

Town of Cape Charles
2026-2027 COMPREHENSIVE HEALTH INSURANCE REVIEW & PROPOSAL
INTRODUCTION

The Town is requesting that Council approve the renewal of our current Balanced-Funding Anthem Healthkeepers Open-Access plan. We have a “bundle” agreement with Anthem that allows for a 2% discount by *bundling* medical, dental and vision.

Our Anthem **renewal** initially came in at an **8%** increase, however, with some broker negotiation, we were able to reduce this to **5.2%**.

We also did due diligence and received quotes from Aetna, Anthem (fully insured), United Healthcare and Sentara. Below are averages of the *employee-only premiums* and the *percentage increases* over our current plan cost, for the plans offered by each carrier:

Current Plan Year 2025-2026	AVG. Employee-Only Premium
Anthem Healthkeepers (balanced-funding)	\$566.00

Carrier Quotes for 2026-2027	AVG. Employee-Only Premium	% Increase
Aetna	\$745.39	31%
Anthem (Fully Insured)	\$808.78	43%
Sentara	\$866.80	53%
UHC	\$882.24	56%

Below is the average employee-only premium for Anthem’s 2026-2027 plan:

Anthem '26-'27 Renewal	\$595.80	5.20%
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What does this mean for the employees?

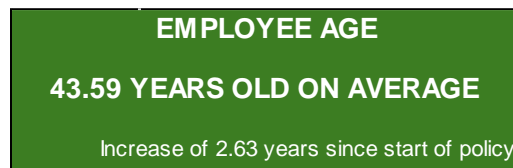
The *employee-only premium* only goes up marginally (roughly \$1.00 per pay period). Employees with *dependents* will see anywhere from a \$5.00 increase to a \$25.00 increase per pay period, depending on the plan and tier they choose. During open enrollment, employees may choose to move from one plan to another, add or remove dependents.

No increase in Dental or Vision premiums.

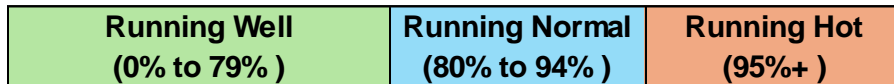
What does this mean for the Town?

Considering how health care costs have been escalating year-to-year, this was overall good news. Especially since our age demographic went up, and we incurred some larger claims.

No increase in Town paid Dental premiums. Vision is voluntary.



Max Claims Account



You are Running Hot



I am going to address the “hot” claims later. This is the true key to mitigating our future claims, and ensuring we have good renewals going forward.

The METRICS

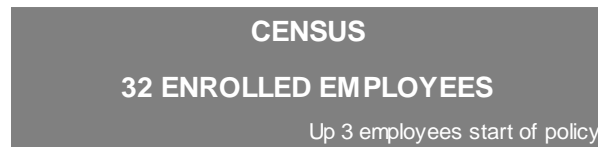
Last Year (2025-2026): We *estimated* a (medical) cost for the plan year to be:

\$207,774.

According to a *budget-to-actual* report for the 4/1/25 -3/31/2026 plan year, the expenses to the Town for the medical were \$213,593.

The reason we exceeded the projection was due to the addition of three employees. We lost two employees who were waivers and were replaced by fully insurance employees, and we added one additional employee during the plan year.

(We always budget for this scenario)



Comparing COSTS in “REAL TIME”- Because we are proposing a *RENEWAL*, we can get an excellent estimate of what the costs would look like. The Town took actual medical **expenses** for March of 2026 (old plan year) and compares to April of 2026 (new plan year-projected).

The Town cost for March 2026 is higher than the cost over the course of the plan year, because in March, we are fully staffed, with no vacancies, and two waiver spots were replaced by fully insured employees *late* in the plan year.

