

REPORT
FROM



THE PERSONNEL
DEPARTMENT

TO: City Council	DATE June 04, 2026
REFERENCE: Los Angeles Administrative Code Division 4, Chapter 7, Article 5, Sec. 4.303	COUNCIL FILE

SUBJECT: Plan Year 2027 LAwell Civilian Benefits Program (LAwell Program)

RECOMMENDATION:

That the City Council approve the 2027 LAwell Program including the employee benefit plans, benefit plan premiums and rates, and program design features embodied therein.

SUMMARY:

The Personnel Department administers the City's LAwell Program for active City civilian employees and their qualified dependents in conjunction with the City's Joint Labor Management Benefits Committee (JLMBC). The JLMBC is composed of five management and five labor representatives. The JLMBC was created in 1990 by action of the City Council and Mayor for the purpose of determining what plans were to be included in the benefits program, defining the structure of benefit plans, and recommending service providers to the General Manager Personnel Department. Currently, the LAwell Program covers approximately 27,000 employees and 30,000 dependents.

Division 4, Chapter 7, Article 5, Sec. 4.303 of the Los Angeles Administrative Code provides that the City Council authorize suitable employee benefit programs as recommended by the JLMBC and maintained by the Personnel Department. At its meeting on June 4, 2026, the JLMBC recommended adoption of the LAwell Program for Plan Year 2027. The purpose of this transmittal is to request that the City Council approve the JLMBC's recommendation.

The LAwell Program Plan Year is a twelve-month period concurrent with each calendar year. Each year the JLMBC reviews information provided by the Personnel Department, benefits consultants, and service providers for the purpose of recommending to City Council adoption of the premiums and rates for the subsequent year. The JLMBC may also recommend certain modifications to LAwell Program design services and features.

- **LAwell PROGAM BENEFIT PLANS AND SERVICE PROVIDERS**

The LAwell Program contains a diverse array of benefit plans with multiple vendors providing benefit plans, wellness services, administrative services, consulting services, and federally required compliance services. The City's diverse range of services creates opportunities for employees to customize their benefit needs in support of the health and well-being of themselves and their dependents. The proposed benefit plans, services, and service providers for Plan Year 2027 include the following:



THIRD-PARTY ADMINISTRATOR
TELUS Health (formerly LifeWorks, previously Morneau Shepell) – Benefit administration, recordkeeping, and data exchange

• **SERVICE PROVIDER ANNUAL RENEWALS AND PROCUREMENTS**

On June 4, 2026, the JLMBC reviewed annual service provider renewals for the purpose of developing recommendations to the General Manager Personnel Department and City Council for adoption of the 2027 LAwell Program. The most significant changes for 2027 when compared to 2026 are rate changes with medical plans. Kaiser has proposed a 6.32% increase in premiums, while both Blue Shield and United Healthcare (UHC) proposed rate increases that mostly aligned with contractual rate increase caps, roughly ranging between 9% and 12%. Since the City’s medical subsidy formula is set to align with the Kaiser rate, the increases to BlueShield and UHC which exceed the Kaiser increase will widely result in members paying the premium

difference through payroll contribution. Additionally, the Dental Insurance PPO plans will see a 3% increase and the Support Plus - Employee and Family Assistance Program will see an 11.9% increase in premiums starting in 2027. Outside of the above listed changes, all other benefit provider premiums and rates remain unchanged for 2027.

Following are highlights for each provider renewal.

Medical Plans

Service Provider: Kaiser

- Kaiser is the provider of the LAwell Program's Kaiser Health Maintenance Organization (HMO) plan. Kaiser's services are fully integrated, meaning all of its services are provided by Kaiser's employees and using its own facilities.
- Kaiser is renewing at a 6.32% premium increase.
- Kaiser continues to support the City's Wellness Program with its prorated share (by enrollment) of approximately \$1 million in annual discretionary wellness funds.
- Kaiser continues to provide prorated share funding for the City's cost to employ a Health Educator (City Class Code 2327).

