

TO: MAYOR AND CITY COUNCIL

FROM: JON RADERMACHER, City Administrator

SUBJECT: HEALTH INSURANCE RENEWAL & ADDITIONAL PLAN OPTION

MEETING DATE: October 7, 2025

BACKGROUND

The City uses BlueCross BlueShield of Minnesota to provide health insurance coverage for employees. The renewal period for 2026 starts December 1, 2025, in order to provide open enrollment, we need to approve the age-based plan renewal at this time. Additionally, in order to offset the 17.7% increase for 2026, we would like to offer an additional plan option for a High Deductible Health Plan that is Health Savings Account eligible. At this time, no additional funds would be made to contribute towards the HSA from the City; however, employees are eligible to make contributions that are pre-tax eligible. The plan coverages are the same Blue Access coverage, just different deductibles.

The HSA eligible plan has a single deductible of \$2,700 and \$5,400 for family, the plan has a median age reduction of \$23/month lower premiums than the \$500/\$1000 deductible plan.

The impact of the health insurance increases has been calculated in the 2026 budget. The changes do not reduce the aggregate value of the benefits with the current union contract agreements, the City cannot reduce the aggregate value of the benefits without negotiating with the unions.

STAFF RECOMMENDATION

Approval the renewal and additional of health insurance plan option for an HSA eligible plan starting December 1, 2025, for the employer sponsored health insurance.

REQUESTED COUNCIL ACTION

Motion to approve renewal of BlueAccess Gold \$500 Plan 635 and addition of BlueAccess HSA Gold \$2700 Plan 653 starting December 1, 2025.