Plan Year Comparison for Medical & Dental (Anthem):

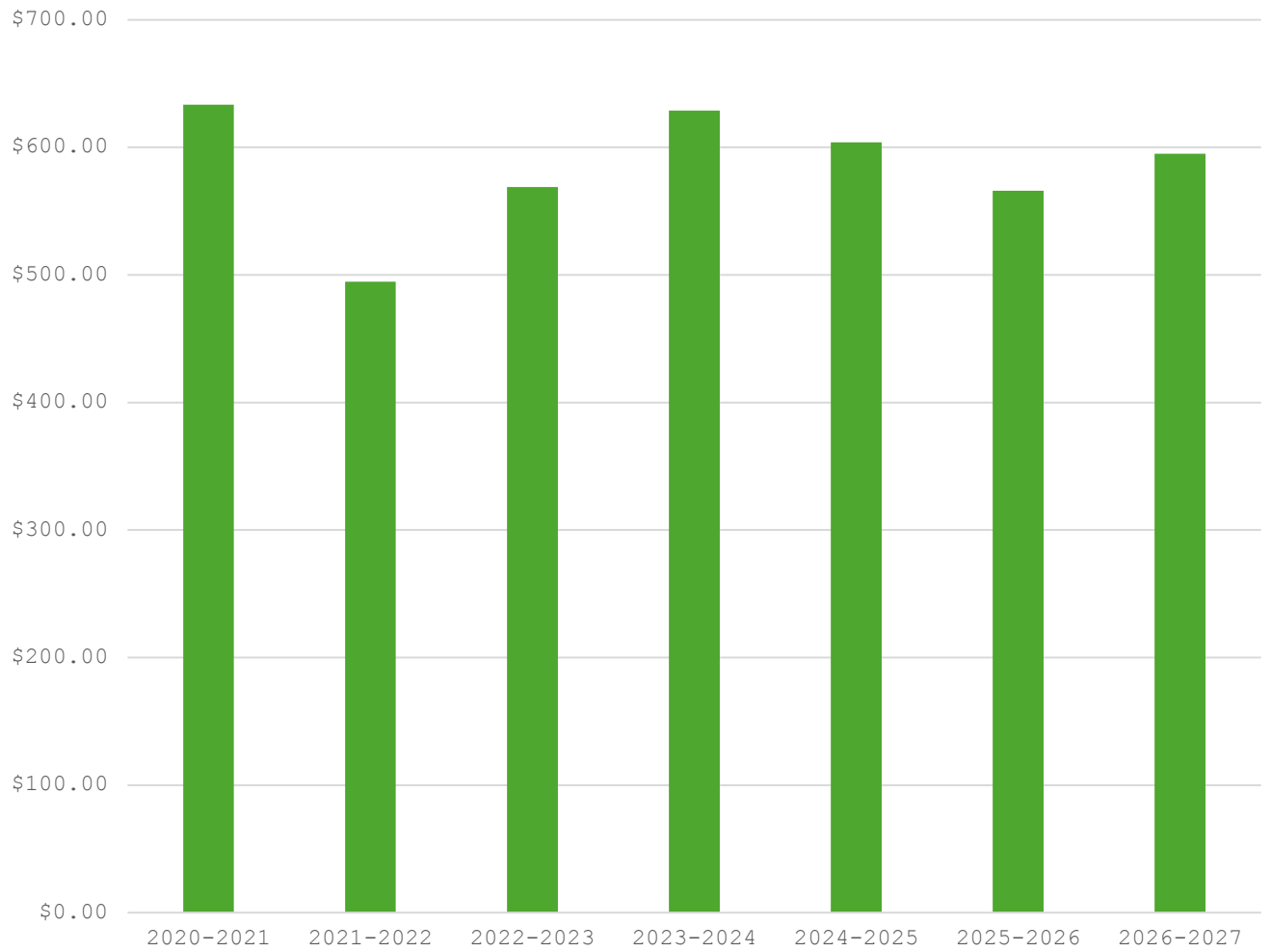
		ANNUAL			
	as of March 2026	Projected for April 2026			
ANTHEM	2025-2026	2026-2027		Increases	
Medical	\$227,849.52	\$234,038.28		\$6,188.76	2.70%
Dental	\$12,500.00	\$12,500.00		\$0.00	0%

Past Years (2020 -2026) Average Employee-Only Premiums:

AVERAGE EMPLOYEE-ONLY PREMIUMS FROM OFFERED PLANS FOR PAST YEARS' MEDICAL INSURANCE		
2026-2027	\$595.00	\$11.00 MORE THAN AVERAGE
2025-2026	\$566.00	-\$18.00 LESS THAN AVERAGE
2024-2025	\$604.00	\$20.00 MORE THAN AVERAGE
2023-2024	\$629.00	\$45.00 MORE THAN AVERAGE
2022-2023	\$567.00	-\$17.00 LESS THAN AVERAGE
2021-2022	\$495.00	-\$89.00 LESS THAN AVERAGE
2020-2021	\$633.00	\$49.00 MORE THAN AVERAGE
OVERALL AVERAGE FOR EMPLOYEE ONLY PREMIUMS SINCE 2020		\$584.00
Highest years to lowest years		
2020-2021	\$633.00	
2023-2024	\$629.00	
2024-2025	\$604.00	
2026-2027	\$595.00	
2022-2023	\$567.00	
2025-2026	\$566.00	
2021-2022	\$495.00	

