



# AGENDA REPORT

## City Council Meeting

**TODAY'S DATE:** October 08, 2025

**MEETING DATE:** October 15, 2024

**TO:** City Council

**FROM:** Cheryl Hughes, Central Services Director

**SUBJECT:** Approve 2026 Employee Benefits Contracts and Insurance Policies

### DESCRIPTION/BACKGROUND:

The City is renewing dental benefits with Delta Dental and after a process soliciting rates from other carriers, including Regence Blue Shield – our current provider, what staff is proposing is in both the City and employee's best interests financially to move to Blue Cross as the medical provider, beginning January 01, 2026.

Below is a summary of benefits and changes, as applicable:

A. Dental:

Delta Dental premiums are as follows with no change in plan for 2026: Employee (City paid): \$45.00/no premium charged to employee and monthly amounts below represent only dependent coverage costs, not employee cost of \$45.00.

For the below premiums, City covers employee portion of \$45.00/month

Employee/Spouse:	\$88.00/month – \$2/month increase to employee
Employee/Child:	\$70.00/month - \$6/month increase to employee
Employee/Children:	\$98.00/month - \$1/month increase to employee
Family:	\$138.00/month – No increase

B. Medical:

Taylor Insurance solicited rates for medical insurance for comparable plan designs from Blue Cross (competitive and evaluated), Pacific Source (competitive and evaluated), United Healthcare (declined to participate – not competitive), and Mountain Health Co-Op (declined to participate – not competitive). The City did not obtain rates from III-A due to requiring a full medical history application from every employee and the time constraints to accomplish this were not attainable.

The City received renewal rates from Regence Blue Shield and the initial renewal rate equated to a 29.92% increase in premiums. After further conversations, Regence Blue Shield provided

a 27.85% increase and later followed up with a 22.9% increase with removal of the Shareplan option and offering a \$50K retention credit on January 2026 renewal, which equates to about 3%, and the final premium increase proposed of 17.9% with no Shareplan.

This rate increase also includes increasing the deductibles and maximum out of pockets across all three plans and creating a 6-tier prescription plan. The presentation that will be provided by Taylor Insurance will provide more details.

After comparing the rates amongst the 3 different plans with Blue Cross and evaluating coverage of the plans, it was determined that the plan is robust, has benefits not available with Regence Blue Shield, like Choice Docs. If you utilize their ChoiceDoc provider the co-pay is \$10, rather than the \$30 co-pay. The providers in Sandpoint that are on the ChoiceDoc provider list is numerous, with major medical group doctors and other providers part of the ChoiceDoc network. This does incorporate a 6-tier prescription plan, whereas our current plan is 3 tiers with Regence Blue Shield. Due to rising costs, it is being proposed the City move to a 6-tier prescription plan no matter who our insurance provider would be. With this 6-tier prescription plan, drug classes in tiers 5 and 6 would see percentage co-pays (20% and 30% respectively). Under the new Blue Cross plan, the Employee, Spouse, and Child tier has been combined into the Family tier level. Ultimately, the number/type of dependents determines the premiums and the rate increases differ amongst the different levels. Even with the increases varying, all levels with the exception of the Employee, Spouse, Child level, is lower than if we remained in Regence Blue Shield. Overall, the average increase to medical premiums by moving to Blue Cross, as briefly described above is 8.67%, as opposed to the 17.9% proposed by Regence Blue Shield.

For our current year, January 2025 – December 2025, the City negotiated an increase of 24.81%. The City Council approved the utilization of the \$75K Medical Reserves to offset the employee and employer impacts, resulting in a net increase of 18.125%.

Staff do not propose any change to the contribution rates. Currently, the City contributes 100% of employee insurance costs for the Classic and HSA plans and 67% of dependents, with employees paying 33% of dependent premiums.

Below is summary of changes proposed for Medical deductibles for 2026:

1. Traditional/Classic Plan: \$2,000 deductible/\$8,000 out of pocket maximum. Increased deductible of \$500 and an increase out of pocket maximum of \$850.
2. Buy-Up Plan: \$1,000 deductible/ \$5,500 maximum out of pocket. Increased deductible of \$500 and an increase out of pocket maximum of \$500. \$5,500 is the maximum out of pocket allowed in this Blue Cross plan.
3. HSA Plan: \$4,000 deductible / \$5,500 maximum out of pocket. City contribution of \$1,800 per year in HAS account.

Additionally, Blue Cross is providing a 12% maximum rate lock for year 2, potentially lower based on actual utilization.

- C. Vision – City staff proposes using Blue Cross for vision insurance and with enhanced benefits with minimal cost increase to the employee premiums, with some slightly decreasing. Blue Cross

will be the provider for vision and utilize VSP providers for the network, which means employees will see no change in choice of providers. The employee pays 100% of vision costs. Below are the 2026 rates:

Employee:	\$11.25/month – \$3.05 increase
Employee and Spouse -	\$16.24/month - \$0.16/month decrease
Employee & 1 Child -	\$16.24/month - \$1.32/month decrease
Family -	\$28.90/month - \$0.84/month increase

- D. USABLE – Life Insurance - the City is in a rate contract until 2028. No premium increase for 2026.
  
- E. Long Term Disability – the City has evaluated this benefit and staff is proposing making this a voluntary benefit beginning in 2026 as a result of the cost and as far as staff is aware, this has been minimally used since inception. This will yield almost \$27K year savings to the City. If an employee is interested in Long Term Disability and we have a minimum 15% employee participation, the rate will be based on age and monthly payroll amount and they will be provided the information to enroll.
  
- F. BPA – no change in per employee per month cost of \$2.43. This premium is paid 100% by the City.

**STAFF RECOMMENDATION:**

Staff recommends a Motion to approve 2026 employee benefits contracts and insurance policies and allow the Mayor signature authority to enter into subsequent provider agreements.

**ACTION:**

Motion to approve 2026 employee benefits contracts and insurance policies and allow the Mayor signature authority to enter into subsequent provider agreements.

**WILL THERE BE ANY FINANCIAL IMPACT? Yes    HAS THIS ITEM BEEN BUDGETED? Yes.**

**ATTACHMENTS:**

- Proposed Resolution**
- City of Sandpoint Comparison 2026**