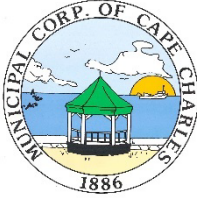




TOWN COUNCIL
Special Meeting
March 6, 2025
Cape Charles Civic Center
6:00 PM

1. Call to Order
 - A. Roll Call
 - B. Establish quorum
2. Moment of Silence and Pledge of Allegiance
3. Public Comments (3 minutes per speaker for agenda item only)
4. Order of Business:
 - *A. [2025-2026 Employee Health Insurance Presentation & Renewal](#)
5. Town Manager Comments
6. Mayor & Council Comments (5 minutes per speaker)
7. Adjournment

 TOWN OF CAPE CHARLES	AGENDA TITLE: 2025-2026 Renewal of Employee Health Insurance Presentation		AGENDA DATE: 3/6/2024
	SUBJECT/PROPOSAL/REQUEST: Council to review and approve the proposed changes to the health insurance plan for 2025-2026		ITEM NUMBER: 4A
	ATTACHMENTS: Exhibit A – Plan Presentation Exhibit B – Three Plan Comparison on Anthem Level Funded Plans Exhibit C - Cost Comparison Chart		FOR COUNCIL: Action (X) Information ()
	STAFF CONTACT (s): Jodi Outland, Director of HR	REVIEWED BY: John Hozey, Town Manager	

BACKGROUND:

The Town is currently in Open Enrollment for our employee Health Insurance program which will renew on April 1, 2025. Each year at this time, staff presents our renewal options and proposed carrier quotes to seek Council concurrence for program design in the next plan year.

ITEM SPECIFICS:

The Town's renewal of the current Sentara fully insured plans came back with a 7.72% increase in premiums. During the process of shopping the market (due diligence), our brokers recommended the Town look to return to a level funded/self-insured plan with Anthem, as we had in 2021. The Town reviewed quotes from fully insured Anthem as well, however, premiums were not significantly less than the renewal and the plans were not as robust.

This proposal recommends that the Town, rather than renewing with Sentara, offer three level funded open access medical plans: 1. An almost fully co-pay plan with a 2,000 deductible, 2. a co-pay/20% co-insurance plan with a 3,000 deductible and 3. a co-pay/20% co-insurance plan with a 4,000 deductible.

The Town also recommends moving the dental and vision coverage under the Anthem umbrella which is referred to as bundling. In this scenario, Anthem reduces the premiums by an additional 2% which decreases the Town's expenditures, as well as reducing the payroll deductions for covered employees. A cost savings you can see in appendix A with plans that provide equal or better coverage than the current Sentara plans. The Anthem dental has a higher benefit pay out than the current Delta Dental and a substantial orthodontic benefit for members under age 18. The Town proposes to continue to offer an employer funded Health Reimbursement Account (HRA) as well as the Wellness & Health Incentive Program, both of which were introduced in 2023. Vision coverage, now with Anthem, will continue to be a voluntary benefit with a now reduced cost to employees with a similar plan design as VSP. The Town would continue to offer an employee-funded Flexible Savings Account, as well as other voluntary benefits such as hospitalization, accident, etc.

The Town proposes to continue the standalone Telehealth plan that we offered to all full-time and part-time employees starting in 2024. (covered 100% for full-time employees and as a voluntary benefit for part-time employees). The feedback we received on this new benefit was very positive, especially for employees needing a Rx in short notice.

Anthem has committed to a \$6,000 credit on the second month's billing cycle. This credit can help to cover a proposed increase in the HRA contributions for the 2025-2026 plan year.

Plan components include:

Medical Insurance
Dental Insurance
Employer contribution to health premiums
Wellness Incentive Plan
Employee Assistance Program (EAP)

Vision Coverage
Flexible Savings Account
Employer funded HRA
Employer covered Telehealth

The Town is only as good as the people who work for it and being able to recruit and retain employees is a significant challenge in this market. Benefits are one of the most important factors when employees are deciding to work for an organization.

RECOMMENDATION:

Staff recommends that Council approves the 2025-2026 (FY26) benefit package, as outlined in the attached presentation, which is set to renew on April 1, 2025.