It is important to show *premium costs*, not budget-to-actual in a seven-year look-back, due to variances in staffing, i.e. sale of utilities, addition of Harbor employees. (In 2022 for example, the Town had 27 employees enrolled on the group medical plan, today, we have 32).

Average Health Insurance Premiums by Year



HRA, Virtual Medicine & Waivers

We request no changes to the **Health Reimbursement Account**, for employees covered by the Anthem medical. Because the total number of waivers decreases in 2026-2027, we propose slightly increasing the HRA funding for those who waive the health insurance, whether due to Medicare enrollment or simply being on another group plan other than the Town's. This will result in \$1,125 savings in HRA expenses to the Town.

				Employer Funding: HRA	4/ 1/ 2025-3/ 31/ 2027	
				SINGLE		FAMILY
Plan 1	2000 Deductible			\$525.00		\$875.00
Plan 2	3000 Deductible			\$825.00		\$1,325.00
Plan 3	4000 Deductible			\$850.00		\$1,350.00

We highly recommend transitioning from Revive Telehealth to **Apios Health**. Revive Telehealth is merely a Rx service. While it is helpful when you need to get a prescription filled without going to an in-person doctor, Apios is a *24/7 comprehensive concierge-style virtual urgent care* service that offers employees immediate and convenient access to care through texting rather than an app or website requiring an account and log-in. Apios physicians can assist employees in getting appointments, referral to the correct type of provider and answering health questions. While not a full-service mental health provider, they do help with basic anxiety issues and refer their patients to local mental health providers. Apios is out of Virginia Beach, therefore their physicians are familiar with local healthcare networks and providers, allowing for more seamless and informed referrals.

Please see the appendix for slides on Apios and how this service helps to mitigate our claim exposure. This is an increased cost for the Town over Revive, but a value-added service that can reduce cost increases in future renewals. Your HR Department recommends offering this service to Town Council members (paid or self-pay) and W4 Boards as a (self-pay) benefit (\$14.95 per household)

Apios Health



Simple, barrier-free healthcare for your organization

What we do

Apios provides your employees with direct access to a dedicated physician. Through simple texting, they can receive immediate answers to health questions, have our providers secure specialist appointments, and write or refill prescriptions. Our convenient service eliminates the need for logins or app downloads. Enjoy the benefits of personalized care at a predictable cost with our **single-flat per-member pricing** and no visit fees.



Apios physicians serve your employees as their healthcare liaison, who will:



Diagnose and treat uncomplicated, non-emergent illness or injuries within with no appointment needed and response time within minutes.



Prescribe or refill medications when necessary.



Work with employees to review lab results, diagnoses, prescriptions and any additional concerns



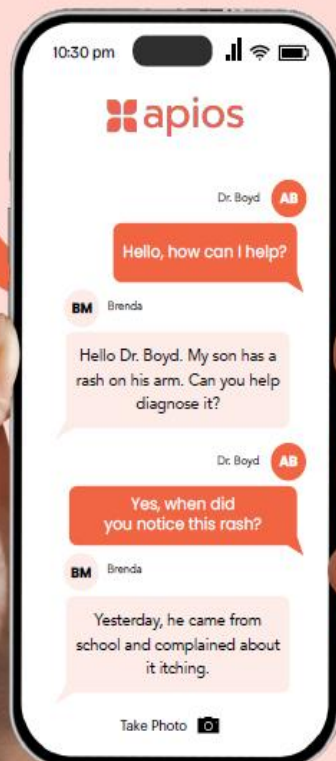
Coordinate specialist consultations for hard to schedule appointments. Our providers can bypass the difficulties in finding a PCP or specialists who are scheduled too far in the future.



Counsel on age-appropriate screening and vaccination questionnaires for both themselves and their family.



Provide work or school notes within minutes.



The Benefits

Why Apios?