Service Provider: Blue Shield

- Blue Shield is the provider of three (3) medical plans: a Trio HMO plan, a Preferred Provider Option (PPO) plan, and a High Deductible Health Plan (HDHP) PPO. The HDHP PPO was a brand new addition to the LAwell Plan menu in 2026. Blue Shield uses contracted physicians and provider groups for its in-network services and provides reimbursements to physicians and provider groups outside of its PPO or HDHP PPO network.
- Blue Shield is renewing the Trio HMO plan at a 9.9% premium increase, the Blue Shield PPO at a 12.9% increase, and the Blue Shield HDHP PPO at a 12.9% increase.
- Blue Shield continues to support the City's Wellness Program with its prorated share (by enrollment) of approximately \$1 million in annual discretionary wellness funds.
- Blue Shield continues to provide prorated share funding for the City's cost to employ a Health Educator (City Class Code 2327).

Service Provider: United Healthcare (UHC)

- UHC is the provider of two (2) medical plans: a Harmony HMO plan and a Signature Value HMO plan. UHC uses contracted physicians and provider groups for its in-network services and provides reimbursements to physicians and provider groups outside of its PPO or HDHP PPO network.
- UHC is renewing the Harmony HMO plan at a 6.8% premium increase and the Signature Value HMO at an 11.9% increase.
- UHC continues to support the City's Wellness Program with its prorated share (by enrollment) of approximately \$1 million in annual discretionary wellness funds.
- UHC continues to provide prorated share funding for the City's cost to employ a Health Educator (City Class Code 2327).

Dental Plans

Service Provider: Delta

- Delta is the provider of the LAwell Program's Dental PPO, HMO, and Preventive Care plans. Delta Dental uses contracted dentists and provider groups for its in-network services and provides certain reimbursements to provider groups outside of its PPO network.
- Delta is renewing the Delta PPO at a 3% increase and the Delta Preventative Care PPO at a 3% increase. Delta will be keeping the rates of its HMO plan unchanged for 2027.

Vision Plan

Service Provider: Anthem Blue View

- Anthem Blue View is the provider of the LAwell Program's vision plan. Anthem Blue View uses contracted service providers for its in-network services and provides certain reimbursements to provider groups outside of its network.
- Anthem Blue View will be keeping the rate for its vision plan unchanged for 2027.

Life Insurance

Service Provider: MetLife

- MetLife is the provider of the LAwell Program's Life Insurance (base benefit and optional supplemental) plans for employees and their dependents.
- Metlife will be keeping the rate for its life insurance plans unchanged for 2027.

Disability Insurance

Service Provider: Standard Insurance Company

- Standard Insurance Company (The Standard) is the provider of the LAwell Program's Short-Term Disability (base benefit) and Long-Term Disability (base benefit with optional supplemental benefit).
- The Standard will be keeping the rate for its disability insurance unchanged for 2027.

Accidental Death and Dismemberment (AD&D) Insurance

Service Provider: MetLife

- MetLife is the provider of the LAwell Program's AD&D insurance plans.
- Metlife will be keeping the rate for its AD&D insurance plans unchanged for 2027.

Tax-Advantaged Spending Accounts

Service Providers: Ameriflex and WageWorks

- Ameriflex is the provider of the Healthcare Flexible Spending Account (HCFSA) and Dependent Care Reimbursement Account (DCRA) plan benefits.
- Ameriflex will be keeping the fee for HCFSA and DCRA accounts unchanged for 2027.

- WageWorks will continue to be the provider of the Transit Spending Account (TSA), and Parking Spending Account (PSA) Tax-Advantaged Spending Accounts plan benefits.
- Wagemworks will be keeping the fee for TSA and PSA accounts unchanged for 2027.

EFAP Services

Service Provider: Optum

- Optum is the provider of the LAwell Program’s Support Plus - Employee and Family Assistance Program (EFAP) services.
- Optum has provided a menu of services with itemized pricing. Inclusion of all services would provide a 11.9% premium rate increase in 2027.

