SPECIAL CITY COUNCIL MEETING AGENDA

City of New Prague

Monday, September 29, 2025 at 4:30 PM

City Hall Council Chambers - 118 Central Ave N

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1. CALL TO ORDER

2. APPROVAL OF REGULAR AGENDA

3. GENERAL BUSINESS

- **a.** Compensation Study Update
- **b.** 2026 Benefits Discussion

4. MISCELLANEOUS

- **a.** Discussion of Items not on the Agenda

5. ADJOURNMENT

UPCOMING MEETINGS AND NOTICES:

October 6	6:00 p.m. City Council
October 8	7:30 a.m. EDA Board
October 14	6:00 p.m. Park Board
October 20	6:00 p.m. City Council
October 22	6:30 p.m. Planning Commission
October 27	3:30 p.m. Utility Commission
October 28	6:30 p.m. Golf Board

Summary Report

Classification and Compensation Study for:
City of New Prague, MN

September 2025

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Study Introduction

From June 2025, through September 2025, AutoSolve, Inc. conducted a comprehensive classification and compensation study for the New Prague, MN. The study focused on 86 employees and 33 classifications / job titles. The goal of this study was to create and improve compensation system that would aid the City in the following ways.

- Attract and retain qualified employees.
- Ensure positions performing similar work with essentially the same level of complexity, responsibility, and knowledge, skills, and abilities are classified together.
- Provide salaries commensurate with assigned duties.
- Provide justifiable pay differential between individual classes.
- Maintain a competitive position with other comparable government entities within the same geographic areas.

Study Methodology

To achieve the study's goals AutoSolve utilized both quantitative and qualitative tools to assess the City's current internal and external equity to provide the most appropriate recommendations.

Communication, Interaction, and the Kickoff Call

As illustrated in the **Study Methodology Diagram,** AutoSolve started off the study with a project kickoff call. The kickoff call allows the City management to learn more about the project, ask questions, and allows AutoSolve to request the appropriate data that we will need to complete the project effectively. AutoSolve emphasizes open communication throughout the project by holding weekly touchpoint meetings to discuss the project and review the workplan, providing weekly updates on the progress of the project, scheduling as need meetings with department heads, incorporating New Prague City's Project Team feedback throughout the project, and working alongside the City's project team during all phases of the project.

Current Pay Plan/Philosophy Evacuation

AutoSolve assessed the current pay plan structure at the beginning of the study. This analysis provides the starting point for any recommendations AutoSolve proposes.

Classification Evaluation Internal Equity

AutoSolve utilized two proprietary surveys to analyze the City's internal equity. The first Survey, Internal Anonymous Organizational Survey, allows AutoSolve to collect qualitative information about the organization, management, culture, and work environment.

The second survey, Internal Individual Employee Survey, allows AutoSolve to collect up to date classification/job duties and responsibilities. This data was utilized to update all the classification's job descriptions that were a part of the study.

Compensation Evaluation External Competition

AutoSolve performed an external market survey reaching out to a selected group of organizations that were deemed by both AutoSolve consultants and the City's project team to be direct competitors with the City. AutoSolve reached out to the selected peers to collect classification pay range data and benefit data. The results from the market survey were utilized in the development of the recommended compensations system.