2025-2026 Health Insurance Renewal for the Town of Cape Charles

Agenda

-
- Introduction
 - Why proposed plan changes
 - Due Diligence
 - Bundling
 - Medical Coverage Cost Comparison
 - 3 Proposed Anthem Plans
 - HRA
 - 2024-25 versus 2025-26
 - Summary



Introduction

A thick olive green horizontal bar is positioned below the title. In the bottom-left corner, there are three overlapping geometric shapes: a teal triangle pointing right, a yellow parallelogram pointing right, and a green triangle pointing right.

- We have been with Sentara health now for two years. In 2024 the Town received a 3% rate decrease, therefore we made the decision to stay with Sentara and replaced a \$3000 deductible plan with a GOLD \$1,500 deductible plan
- In this current year, the Town remained with Delta Dental and VSP-Vision (voluntary)
- We continued the popular Health Reimbursement Plan, funded by the Town
- We introduced a Telehealth/Virtual benefit for all employees, also funded by the Town
- Our medical plan covers an Employee Assistance Program

Why propose plan changes for the 2025-2026 benefit year?

- For 2025-2026, Sentara raised the premiums by 7.72%. Overall, in today's health insurance market this is considered a fair increase, however, for employees with dependents:
 - Employee and Children, employees pay an average of \$376 a year more
 - For Family Coverage, employees pay an average of \$726 a year more

With this increase, employees would be unlikely to enroll in the Gold plan as it would become cost prohibitive. There also would be no wiggle room for the possibility of increasing funding for the HRA.

Due Diligence

- With the assistance of our brokers, Landmark Insurance, we reviewed over a dozen plans with Anthem, including returning to level funding (aka self-insured)
- Level funding was very competitive with similar plan designs, a nationwide PPO (versus Sentara's HMO), and a carrier the Town has had coverage with in previous years
- To further save costs and to provide a more comprehensive dental plan, we are proposing a "bundle"



Bundling:

With a *Bundle*, the Medical, Dental and Vision all fall under the Anthem umbrella.

The Town receives an additional 2% reduction in premiums

Anthem credits the Town \$6000 on the second billing cycle

The proposed Anthem dental plan is slightly more expensive, at 4.5% increase or roughly, \$488 per year for all employees, however, Anthem Dental is a much richer plan, including a \$1,500 orthodontist benefit versus Delta's \$500. The coverage for major dental work is also paid at 50% versus Delta's 20%.

Vision is comparable to the current VSP, but at a lower cost for all employees.

Medical Coverage Cost Comparisons:

- Current Sentara to 2025-2026 Sentara Renewal 7.72% increase
- Current Sentara to 2025-2026 Anthem 6.90% decrease
- 2025-2026 Sentara Renewal to 2025-2026 Anthem 8.57% decrease
- Average decrease* in premiums from current Sentara year to 2025-2026 Anthem:

	SENTARA	ANTHEM
Employee	\$603.97	\$566.14
W/Spouse	\$1207.95	\$1330.43*
W/Child(ren)	\$1177.76	\$962.43
Family	\$1781.72	\$1732.38

*slight increase on the employee/spouse premium

3 Proposed Anthem Plans

ANTHEM Level Funded	PLAN 1 OAPOS 2000/0%/6250	PLAN 2 OAPOS 3000/20%/6500	PLAN 3 OAPOS 4000/20%7500
DEDUCTIBLE	\$2000/\$4000	\$3000/\$6000	\$4000/\$8000
Co-Insurance	0%	20%	20%
Out-of-pocket max	\$6250/\$12,500	\$6,500/\$13,000	\$7500/\$15,000
Co-pays	\$25 – Office,\$75- specialist \$75 – urgent care. Mostly a co-pay plan except in hospital care	\$40-Office, \$75 specialist, \$75 urgent care	\$40-Office, \$75 specialist, \$75 urgent care
Mental Health	\$25 office visit	\$40 office visit	\$40 office visit
Preventative care/screenings/ immunizations	No charge	No charge	No charge

Health Reimbursement Account (HRA)

The Town recommends keeping the very popular HRA in effect and, due to a \$6,000 credit for the month of May, increasing the employer funding slightly.