Renewal actions for all service providers in 2027 are summarized as follows, please see in conjunction with Attachment A:

BENEFIT	Provider	Benefit Plan	Proposed Premium Rate Cost Change
MEDICAL	Blue Shield	Trio HMO	Proposed 2027 9.9% increase
		Blue Card PPO	Proposed 2027 12.9% increase
		Blue Card HDHP PPO	Proposed 2027 12.9% increase
	Kaiser Permanente	Kaiser HMO	Proposed 2027 6.32% increase
	United Healthcare	Harmony HMO	Proposed 2027 6.8% increase
		Signature Value HMO	Proposed 2027 11.9% increase
DENTAL	Delta Dental	Dental HMO	No premium change for 2027
		Dental PPO	Proposed 2027 3% increase
		Preventive	Proposed 2027 3% increase
VISION	Anthem Blue View	Vision Plan	No premium change for 2027
LIFE	MetLife	Basic Life	No premium change for 2027
		Supplemental Life (Employee & Dependent)	No premium change for 2027
DISABILITY	Standard Insurance Company	Short-Term (Base/Buy-Up)	No premium change for 2027
		Long-Term (Base/Buy-Up)	No premium change for 2027
AD&D	MetLife	Voluntary (Buy-Up)	No premium change for 2027
EFAP	Optum	Support Plus - Employee and Family Assistance Program	Proposed 2027 11.9% increase
TAX ACCOUNTS	Ameriflex	HealthCare Flexible Spending Account	No premium change for 2027
		Dependent Care Spending Account	No premium change for 2027

• PLAN DESIGN CHANGES

Outside of the premium rate and provider changes mentioned previously, the 2027 LAwell Program generally contains the same plans and benefit levels in effect for Plan Year 2026. However, the JLMBC has approved several benefit design changes, as follows:

High Deductible Health Plan (HDHP) – Health Savings Account (HSA) Administration Change

- i. Approve a change in administration for the HDHP HSA from Blue Shield to Ameriflex.
- ii. Approve the contribution rate to align with the IRS maximum rates for 2027 as announced previously and have staff direct TELUS Health to program the new contribution maximum amount for Open Enrollment
- iii. Approve for payment of the HSA administrative fee to be paid from the Benefits Trust Fund, instead of by participating employees, for the inaugural offering.

Limited Purpose Healthcare Flexible Spending Account (LPHCFSA)

- i. Approve a new version of the Healthcare Flexible Spending Account (HCFSA) which excludes medical expenses and is only offered to those enrolled into the HSA.
- ii. Approve the annual maximum contribution for the LPHCFSA to match the HCFSA

Dental Subsidy Maximum

- i. Approve a maximum dental subsidy change to 100% of the PPO Employee Only premium for 2027.

Self-Funding Transition Plan

- i. Approve a preliminary plan for transition to self-funding of Dental, Vision, and/or Support Plus Employee and Family Assistance Program at some point during the 2027 Plan Year.

Cash-in-Lieu Program Eligibility Changes

- i. Approve a policy change to Cash-In-Lieu for City couples to limit the eligible plan options to only when the City benefits from a decreased subsidy cost.

Basic Disability Benefit Increase

- i. Approve an increase of \$157 to the basic disability benefit payment from \$5,000 to \$5,157.

Healthcare Flexible Spending Account (HCFSA) Election Maximum

- i. Increase the annual maximum contribution for the HCFSA by \$100 from \$3,300 to \$3,400.

• **CONCLUSION**

The JLMBC and Personnel Department have successfully partnered over many years to administer and improve the LAwell Program. Each day City employees are on the front lines supporting the public and one another to fulfill the mission of the City of Los Angeles. The LAwell Program plays a vital role in providing the tools and resources for City employees to take care of themselves and their families. The JLMBC respectfully requests that the City Council adopt the 2027 LAwell Program.


MALAKA BILLUPS, CHAIRPERSON

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JENITA IGWEALOR VICE-CHAIRPERSON

JOINT LABOR-MANAGEMENT BENEFITS COMMITTEE

ATTACHMENT A: Medical Plan proposed changes for Plan Year 2027 – From JLMBC Committee Report 26-14

The following is an excerpt from [JLMBC Committee Report 26-14](#) which provides further detail regarding the medical service provide changes for the LAwell Plan’s 2027 Plan Year. The JLMBC adopted each action in [Committee Report 26-14](#) at its June 4, 2026 meeting.

(A-1) Health Maintenance Organization (HMO) medical plans for 2027

Blue Shield - HMO Options

Blue Shield was selected as the winning bidder from a Request for Proposals issued in 2025 as the provider of one (1) HMO plan (Trio HMO), one (1) PPO plan (Blue Shield PPO), and one (1) HDHP PPO (Blue Shield HDHP PPO) for plan years 2026 and 2027. The City has discretion to continue contractual services for up to three (3) additional years, through 2030.