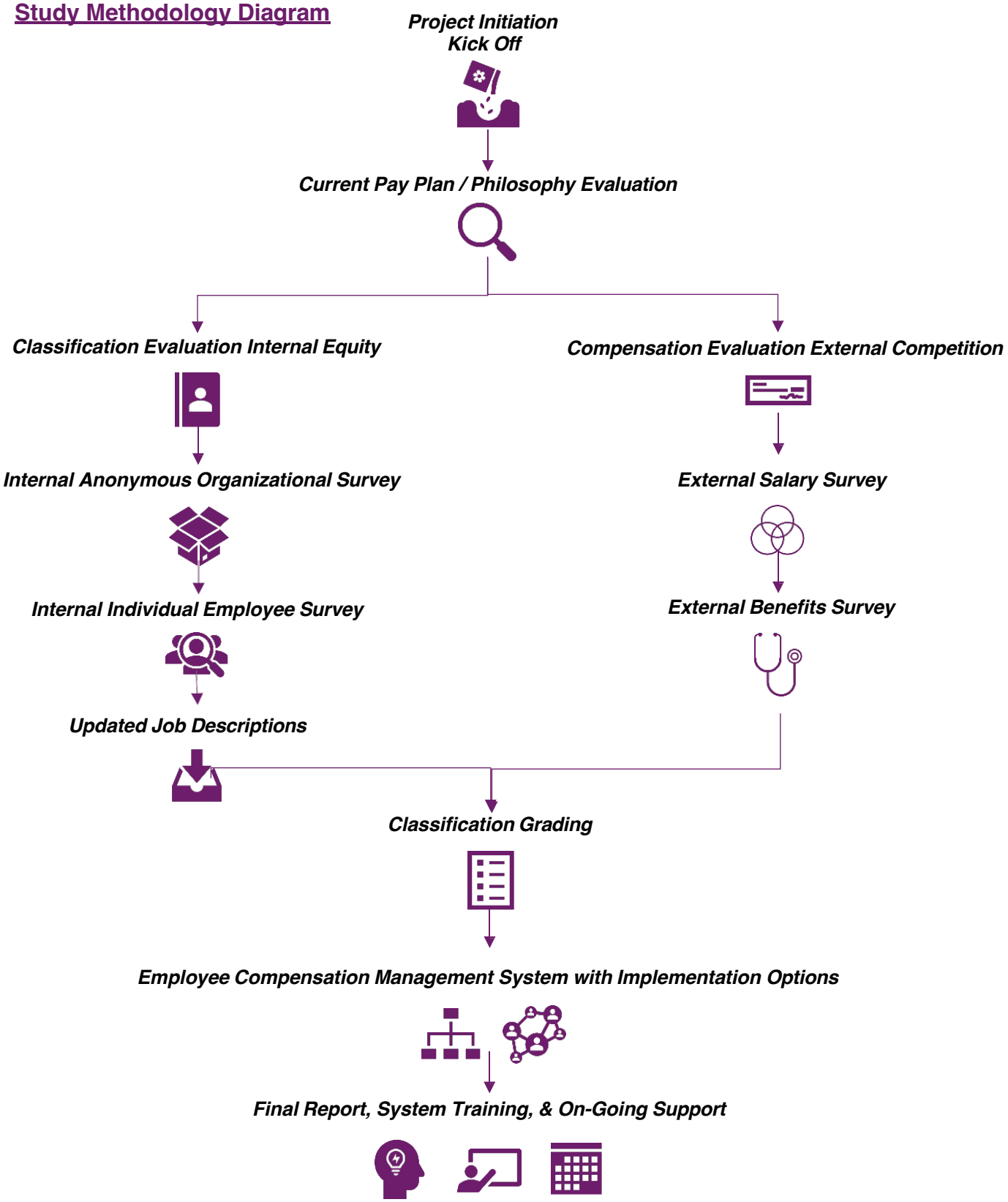
Classification Grading

Utilizing data from the Internal Individual Employee Survey and AutoSolve's own proprietary grading system, AutoSolve consultants provided a "rank' to each of the classifications that were a part of the study. The rank is based off the classification's duties, responsibilities, and impact within the City. The ranks assist in AutoSolve's assigning new classification grades.

Employee Compensation Management System with Implementation Options

The concluding recommendations and proposed compensation system were provided based on the synthesis findings of the overall study and the City's compensation philosophy. The recommendations were accompanied with multiple different ways to implement the proposed compensation system along with the estimated cost for each. AutoSolve also provided the City's project leadership team with an *Employee Compensation Management System*. The system is an excel spreadsheet that is designed aid the City in implementing and maintaining the proposed compensations system derived from this study.

