

To: Finance Committee
From: Mark Stevens
Date: September 28, 2026
RE: 2027 Dean Health Plan Renewal Options

Overview

2027 is the final year of our three-year agreement with Dean Health Plan (2026: not to exceed 9.9% increase; 2027: not to exceed 14.9% increase). I am pleased to report that our 2026 increase was 8.6%, and that our 2027 increase will be no more than 9.0%, but we have worked to reduce this renewal through plan design adjustments.

Plan Design Options

When transitioning to a non-ETF plan, our request to insurance carriers was to quote an apples-to-apples comparison to the State plan. The Dean HMO-MultiTier aligned most closely with that design, and we have used it during 2025-2026. (Under the MultiTier model, insureds receive reduced copays when using SSM/Dean clinic providers.) For the upcoming renewal, I requested that our broker explore modest modifications to either the co-pay amounts or the deductible levels to help lower overall cost.

It is a straightforward decision to move away from the MultiTier option. Most of our employees do not live near SSM/Dean clinic locations and therefore do not benefit from the discounted copays. The non-tiered plans offer copay levels that fall between the MultiTier tiers or match the current non-Dean clinic copay amounts, making the non-tiered option both simpler and more equitable for our group.

Summary of Renewal Options

The benefit summaries of all plans follow this memo. The key differences are noted in this chart:

	MultiTier 1-0	HMO Plan 1-1	HMO Plan 1-3	HMO Plan 1-4
Deductible (S/F)	\$500 /\$1000	\$500 /\$1000	\$750 /\$1500	\$500 /\$1000
Primary Office Copay	\$0 Dean / \$40 non-Dean	\$20	\$20	\$40
Specialist Office Copay	\$40 Dean / \$80 non-Dean	\$40	\$40	\$80
Urgent Care in network	\$0 Dean / \$40 non-Dean	\$20	\$20	\$40
Urgent Care out of network	\$40	\$20	\$20	\$40
Prem incr fr 2026	9.0%	6.6%	4.5%	4.0%
Savings from 1-0		\$90,267	\$169,515	\$188,342

Request

I recommend that the Finance Committee:

1. Authorize moving to the HMO Plan 1-4 structure, which maintains our existing deductible levels but removes the Dean clinic discounted copays. Under this change, the non-union employees paying 12% of premiums will see the following annual increases:
 - a. Single: \$55.20 (\$2.30 per pay period over 24 checks)
 - b. Family: \$135.36 (\$5.64 per pay period over 24 checks)
2. Apply the same copay adjustments to the POS Plan (2-4) so plan design changes are consistent across both the HMO and POS offerings.

High-Deductible Health Plan (HDHP) Addition

USI, our broker, is recommending that the City offer a HDHP as an additional health coverage option for employees who anticipate lower medical utilization and prefer a plan with lower monthly premiums. Adding an HDHP would broaden our benefit choices and allow employees to select coverage that better matches their personal health-care spending patterns.

Offering an HDHP provides several advantages:

- Lower Premium Option for Employees: HDHPs typically have lower premiums than traditional HMO and PPO plans, creating meaningful savings for employees who use limited medical services.
- Encourages Consumer-Driven Health Care: HDHPs promote more engaged decision-making, as employees tend to be more mindful of cost and utilization when paired with a pre-tax savings vehicle.
- Tax-Advantaged Savings Opportunities: An HDHP can be paired with either a Health Savings Account (HSA) or a Health Reimbursement Arrangement (HRA), both of which provide tax-favored ways to pay for eligible medical expenses.
- Added Flexibility in Plan Design: HDHPs give the City another tool in managing long-term cost trends by diversifying plan choices and meeting the needs of employees across different age groups, utilization levels, and family structures.
- Competitive Benefits Offering: Most public-sector employers now include an HDHP option. Adding this plan helps us remain competitive in recruitment and retention.

Because HSAs and HRAs each offer different advantages—in terms of tax treatment, employer funding flexibility, and administrative complexity—additional evaluation is needed before recommending the structure best suited for the City.

Request

I recommend that the Finance Committee authorize Finance and HR to further analyze and develop an HDHP offering for the 2027 plan year, including a review of both HSA and HRA funding models. This would allow us to determine the most cost-effective structure, ensure compliance with IRS requirements, and deliver an option that best serves our employees.