				Annual Employer Funding: HRA	4/1/2025-3/31/2026	
				SINGLE		DEPENDENT COVERAGE
Plan 1	2000 Deductible			\$525.00 (up \$25.00)		\$875.00 (up \$50.00)
Plan 2	3000 Deductible			\$825.00 Remained the same		\$1,325.00 Remained the same
Plan 3	4000 Deductible			\$850.00 (up \$25.00)		\$1,350.00 (up \$50.00)
Total Annual ER COST	(forecasted)			2024-2025 \$25,651.00		2025-2026 \$29,225.00

2024-2025 versus proposed 2025-2026

Sentara

Anthem level Funding-Bundle

Annual Cost to Town-Health Insurance 33 employees budgeted Health	2024-2025
MEDICAL-SENTARA	\$203,606.00
DENTAL-DELTA	\$10,702.00
WAIVERS	\$13,845.00
HRA	\$25,651.00
NEW: TELEHEALTH	\$3,015.00
TOTAL CURRENT PLAN YEAR BUDGETED	\$256,819.00
% increase to renew Sentara	7.7%
Wellness & Health Incentive Plan	\$6,500
TOTAL incuding WHIP	\$263,319.00

Annual Cost to Town-Health Insurance - 38 employees budgeted health	2025-2026
MEDICAL-ANTHEM	\$207,774.00
ANTHEM-DELTA	\$12,187.00
WAIVERS	\$9,300
HRA	\$29,225.00
NEW: TELEHEALTH	\$3,420.00
CREDIT	(\$6,000.00)
TOTAL PROPOSED PLAN YEAR BUDGET	\$255,906.00
Savings of:	\$913..00
% decrease moving to Anthem	<1.00%
Wellness & Health Incentive Plan	\$6,500
TOTAL incuding WHIP	\$262,406.00

SUMMARY

- Introduced 3 new positions at the Harbor
- Filled vacancy in Finance
- Previous waivers retire and new hire enrolls in coverage
- Budgeting for a new position in Planning/Building

Once again, the Town is able to benefit from a decrease in premiums, and by doing so, enhance the overall quality of the health plans offered. This year we are replacing one of the two 4000 deductible plans with a 3000 deductible plan that is similar in design. We increased the level of coverage offered by the dental plan by switching to Anthem Dental. We replaced the \$1,500 deductible plan with a \$2000 deductible plan, because this GOLD plan is less costly than the Sentara Gold Plan, more employees will be able to afford a plan with lower out of pocket costs than last year. We also propose increasing the HRA amounts slightly to correspond to deductibles. We propose this increase due to a \$6,000 credit from Anthem on the second billing cycle. This is a very appreciated benefit for the Town employees as they can pay for all sorts of medical costs, such as Rx drugs, co-pays, eyeglasses, and medical bills using the credit card that is funded with their HRA dollars.

Overall, the Town will see a minimal increase of 1% over last year, despite the fact that we will be covering up to 5 more employees than in 2024-2025.

Thank you

The Town employees thank you for your continued support of our excellent benefit package!