Study Methodology Diagram



Market Peers

Peer Name	Cost of Living Index	COLI Factor
New Prague, MN	101.27	
City of Forest Lake, MN	108.07	0.937
City of Jordan, MN	105.39	0.961
Credit River, MN	105.39	0.961
City of Elk River, MN	100.30	1.010
City of Elko New Market, MN	105.39	0.961
Le Sueur County, MN	101.27	1.000
Lonsdale, MN	99.76	1.015
City of Montgomery, MN	101.27	1.000
North Field, MN	99.76	1.015
City of Prior Lake, MN	105.39	0.961
Scott County, MN	105.39	0.961
City of Belle Plaine, MN	105.39	0.961
City of Buffalo, MN	100.65	1.006
City of Savage, MN	105.39	0.961
City of Farmington, MN	105.18	0.963
Le Center, MN	101.27	1.000
Shakopee, MN	105.39	0.961

Study Summary - Proposed Compensation System

Study Summary is the aggregate of the analysis and findings discovered in this study. The combined findings were utilized to create the following recommendations.

Study Summary Findings

Client Specified Issues, Needs, and Compensation Philosophy

City of New Prague's project team expressed a desire for their compensation philosophy to provide at market average compensation relative to their operating market. The team also expressed a desire for the step plan to increase from 11 to 15 Steps to help support employee retention.

Section One: Review of the Current Pay Plan System:
The first step in the study was reviewing the internal equity of the organization. The AutoSolve team performed a deep dive into the current compensation structure utilized by City of New Prague. This detailed analysis provided the foundation for AutoSolve's recommendations. Listed below are the summary findings from Section One.

- The General plan includes uniform range spreads and grade progressions.
- Separate Pay range for the Line Worker classification.
- Stagnation in employee movement through their salary ranges.
- 0 employees are found below their minimums or above their maximums.
- 3 employees are within 5% of their supervisor's pay.
- 40 employees fall -5% or more below their expected hire year salary.

Section Two: Anonymous Survey:
The Anonymous Survey collected qualitative information about the organization, management, culture, and work environment from current employees. The data was then used to assess the internal equity of the Town and determine Opportunities for Improvement. Listed below are the proposed improvements that AutoSolve gathered from Section Two.

- Implement morale boosting and employee appreciation events/incentives.
- Improve communication between supervisors and upper management.
- Aim to support employee retention.

Section Three: Compensation Evaluation – Market Survey:
The Market Survey is a comprehensive examination of City of New Prague's compensation and benefit structure. The organization's external equity was evaluated by comparing City of New Prague's salary ranges and benefits to selected peer organizations. Listed below are the summary findings gathered from Section Three.

- City of New Prague is **3.44%** below the market minimum.
- City of New Prague is **3.37%** below the market midpoint.
- City of New Prague is **1.68%** below the market maximum.

Study Recommendations

Based on the combined findings found from each section of this study and the compensation philosophy for City of New Prague, AutoSolve recommends the following to addresses and resolves recruitment, retention, and compression issues:

- Recommended Implementation date of January 1st, 2026.
- Created Two pay plans: General Full Time Plan and a General Part Time Plan.
- Brought the General plans' proposed grade minimums to the market average.
- Brought all General Full Time grade range spreads to 46.00%.
- Increased the number of steps in the plan from 11 to 15.
- Proposed the Implementation Option: **Bring to New Minimum or a 3.30% increase.** This implementation option adjusts each employee salary to the minimum of the new proposed pay grade. If the employee's current salary is already above the proposed minimum, then they will receive a salary increase of 3.30%. This option places all employees into their new proposed salary range and it guarantees a fair and equitable increase to all employees
- The 3.30% aligns with the average increase of per capita income over the past ten years within Le Sueur County, MN.