As part of their original proposal, Blue Shield included a rate cap for years two and three, or for LAwell Program Plan Years 2027 and 2028. The premium cost change proposal for 2027 met the cap rate for each plan that Blue Shield provides, which outlines a 9.9% increase for its HMO plan and a 12.9% increase for both its PPO plan offerings. The rate of increase is higher than the rate of increase for the City’s medical subsidy in 2027 and will result in the following:

- Blue Shield will not hold the lowest cost plan in 2027; losing its default enrollment status
- Some members will have a new premium cost expense per paycheck; Other members will see a notable increase in their share of premium cost.

The following are the HMO rate changes for employees for Plan Year 2027:

BlueShield Trio HMO

Full Time Employees					
Coverage Tier	BlueShield Trio HMO				% Diff for EE Cost
	2026 Premium	Employee Cost 2026	2027 Premium	Employee Cost 2027	
Employee Only	428.83	0.00	471.28	0.00	0%
Employee + SP/DP	943.48	0.00	1,036.88	0.00	0%
Employee + Child(ren)	814.84	0.00	895.51	0.00	0%
Employee + Family	1,115.05	0.00	1,225.44	34.38	~3000%

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Half Time Employees					
Coverage Tier	BlueShield Trio HMO				<i>% Diff for EE Cost</i>
	2026 Premium	Employee Cost 2026	2027 Premium	Employee Cost 2027	
Employee Only	428.83	0.00	471.28	13.18	~1000%
Employee + SP/DP	943.48	512.61	1,036.88	578.78	12.91%
Employee + Child(ren)	814.84	383.97	895.51	437.41	13.92%
Employee + Family	1,115.05	684.18	1,225.44	767.34	12.15%

At this time, the discussion of consideration is directed solely to the provision of services in 2027. Any discussion or action for 2028 and beyond should be revisited for separate and additional action.

As a result, **staff recommends that the JLMBC recommend to the Personnel Department General Manager renewal of the Blue Shield Trio HMO (9.9% increase) with Blue Shield for Plan Year 2027.**

Kaiser Permanente Fully Integrated Medical Plan - HMO Option

Kaiser was selected as the winning bidder from a Request for Proposals issued in 2025 as the provider of one (1) fully integrated (aka ‘staff model’) HMO plan (Kaiser HMO) for plan years 2026 and 2027. The City has discretion to continue contractual services for up to three (3) additional years, through 2030.

As part of their original proposal, Kaiser provided no rate cap that was accepted by staff/JLMBC for adoption in any future year. No additional rate caps have been proposed for 2028 or beyond.

The premium cost change of 6.32% for 2027 is lower than the rate increases proposed from the other medical carriers and results in the following:

- Kaiser will hold the lowest cost plan in 2027 and will gain default enrollment status
- Due to the City’s current subsidy methodology, no cost change will be incurred by full time employee; half-time employees will see a relative increase.

The following are the rate changes for employees for Plan Year 2027:

ATTACHMENT A: Medical Plan proposed changes for Plan Year 2027 – From JLMBC Committee Report 26-14

Kaiser HMO:

Full Time Employees					
Coverage Tier	Kaiser HMO				% Diff for EE Cost
	2026 Premium	Employee Cost 2026	2027 Premium	Employee Cost 2027	
Employee Only	430.87	0.00	458.10	0.00	0%
Employee + SP/DP	947.92	0.00	1,007.82	0.00	0%
Employee + Child(ren)	861.74	0.00	916.20	0.00	0%
Employee + Family	1,120.26	0.00	1,191.06	0.00	0%

Half Time Employees					
Coverage Tier	Kaiser HMO				% Diff for EE Cost
	2026 Premium	Employee Cost 2026	2027 Premium	Employee Cost 2027	
Employee Only	430.87	0.00	458.10	0.00	0%
Employee + SP/DP	947.92	517.05	1,007.82	549.72	6.32%
Employee + Child(ren)	861.74	430.87	916.20	458.10	6.32%
Employee + Family	1,120.26	689.39	1,191.06	732.96	6.32%

At this time, the discussion of consideration is directed solely to the provision of services in 2027. Any discussion or action for 2028 and beyond should be revisited for separate and additional action.