Municipal Corp of Cape Charles	Plan 1 Healthkeepers Balanced OAPOS 2000	Out of Network	Plan 2 Healthkeepers Balanced OAPOS 3000	Out of Network	Plan 3 Healthkeepers Balanced OAPOS 4000	Out of Network
Do you need a referral for specialist?	NO					
Deductible (IND/FAM)	\$2,000/\$4,000	\$5,000/\$10,000	\$3,000/ \$6,000	\$7,500/ \$15,000	\$4,000/ \$8,000	\$10,000/ \$20,000
Annual Out of Pocket Maximum (IND/FAM)	\$6,250/\$12,500	\$15,625/\$31,250	\$6,500/ \$13,000	\$16,250/ \$32,500	\$7,500/ \$15,000	\$18,750/ \$37,500
Preventive care screening/immunization	No charge	50% coinsurance	No charge	50% coinsurance	No charge	50% coinsurance
Specialist visit	\$75, deductible does not apply	50% coinsurance	\$75/visit, deductible does not apply	50% coinsurance	\$75/visit, deductible does not apply	50% coinsurance
Primary Care visit to treat injury or illness	EPHC \$15, deductible does not apply PCP \$25 deductible does not apply	50% coinsurance	EPHC \$30/visit, deductible does not apply PCP \$40/visit, deductible does not apply	50% coinsurance	EPHC \$30/visit, deductible does not apply PCP \$40/visit, deductible does not apply	50% coinsurance
Diagnostic (x-ray, blood work)	\$75 deductible does not apply	50% coinsurance	20% coinsurance	50% coinsurance	20% coinsurance	50% coinsurance
Imaging (CT/PET scans, MRIs)	\$500	50% coinsurance	20% coinsurance	50% coinsurance	20% coinsurance	50% coinsurance
Outpatient surgery	\$500	50% coinsurance	20% coinsurance	50% coinsurance	20% coinsurance	50% coinsurance
ER	\$500	Covered as In-Network	\$500/visit	Covered as In-Network	\$500/visit	Covered as In-Network
Urgent care	\$75/visit, deductible does not apply	50% coinsurance	\$75/visit, deductible does not apply	50% coinsurance	\$75/visit, deductible does not apply	50% coinsurance
Hospital Stay	\$1,000/admission	50% coinsurance	20% coinsurance	50% coinsurance	20% coinsurance	50% coinsurance
Mental/behavior health outpatient	Office Visit \$25/visit, deductible does not apply Other Outpatient \$500/visit, deductible does not apply	Office Visit 50% coinsurance Other Outpatient 50% coinsurance	Office Visit \$40/visit, deductible does not apply Other Outpatient 20% coinsurance	Office Visit 50% coinsurance Other Outpatient 50% coinsurance	Office Visit \$40/visit, deductible does not apply Other Outpatient 20% coinsurance	Office Visit 50% coinsurance Other Outpatient 50% coinsurance
Mental/behavior health inpatient	\$1,000/admission	50% coinsurance	20% coinsurance	50% coinsurance	20% coinsurance	50% coinsurance
If you are pregnant - Office visits - Childbirth/delivery professional Services - Childbirth/delivery facility services	\$500/pregnancy, deductible does not apply \$500/pregnancy, deductible does not apply \$1,000/admission	50% coinsurance	20% coinsurance	50% coinsurance	20% coinsurance	50% coinsurance
Rehabilitation	\$75/visit, deductible does not apply	50% coinsurance	\$75/visit, deductible does not apply	50% coinsurance	\$75/visit, deductible does not apply	50% coinsurance
Habilitation	\$75/visit, deductible does not apply	50% coinsurance	\$75/visit, deductible does not apply	50% coinsurance	\$75/visit, deductible does not apply	50% coinsurance

Children's eye exam	\$20/visit, deductible does not apply	Reimbursed Up to \$30	\$20/visit, deductible does not apply	Reimbursed Up to \$30	\$20/visit, deductible does not apply	Reimbursed Up to \$30
Children's glasses and dental check-up	Not covered	Not covered	Not covered	Not covered	Not covered	Not covered
Pharmacy						
Deductible	NONE					
Tier 1a low-cost generic (retail)	No charge	50% coinsurance deductible does not apply	\$10 deductible does not apply	50% coinsurance, deductible does not apply	\$5/prescription, deductible does not apply	50% coinsurance, deductible does not apply
Tier 1b Typically lower cost generic (retail)	\$10 deductible does not apply	50% coinsurance deductible does not apply				
Tier 2 Typically preferred brand & non-preferred generic drugs (retail)	\$60 deductible does not apply	50% coinsurance deductible does not apply	\$40 deductible does not apply	50% coinsurance, deductible does not apply	100% coinsurance, deductible does not apply	100% coinsurance, deductible does not apply
Tier 3 typically non-preferred brand and generic drugs (retail)	\$125	50% coinsurance	\$70 deductible does not apply	50% coinsurance, deductible does not apply	100% coinsurance, deductible does not apply	100% coinsurance, deductible does not apply
Typically, Preferred Specialty (brand and generic) (Tier 4) (retail)	\$400	50% coinsurance	\$300/prescription, deductible does not apply	50% coinsurance, deductible does not apply	100% coinsurance, deductible does not apply	100% coinsurance, deductible does not apply
Monthly Premium						
Employee	\$610.30		\$574.30		\$513.81	
Employee & Spouse	\$1,434.21		\$1,349.61		\$1,207.46	
Employee & Child	\$1,037.51		\$976.31		\$873.48	
Family	\$1,867.52		\$1,757.36		\$1,572.27	

