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To: Common Council
From: Sara Marquardt, HR Manager
Date: November 17, 2026
Re: 2027 Employee Benefits Update

The City of Whitewater continues to evaluate its employee benefits package to balance rising healthcare costs with the need to provide competitive, comprehensive benefits that support employee wellness, recruitment, and retention.

Four open enrollment presentations were held October 26–29, 2026, including an evening session specifically designed for spouses and significant others. Employees also had opportunities to ask questions and receive individualized assistance in understanding their benefit options. The 2027 changes place an increased emphasis on coordinated healthcare, cost transparency, and encouraging employees to take advantage of available resources to reduce both individual and City healthcare expenses.

Health Plan Updates

- Two Health Plan Options: The City will continue its self-funded health insurance program through Self Fund Health (SFH), with employees now having the choice between two plans: the Standard Plan and the new Coordinated Care Plan.
- Coordinated Care Plan: The new plan offers lower employee premiums and the opportunity to receive most medical services at no out-of-pocket cost when employees work through their Direct Primary Care (DPC) provider and Nurse Navigator. This includes specialist visits, diagnostic testing, urgent care, outpatient procedures, and hospital services. Care obtained outside the coordinated process is subject to significantly higher deductibles and coinsurance. The plan is designed to encourage the use of high-quality, cost-effective healthcare providers while reducing unnecessary healthcare expenditures.
- Standard Plan: The Standard Plan remains similar to the 2026 health plan, maintaining the $2,000 single/$4,000 family deductible, 20% in-network coinsurance, and $4,000 single/$8,000 family out-of-pocket maximum. The primary change is that The Alliance will become the City's sole provider network, replacing the previous combination of The Alliance and Trilogy. Employees retain the flexibility to use in-network and out-of-network providers, although higher out-of-pocket costs may apply.
- Direct Primary Care and Nurse Navigators: Both plans continue to provide access to Direct Primary Care through Solstice Health and Advocate MD. Nurse Navigators remain available to assist employees with finding appropriate providers, coordinating care, and identifying lower-cost treatment and prescription options.

- Employee Premiums: Premiums for the Standard Plan will increase approximately 3% for 2027, a relatively modest adjustment given continued increases in healthcare costs. The new Coordinated Care Plan offers a slight decrease in employee premiums compared to 2026 rates, providing employees with a more affordable option while encouraging the use of coordinated, cost-effective healthcare services. By comparison, premiums for plans offered through the Wisconsin Department of Employee Trust Funds (ETF) increased between 5% and 17% for 2027, further demonstrating the City's ability to maintain competitive employee premiums despite rising healthcare costs.
- Health Reimbursement Arrangement (HRA)
- The City will continue funding the HRA to help employees offset eligible deductible expenses. Employees remain responsible for the first $1,000 of the single deductible or $2,000 of the family deductible, with the City reimbursing the next $1,000 or $2,000, respectively.
- New Medical Travel Reimbursement: Beginning in 2027, employees and covered dependents enrolled in either health plan may use their existing HRA funds to reimburse eligible travel expenses when obtaining care from a Preferred Provider located at least 75 miles round trip from their residence. Reimbursement includes mileage at the IRS medical mileage rate, parking, and tolls, up to $600 per covered contract annually. This benefit is intended to reduce financial barriers to accessing cost-effective healthcare providers and encourage greater utilization of the City's preferred provider arrangements. The benefit does not increase the City's existing HRA allocation.

Dental & Vision

- Dental: Coverage will continue through Delta Dental, maintaining the existing plan structure, benefits and costs.
- Vision: The vision plan design and benefits will remain unchanged for 2027. Premiums for the Horizon plan (larger benefit) will remain the same, while the Legacy plan (basic plan) will experience a small premium increase.

Supplemental Benefits

- Flexible Spending Accounts (FSA): The annual healthcare FSA contribution limit increases to $3,400, with up to $680 eligible for rollover. The dependent care FSA contribution limit increases to $7,500, subject to applicable tax requirements.
- Lifestyle Spending Accounts (LSA): The City will continue providing $500 annually for full-time employees and $325 for eligible part-time employees. The program supports employee wellness, personal development, financial well-being, and other quality-of-life expenses.
- Life Insurance and Income Continuation Insurance: Coverage continues through the Wisconsin Department of Employee Trust Funds, with no major plan design changes identified.
- Accident Insurance: Voluntary accident insurance remains available through the State via Securian Financial.

Retirement

- Wisconsin Retirement System (WRS): Contribution rates increase for 2027, with both employees and the City contributing 7.25% for general employees. Employer contribution rates for protective occupations vary based on classification.
- Wisconsin Deferred Compensation: Employees continue to have access to voluntary retirement savings through traditional pre-tax and Roth after-tax contributions.

Employee Support

- Employee Assistance Program (EAP): The City will continue offering confidential employee and family support through FEI Workforce Resilience, including assistance with mental health, financial concerns, family issues, and stress management.

Summary

The 2027 benefits package represents a continued effort to manage healthcare expenditures while maintaining a competitive benefits program. The introduction of the Coordinated Care Plan provides employees with an opportunity to reduce their healthcare costs while encouraging the use of coordinated, cost-effective services. The addition of medical travel reimbursement further supports access to preferred providers without increasing the City's existing HRA funding commitment.

Staff will continue working with Self Fund Health, R&R Insurance, and other benefit partners to educate employees, monitor utilization, and identify opportunities to improve the long-term sustainability of the City's benefits program.