As a result, **staff recommends that the JLMBC recommend to the Personnel Department General Manager renewal of the Kaiser HMO plan (6.32% increase) with Kaiser Permanente for Plan Year 2027.**

United Healthcare (UHC) Medical Plans - HMO Options

UHC was selected as the winning bidder from a Request for Proposals issued in 2025 as the provider of two (2) HMO plans (Harmony HMO and Signature Value HMO) for plan years 2026, and 2027. The City has discretion to continue contractual services for up to three (3) additional years, through 2030.

As part of their original proposal, UHC included a rate cap for years two and three, or for LAwell Program Plan Years 2027 and 2028. The premium cost change proposal for 2027 met the cap rate for their Signature Value HMO plan, but came in lower than the cap for their Harmony HMO plan. The resulting increases for the Signature Value HMO and Harmony HMO plan are 11.9% and 6.8% respectively. The rate of increase for the Signature Value HMO is higher than the rate of increase for the City’s medical subsidy in 2027 and will result in members paying more in

ATTACHMENT A: Medical Plan proposed changes for Plan Year 2027 – From JLMBC Committee Report 26-14

premium share for the same coverage whereas members in the Harmony HMO plan will see small changes if any as the rate increase in that plan is similar to the increase in subsidy.

The following are the rate changes for employees for Plan Year 2027:

Signature Value HMO:

Full Time Employees					
Coverage Tier	UHC Signature Value HMO				% Diff for EE Cost
	2026 Premium	Employee Cost 2026	2027 Premium	Employee Cost 2027	
Employee Only	790.06	0.00	884.08	0.00	0%
Employee + SP/DP	1,106.08	0.00	1,237.70	46.64	~4000%
Employee + Child(ren)	1,027.08	0.00	1,149.30	0.00	0%
Employee + Family	1,185.09	64.83	1,326.12	135.06	108.33%

Half Time Employees					
Coverage Tier	UHC Signature Value HMO				% Diff for EE Cost
	2026 Premium	Employee Cost 2026	2027 Premium	Employee Cost 2027	
Employee Only	790.06	359.19	884.08	425.98	18.59%
Employee + SP/DP	1,106.08	675.21	1,237.70	779.60	15.46%
Employee + Child(ren)	1,027.08	596.21	1,149.30	691.20	15.93%
Employee + Family	1,185.09	754.22	1,326.12	868.02	15.09%

Harmony HMO:

Full Time Employees					
Coverage Tier	UHC Signature Value HMO				% Diff for EE Cost
	2026 Premium	Employee Cost 2026	2027 Premium	Employee Cost 2027	
Employee Only	456.50	0.00	487.54	0.00	0%
Employee + SP/DP	1,004.34	0.00	1,072.54	0.00	0%
Employee + Child(ren)	867.41	0.00	926.32	0.00	0%
Employee + Family	1,186.99	66.73	1,267.59	76.53	14.69%

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Half Time Employees					
Coverage Tier	UHC SV Harmony HMO				% Diff for EE Cost
	2026 Premium	Employee Cost 2026	2027 Premium	Employee Cost 2027	
Employee Only	456.50	25.63	487.54	29.445	14.87%
Employee + SP/DP	1,004.34	573.47	1,072.54	614.44	7.14%
Employee + Child(ren)	867.41	436.54	926.32	468.22	7.26%
Employee + Family	1,186.99	756.12	1,267.59	809.49	7.06%

At this time, the discussion of consideration is directed solely to the provision of services in 2027. Any discussion or action for 2028 and beyond should be revisited for separate and additional action.

As a result, **staff recommends that the JLMBC recommend to the Personnel Department General Manager renewal of the Signature Value HMO (11.9% increase) and Harmony HMO (6.8% increase) plans with UHC for Plan Year 2027.**

(A-2) Preferred Provider Organization (PPO) medical plans for 2027

Blue Shield – PPO and HDHP PPO Options

Blue Shield was selected as the winning bidder from a Request for Proposals issued in 2025 as the provider of one (1) HMO plan (Trio HMO), one (1) PPO plan (Blue Shield PPO), and one (1) HDHP PPO (Blue Shield HDHP PPO) for plan years 2026 and 2027. The City has discretion to continue contractual services for up to three (3) additional years, through 2030.

