



Meeting Date:	October 12, 2026
Submitter:	Ashley Monroe, Assistant City Administrator/HR Director
Department:	Administration / Human Resources
Agenda Item:	Authorize a Health Insurance Opt-Out Incentive Program for 2027

Summary: At the August 24th and September 28th Work Sessions, staff presented a recommendation for including a provision in the Employee Handbook updates, related to a new Health Insurance Opt-Out Incentive Program.

Such a program encourages employees to consider not being on the City's insurance plan by offering a limited cash incentive to opt out on an annual basis. This benefit is shared between the employer and the employee, because even with a stipend for waiving insurance, an opt-out program saves the City present and future insurance costs.

The inclusion of the language within the Handbook does not require the City to provide this benefit, and therefore staff, at the direction of City Council on September 28, 2026, has prepared a separate resolution authorizing the City Administrator to create and use a policy for implementation of an Opt-Out Incentive Program.

The details of the proposed program are provided as attached exhibits and directly align with statements and examples provided to City Council and majority agreed upon, at the previous two Work Session meetings. As noted in the exhibits, this is an annual program and will be regularly reviewed, to determine whether the City would like to continue this benefit.

Recommended Action

Approve the authorization of a Health Insurance Opt-Out Incentive Program for 2027

Budget Impact

Although the City does not know how many employees will ultimately elect a waiver of health insurance, we anticipate between 1 and 5 employees considering a waiver. Even with the annual payment of a stipend (bi-weekly increments) to the employee, the City will save the difference in health insurance premium that would otherwise have to be paid for an employee electing City insurance.

Attachments

- Draft Resolution
- Exhibit A – Proposed Insurance Opt-Out Program
- Exhibit A2 – Waiver Form
- Exhibit B – Proposed Change to Handbook Language (Section 7.12)
- Administrative Opt-Out Policy