Recommended Proposed Pay Plans

The following charts found on **FIGURE S4.1** through **FIGURE S4.2** are the recommended proposed pay plans for City of New Prague's employees. The proposed pay plans were created to be at the market average relative to City of New Prague's market peers.

The proposed pay plans characteristics are as follows:

General Plan (Full Time)

- **Number of Pay Grades:** 16
- **Average Range Spread:** 46.00%
- **Smallest Minimum:** $55,650.00
- **Largest Maximum:** $207,600.15
- **Number of Departments:** 12
- **Employees Assigned:** 45

General (Part Time)

- **Number of Pay Grades:** 1
- **Average Range Spread:** 70.00%
- **Smallest Minimum:** $24,960.00 (12.00 $/Hr)
- **Largest Maximum:** $42,432.00 (20.40 $/Hr)
- **Number of Departments:** 4
- **Employees Assigned:** 41

Figure S4.1A
Proposed General Plan (FT)

Grade	Proposed Min	Proposed Midpoint	Proposed Maximum	Range Spread	Min Grade Progression	Step Progression
G1	$55,650.00	$68,449.50	$81,249.00	46.00%	-	2.74%
G2	$59,545.50	$73,240.97	$86,936.43	46.00%	7.00%	2.74%
G3	$62,522.78	$76,903.01	$91,283.25	46.00%	5.00%	2.74%
G4	$65,648.91	$80,748.16	$95,847.41	46.00%	5.00%	2.74%
G5	$68,931.36	$84,785.57	$100,639.78	46.00%	5.00%	2.74%
G6	$72,377.93	$89,024.85	$105,671.77	46.00%	5.00%	2.74%
G7	$75,996.82	$93,476.09	$110,955.36	46.00%	5.00%	2.74%
G8	$79,796.66	$98,149.90	$116,503.13	46.00%	5.00%	2.74%
G9	$87,776.33	$107,964.89	$128,153.44	46.00%	10.00%	2.74%
G10	$92,165.15	$113,363.13	$134,561.12	46.00%	5.00%	2.74%
G11	$96,773.41	$119,031.29	$141,289.17	46.00%	5.00%	2.74%
G12	$104,515.28	$128,553.79	$152,592.31	46.00%	8.00%	2.74%
G13	$112,876.50	$138,838.10	$164,799.69	46.00%	8.00%	2.74%
G14	$121,906.62	$149,945.14	$177,983.67	46.00%	8.00%	2.74%
G15	$131,659.15	$161,940.75	$192,222.36	46.00%	8.00%	2.74%
G16	$142,191.88	$174,896.01	$207,600.15	46.00%	8.00%	2.74%

Figure S4.1B
Proposed General Plan (FT Steps)

Grade	1	2	3	4	5	6	7	8
G1	$55,650.00	$57,174.80	$58,741.38	$60,350.88	$62,004.49	$63,703.40	$65,448.86	$67,242.15
G2	$59,545.50	$61,177.04	$62,853.28	$64,575.45	$66,344.80	$68,162.64	$70,030.28	$71,949.10
G3	$62,522.78	$64,235.89	$65,995.94	$67,804.22	$69,662.04	$71,570.77	$73,531.80	$75,546.56
G4	$65,648.91	$67,447.68	$69,295.74	$71,194.43	$73,145.14	$75,149.31	$77,208.39	$79,323.88
G5	$68,931.36	$70,820.07	$72,760.52	$74,754.15	$76,802.40	$78,906.77	$81,068.81	$83,290.08
G6	$72,377.93	$74,361.07	$76,398.55	$78,491.86	$80,642.52	$82,852.11	$85,122.25	$87,454.58
G7	$75,996.82	$78,079.12	$80,218.48	$82,416.45	$84,674.65	$86,994.72	$89,378.36	$91,827.31
G8	$79,796.66	$81,983.08	$84,229.40	$86,537.27	$88,908.38	$91,344.46	$93,847.28	$96,418.68
G9	$87,776.33	$90,181.39	$92,652.34	$95,191.00	$97,799.22	$100,478.90	$103,232.01	$106,060.54
G10	$92,165.15	$94,690.46	$97,284.96	$99,950.55	$102,689.18	$105,502.85	$108,393.61	$111,363.57
G11	$96,773.41	$99,424.98	$102,149.21	$104,948.08	$107,823.64	$110,777.99	$113,813.29	$116,931.75
G12	$104,515.28	$107,378.98	$110,321.14	$113,343.93	$116,449.53	$119,640.23	$122,918.35	$126,286.29
G13	$112,876.50	$115,969.30	$119,146.84	$122,411.44	$125,765.49	$129,211.45	$132,751.82	$136,389.19
G14	$121,906.62	$125,246.84	$128,678.58	$132,204.35	$135,826.73	$139,548.36	$143,371.96	$147,300.33
G15	$131,659.15	$135,266.59	$138,972.87	$142,780.70	$146,692.87	$150,712.23	$154,841.72	$159,084.36
G16	$142,191.88	$146,087.92	$150,090.70	$154,203.16	$158,428.30	$162,769.21	$167,229.06	$171,811.10

