$ 6,087.84	90%	10%
Plan Selection	Coverage Level	Enrollment	Total	ER	EE	ER Cost Share	EE Cost Share
KeyCare25	Employee Only	0	\$ 1,073.05	\$ 843.05	\$ 230.00	79%	21%
KeyCare25	Employee Plus Spouse	0	\$ 2,074.58	\$ 1,521.27	\$ 553.31	73%	27%
KeyCare25	Employee Plus Child	0	\$ 1,816.20	\$ 1,343.63	\$ 472.57	74%	26%
KeyCare25	Family	0	\$ 3,264.99	\$ 2,222.41	\$ 1,042.58	68%	32%

2026-2027 Rates - Option 3								EE Change (Increase)	
Plan Selection	Coverage Level	Enrollment	Total	ER	EE	ER Cost Share	EE Cost Share	\$	%
Healthkeepers 25	Employee Only	4	\$ 1,008.59	\$ 830.68	\$ 177.91	82%	18%	\$ 103.79	140%
Healthkeepers 25	Employee Plus Spouse	0	\$ 1,953.33	\$ 1,497.57	\$ 455.76	77%	23%	\$ 200.99	79%
Healthkeepers 25	Employee Plus Child	1	\$ 1,709.62	\$ 1,322.86	\$ 386.76	77%	23%	\$ 175.92	83%
Healthkeepers 25	Family	0	\$ 3,077.34	\$ 2,185.33	\$ 892.01	71%	29%	\$ 316.65	55%
Annual Subtotal		5	\$ 68,927.76	\$ 55,746.96	\$ 13,180.80	81%	19%	\$7,092.96	117%
Plan Selection	Coverage Level	Enrollment	Total	ER	EE	ER Cost Share	EE Cost Share	\$	%
KeyCare25	Employee Only	0	\$ 1,196.13	\$ 843.05	\$ 353.08	70%	30%	\$ 123.08	54%
KeyCare25	Employee Plus Spouse	0	\$ 2,312.54	\$ 1,759.23	\$ 791.27	76%	34%	\$ 237.96	43%
KeyCare25	Employee Plus Child	0	\$ 2,024.53	\$ 1,551.95	\$ 680.90	77%	34%	\$ 208.33	44%
KeyCare25	Family	0	\$ 3,639.49	\$ 2,596.91	\$ 1,417.08	71%	39%	\$ 374.50	36%