As part of their original proposal, Blue Shield included a rate cap for years two and three, or for LAwell Program Plan Years 2027 and 2028. The premium cost change proposal for 2027 met the cap rate for each plan that Blue Shield provides, which outlines a 9.9% increase for its HMO plan and a 12.9% increase for both its PPO plan offerings. The rate of increase is higher than the rate of increase for the City’s medical subsidy in 2027 and will result in the following:

- Blue Shield will not hold the lowest cost plan in 2027; losing its default enrollment status
- Some members will have a new premium cost expense per paycheck; Other members will see a notable increase in their share of premium cost.

The following are the PPO & HDHP PPO rate changes for employees for Plan Year 2027:

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BlueShield PPO:

Full Time Employees					
Coverage Tier	BlueShield PPO				% Diff for EE Cost
	2026 Premium	Employee Cost 2026	2027 Premium	Employee Cost 2027	
Employee Only	711.65	0.00	803.45	0.00	0%
Employee + SP/DP	1,565.61	445.35	1,767.57	576.51	29.45%
Employee + Child(ren)	1,352.11	231.85	1,526.53	335.471	44.69%
Employee + Family	1,850.27	730.01	2,089.01	897.95	23.01%

Half Time Employees					
Coverage Tier	BlueShield PPO				% Diff for EE Cost
	2026 Premium	Employee Cost 2026	2027 Premium	Employee Cost 2027	
Employee Only	711.65	280.78	803.45	345.35	22.99%
Employee + SP/DP	1,565.61	1,134.74	1,767.57	1,309.47	15.40%
Employee + Child(ren)	1,352.11	921.24	1,526.53	1,068.43	15.98%
Employee + Family	1,850.27	1,419.40	2,089.01	1,630.91	14.90%

Blue Shield HDHP PPO:

Full Time Employees					
Coverage Tier	BlueShield HDHP PPO				% Diff for EE Cost
	2026 Premium	Employee Cost 2026	2027 Premium	Employee Cost 2027	
Employee Only	531.32	0.00	599.88	0.00	0%
Employee + SP/DP	1,165.50	45.24	1,315.88	124.82	175.91%
Employee + Child(ren)	1,006.95	0.00	1,136.87	0.00	0%
Employee + Family	1,376.90	256.64	1,554.56	363.50	41.64%

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Half Time Employees					
Coverage Tier	BlueShield HDHP PPO				<i>% Diff for EE Cost</i>
	2026 Premium	Employee Cost 2026	2027 Premium	Employee Cost 2027	
Employee Only	531.32	100.45	599.88	141.78	41.14%
Employee + SP/DP	1,165.50	734.63	1,315.88	857.78	16.76%
Employee + Child(ren)	1,006.95	576.08	1,136.87	678.77	17.83%
Employee + Family	1,376.90	946.03	1,554.56	1,096.46	15.90%

At this time, the discussion of consideration is directed solely to the provision of services in 2027. Any discussion or action for 2028 and beyond should be revisited for separate and additional action.

As a result, **staff recommends that the JLMBC recommend to the Personnel Department General Manager renewal of the Blue Shield PPO (12.9% increase) and Blue Shield HDHP PPO (12.9% increase) plans with Blue Shield for Plan Year 2027.**

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(B-1) Medical Plans Contract Terms

At its May 29, 2025 & July 16, 2025 meetings the JLMBC adopted [Committee Reports 25-25](#) and [25-31](#) respectively, which selected and confirmed the selection of Blue Shield, Kaiser, and United Healthcare for a period of two years and provided changes to the LAwell Programs benefit menu in respect to medical plan options. The discussion at that time was that a minimum of two (2) years would be required for health plans to best experience claims utilization and determine how successful the new plan offerings appear among members. The City can opt to continue services for a third year (2028) subject to negotiation on premium rates, or look to enact changes to the medical plan menu. Lots of analysis and discussion is needed over the course of the next year, however, if the City would like to entertain an option to change medical plan offerings or seek more competitive costs for Plan Year 2028, a decision to release an RFP needs to be made no later than the beginning of 2027.

Recommendation -

Staff is recommending that staff and its consultants continue negotiating with medical plans and return with results as soon as possible, including a recommendation on any potential contract extension or recommendation to procure for 2028 medical plan services.