AutoSolve, Inc.

Figure S4.1C
Proposed General Plan (FT Steps)

Grade	9	10	11	12	13	14	15
G1	$69,084.57	$70,977.48	$72,922.25	$74,920.31	$76,973.11	$79,082.16	$81,249.00
G2	$73,920.49	$75,945.90	$78,026.81	$80,164.73	$82,361.23	$84,617.91	$86,936.43
G3	$77,616.52	$79,743.20	$81,928.15	$84,172.97	$86,479.29	$88,848.81	$91,283.25
G4	$81,497.35	$83,730.36	$86,024.56	$88,381.61	$90,803.26	$93,291.25	$95,847.41
G5	$85,572.21	$87,916.88	$90,325.78	$92,800.70	$95,343.42	$97,955.81	$100,639.78
G6	$89,850.82	$92,312.72	$94,842.07	$97,440.73	$100,110.59	$102,853.60	$105,671.77
G7	$94,343.36	$96,928.36	$99,584.18	$102,312.77	$105,116.12	$107,996.28	$110,955.36
G8	$99,060.53	$101,774.77	$104,563.39	$107,428.40	$110,371.93	$113,396.10	$116,503.13
G9	$108,966.59	$111,952.25	$115,019.72	$118,171.25	$121,409.12	$124,735.71	$128,153.44
G10	$114,414.92	$117,549.86	$120,770.71	$124,079.81	$127,479.57	$130,972.49	$134,561.12
G11	$120,135.66	$123,427.36	$126,809.25	$130,283.80	$133,853.55	$137,521.12	$141,289.17
G12	$129,746.51	$133,301.55	$136,953.99	$140,706.50	$144,561.84	$148,522.81	$152,592.31
G13	$140,126.23	$143,965.67	$147,910.30	$151,963.02	$156,126.78	$160,404.63	$164,799.69
G14	$151,336.33	$155,482.92	$159,743.13	$164,120.06	$168,616.93	$173,237.00	$177,983.67
G15	$163,443.24	$167,921.56	$172,522.58	$177,249.67	$182,106.28	$187,095.96	$192,222.36
G16	$176,518.70	$181,355.28	$186,324.39	$191,429.64	$196,674.78	$202,063.64	$207,600.15

Figure S4.2A
Proposed General Plan (PT)

Grade	Proposed Min	Proposed Midpoint	Proposed Maximum	Range Spread	Min Grade Progression	Step Progression
PT1	$24,960.00	$33,696.00	$42,432.00	70.00%	-	7.88%

Figure S4.2B
Proposed General Plan (PT Steps)

Grade	1	2	3	4	5	6	7	8
PT1	$24,960.00	$25,924.19	$26,925.63	$27,965.75	$29,046.05	$30,168.09	$31,333.46	$32,543.86