COST COMPARISON

Payroll Deductions-biweekly

2024 Sentara Plans (current)

	<u>Sentara Direct</u> <u>1500</u>	<u>Sentara Direct</u> <u>Silver 4000 250RX</u>	<u>Sentara Direct</u> <u>Silver 4000</u>	<u>current-1500</u> <u>ded</u>	<u>current 4000ded</u>	<u>current-4000/0%</u>
Employee	\$658.63	\$568.65	\$584.64	\$45.60	\$26.25	\$26.98
Employee Spouse	\$1,169.28	\$1,137.31	\$1,169.28	\$227.23	\$173.22	\$178.09
Employee & Child	\$1,140.05	\$1,108.88	\$1,140.05	\$217.35	\$165.35	\$170.00
Family	\$1,724.69	\$1,677.53	\$1,724.69	\$414.94	\$322.82	\$331.90

2025 Sentara Renewal

	<u>Sentara Direct</u> <u>1500</u>	<u>Sentara Direct</u> <u>Silver 4000 250RX</u>	<u>Sentara Direct</u> <u>Silver 4000</u>	<u>renewal-1500</u> <u>ded</u>	<u>renewal-4000ded</u>	<u>renewal-4000/0%</u>
Employee	\$718.83	\$607.66	\$626.50	\$49.77	\$28.05	\$28.92
Employee Spouse	\$1,437.66	\$1,215.32	\$1,252.99	\$248.00	\$185.10	\$190.84
Employee & Child	\$1,401.72	\$1,184.94	\$1,221.67	\$237.21	\$176.69	\$182.17
Family	\$2,120.55	\$1,792.60	\$1,848.16	\$452.86	\$344.96	\$355.66
% Difference over current	9.14%	6.86%	7.16%			

Proposed Anthem 2025

	<u>OAPOS 2000</u>	<u>OAPOS 3000*</u>	<u>OAPOS 4000</u>	<u>OAPOS 2000</u>	<u>OAPOS 3000*</u>	<u>OAPOS 4000</u>
Employee	\$610.30	\$574.30	\$513.81	\$42.25	\$26.51	\$23.71
Employee Spouse	\$1,434.21	\$1,349.61	\$1,207.46	\$274.64	\$230.60	\$206.32
Employee & Child	\$1,037.51	\$976.31	\$873.48	\$155.63	\$127.23	\$113.83
Family	\$1,867.52	\$1,757.36	\$1,572.27	\$404.63	\$343.52	\$307.34
% Difference over 2025-26 renewal	-17.70%	-5.80%	-2.20%	*new plan design, not a replacement		

Dental rates Proposed Anthem	Delta Current rates	Anthem DENTAL (proposed)	% increase decrease
Employee	24.83	25.96	4.54%
Employee Spouse	51.51	52.96	2.81%
Employee & Child	56.66	64.03	13.40%
Family	94.61	94.74	0.01%

NEW PAYROLL DEDUCTION-DENTAL

\$0.00 *Less than a dollar increase for dependent cost, except EE/Children, that is \$2.88 increase per pay period, however, the EE/CHILDREN rate on medical has the most significant decrease of all tiers. Due to generous ortho benefit.
\$31.74 *Anthem Dental is a richer plan with better coverage. For example; Delta has a \$500 ortho benefit, and Anthem has \$1,500. Anthem has higher coverage for major dental procedures than Delta

VOLUNTARY Vision Rates Proposed	Anthem VSP Current Rates	Anthem VISION (proposed)	% increase decrease
Employee	\$7.61	\$5.96	-28%
Employee Spouse	\$12.82	\$11.90	-7.80%
Employee & Child	\$13.08	\$12.04	-8.60%
Family	\$21.09	\$19.99	-5.50%

NEW VISION PAYROLL DEDUCTION

\$2.75 *A decrease in out of pocket cost for all premiums. A more robust plan
\$5.49
\$5.56
\$9.23