● Save on Healthcare Costs

Reduce unnecessary urgent care and ER visits, decrease premiums, and reduce sick leave.

■ Increase Engagement

Apios improves at-home illness management and prevention. Unlimited concierge healthcare boosts employee satisfaction and care.

◆ Empower Your Employees

Employees can more easily take control of getting the care they need at the time they need it.

The Comparison

Why Apios?

Apios

Teledoc,
CirrusMD,
MDLive

App/Login Required	No	Yes
SMS - Text	Yes	No
Direct Text to Provider in Real Time	Yes	No
Appointment Needed	No	Yes
Assigned Physician Concierge	Yes	No
Per Visit Fee	No	Yes
Follow-up until resolved	Yes	No
Assist with difficult appointments	Yes	No
Second opinion service	Yes	Not all

Waivers

We will continue, as in previous years, to provide a *salary* subsidy to employees who waive for Medicare. We also provide paid dental coverage for one dependent, and HRA funding for all waivers. Starting in 2025-2026 there were 8 employees who waived off the plan. In 2026-2027, it is projected to be 5 or possibly 6.

COSTS

BENEFIT	2025-2026	2026-2027	Increases
Medical	\$227,849	\$234,038.28	\$6,189
Dental	\$12,500	\$12,500	\$0.00
HRA	\$29,225	\$28,100	(\$1,125)
Virtual Medicine	\$3,420	\$6,458	\$3,038
Waivers	\$10,800	\$11,800	\$1,800
TOTAL	\$283,794	\$292,896	\$9,902
		Annual increase	(3.2%)

- Because we are renewing an existing plan it afforded us **the opportunity to use actual, not predicted data for the new plan year.** Although, there could be some variance if employees make changes, such as change to a different plan or add/drop dependents. This is more likely to be a savings, so we are not capturing it above.
- Made a decrease to the **Health Reimbursement Account** funding, yet are still able to allow for a slightly higher HRA for waivers.
- Proposed change to **Virtual Medicine** as discussed.
- Increased the **Waiver** subsidies to compensate for increased health insurance costs.

	2026-2027 Plan Year
Anthem Medical	\$234,038
Anthem Dental	\$12,500
Health Reimbursement Acct.	\$28,100
Virtual medicine	\$6,458.00
Waivers	\$11,800.00
TOTAL ANNUAL COST	\$292,896

WELLNESS & HEALTH

The Town believes it is important to address our *Wellness and Health Incentive Program* separately, as its impact extends far beyond individual participation. Whether employees are completing routine screenings, developing healthier habits, or engaging in regular physical activity, each effort contributes to a healthier and more resilient workforce. A strong wellness culture supports employee morale, reduces absenteeism related to prolonged illness, and helps lower overall claim liability. This is not just beneficial—it is essential to the long-term stability of our health plan.

Although we experienced a few higher-cost claims this year, we were able to present to Anthem as a fundamentally healthy group. Our proactive wellness efforts played a meaningful role in that perception and contributed to our more favorable renewal outcome. In short, our investment in wellness is producing measurable value.

In 2025-2026, we budgeted \$6,500 for wellness initiatives and have only utilized approximately 50% of those funds. For fiscal year '27, we are requesting \$7,500. While this again will most likely exceed actual expenditures, any unused funds would be zeroed out at the close of the fiscal year. We are continuing to work toward full staff participation in our wellness and health initiatives, and this modest increase will allow us to expand programs, engagement and strengthen our long-term results.

- 1. Wellness & Health Incentive Program (WHIP):** This marks our fourth year implementing the Wellness & Health Incentive Program. The program is structured around two components: a Wellness section and a Health section. Employees who earn the required minimum number of points in both categories receive additional funding toward their Health Reimbursement Account (HRA). Qualifying activities include receiving a flu shot, completing annual wellness exams, participating in recommended screenings such as mammograms or PSA tests, engaging in organized exercise activities (such as pickleball or yoga), working out at a fitness center and undergoing blood pressure screenings, and other preventive health measures.

2. **YMCA Discounted Memberships:** In 2025 we entered into a partnership with the Hampton Roads YMCA to cost-share for discounted memberships for our employees. The Town contributes \$20 and the Y matches that. We have had a good number of employees who did not want to spend \$63 a month but were very happy to join for \$23.

3. **NEW: Partnership with the Cape Charles SIC Clinic at Rayfields:** This would involve having The SIC Clinic Director and PA, Alex Locklear, hold two wellness clinics a year for employees to have screenings like blood pressure and blood sugars, and give short lectures on preventative care and healthy lifestyles. Dr. Locklear would also agree to discount her fee to \$50 at which the Town would do a cost share, offering each employee three visits per plan year at 50% off (\$25 Town paid, \$25 employee paid) If an employee visited the Clinic more than 3 times, they would still only be responsible for the \$50.00 not the \$75.00.

Large cities and counties boast health clinics as an innovative benefit for their employees. Of course, a small Town cannot compete on that scale, but we sure can step it up. By partnering with our local SIC Clinic, we are providing a similar service. And we are giving back to our community by supporting local business. Read about the Marathon Clinic opening in Hanover County, VA for an idea of what this refers to.

<https://marathon.health/newsroom/new-marathon-health-center-opens-in-hanover-county-virginia>

Why? It is all about reducing claims, keeping employees out of emergency rooms unless necessary, saving time and money for employees when they need to go to an in-person urgent care facility, and being able to receive

treatment quickly and efficiently which would get employees feeling better and returning back to work faster.

Plan Year	Wellness and Health Incentive Program	YMCA	SIC Clinic	TOTAL	BUDGET	REMAINING
2025-2026	\$2,050.00	\$1,440.00	N/A	\$3,490.00	\$6,500.00	\$3,010.00
2026-2027*	\$2,750.00	\$1,920.00	\$2,850.00	\$7,520.00	\$7,500.00	

*Accounted for two additional (existing) employees to enroll for WHIP and YMCA

Corporate wellness and health initiatives can significantly reduce health insurance costs by improving employee healthy outcomes and lowering claims.

Here are some key points on how these initiatives work:

Healthier Employees: Programs that promote healthy behaviors among employees can lead to reduced healthcare spending and lower rates of absenteeism.

Reduced Claims: Wellness programs reduce health insurance claims by 25-30% over three to five years, leading to more stable or reduced premiums.

Cost Savings: Companies see \$3-6 return for every dollar invested in wellness programs, combined with reduced absenteeism and better retention.

Participation Rates: Strong incentives and leadership support increase participation rates, with programs achieving 70-80% participation.

Financial Benefits: Results take time but compound over years, with most companies seeing measurable impact within 18-24 months.

These initiatives not only improve employee health but also provide financial benefits to employers, making them a strategic tool for managing insurance costs while improving employee satisfaction and retention.

Research shows the ROI on Wellness/Health Incentive Programs

For every dollar invested in wellness programs, companies see three to six dollars in return through reduced healthcare costs and improved productivity. Some studies show even higher returns for mature programs.

Beyond direct cost savings, companies report additional benefits: lower absenteeism, reduced presenteeism (showing up but not performing), improved employee morale, and better retention.

The timeline matters. Wellness program benefits accumulate over time. Year one often shows modest savings. By years three to five, established programs show a financial impact¹.

SUMMARY

The Town respectfully asks for approval to renew our current Anthem Health Insurance Plan, as well as maintain our existing HRA (Health

¹ Post Insurance “The Role of Wellness Programs in Lowering Health Insurance Costs”.

Reimbursement Account). We also ask to move away from the existing Telehealth benefit (Revive) and replace it with a more robust and user-friendly virtual concierge urgent care plan (Apios Health) that offers enhanced access and improved employee experience.

In addition, The Town looks for your support in enhancing our Wellness and Health Incentive initiatives as a way to mitigate future claim costs while providing meaningful, value-added services to our employees.

TOTAL COST FOR 2026-2027 Health Insurance	\$292,896.00
Expenses increase over current plan	\$9,902.00
Percentage increase	3.20%
TOTAL COST of 2026-2027 Wellness & Health Initiative	
	\$7,500.00
Expenses increase over last year	\$1,000.00
Percentage increase	15%
This is not a fixed cost, but a liability estimate.	

Finally, the entire HR Department supports the Council decision should we offer the Apios Health benefit and the SIC Clinic offerings to council and the W-4 Boards.

Healthcare continues to present significant challenges. Appointments are harder to secure, costs continue to escalate, and employees are navigating an increasingly complex system. It is the Town's responsibility to bring forward thoughtful, forward-looking solutions. With Council's support, we can continue to provide sustainable, competitive benefits that protect both our workforce and the Town's long-term financial health.