Figure S4.2C
Proposed General Plan (PT Steps)

Grade	9	10	11	12	13	14	15
PT1	$33,801.01	$35,106.72	$36,462.88	$37,871.42	$39,334.37	$40,853.84	$42,432.00

Recommended Pay Grade Assignments

Utilizing both the external market survey and AutoSolve's proprietary ranking analysis conducted on each classification. AutoSolve is proposing the following pay grade assignment for each classification. AutoSolve's proposed pay grade assignments ensures each classification is compensated competitively and fairly, externally within City of New Prague's operating market, and internally taking into consideration each classifications required duties, responsibilities, and experience relative to the other classification utilized by City of New Prague.

FIGURE S4.3 illustrate the proposed recommended pay grade for each classification within the proposed General Ful and Part Time plans.

Figure S4.3A
General Pay Plan Grade Assignments

Classification	Grade
Administrative Assistant	G1
Customer Service/Acct'G	G1
Permit Specialist	G2
Police Records Technician	G2
Public Works Maintenance Worker	G2
Public Works Maintenance Worker	G2
Accountant I	G3
Utility Billing Specialist	G3
Mechanic	G4
Wastewater Operator I	G4
Water Operator I	G4
Accountant II	G5
Administrative Coordinator	G5
Wastewater Operator II	G6
Water Operator II	G6
Building Inspector	G8
Generation Supervisor	G8
Parks Supervisor/Maint.	G8
Planner	G8
Golf Superintendent	G9
Lineman	G9

Figure S4.3B
General Pay Plan Grade Assignments

Classification	Grade
Public Works Supervisor	G10
Building Official	G11
Wastewater Superintendent	G11
Electric Operations Supervisor	G12
Community Development Director	G14
Finance Director	G14
General Manager - Electric and Water	G14
Police Chief	G14
Public Works Director	G14
City Administrator	G16
Food and Beverage Worker	PT1
Golf Attendant	PT1
Golf Maintenance Worker	PT1
Parks Maintenance Worker - PT	PT1

Recommended Implementation Option

AutoSolve is recommending the implementation option: **Bring to New Minimum or a 3.30% Increase** for the Full-Time plan**.** This implementation option adjusts employee's current salary to the minimum of their classification's new proposed pay grade. This option will also apply an increase of 3.30% if an employee's current salary is already at or above their new proposed grade minimum. The employee will also receive a 3.30% increase if their adjustment to "Bring to New Minimum" is less than a 3.30% increase. With this implementation option, all employees will receive at least a 3.30% increase.

For the General Part-Time plan, AutoSolve is recommending the implementation option **Bring to New Minimum.** This implementation option adjusts employee's current salary to the minimum of their classification's new proposed pay grade. Any employee that has a salary more than their classification's new proposed pay grade will not receive any adjustment. This option ensures all part time employees will receive at least $12.00 per hour.

AutoSolve is recommending the 3.30% increase based on the average per capita income increases in Le Sueur County, MN over the past ten years, *(Excluding Covid Outlier Years*),* as shown in **FIGURE S4.7**. Per capita income is the measure of the average income earned in a specific geographic area divided by the area's population. This number considers real wages earned year to year that have received cost of living adjustments.

The total recommended implementation costs for The City of New Prague is $214,384.49. The implementation will affect all 86 employees. **FIGURE S4.4** through **FIGURE S4.5** illustrates a cost breakdown of the recommended implementation option. FIGURE S4.6 is the combined implementation cost for the pay plans.

Figure S4.4
General Pay Plan (FT)
Implementation Cost

Implementation Options	Cost	Number Of Employees Affected	Average Change Per Employee	Average Percent Increase
Bring to New Minimum or a 3.30%	$207,173.09	45	$4,603.85	4.94%

Figure S4.5
General Pay Plan (PT)
Implementation Cost

Implementation Options	Cost	Number Of Employees Affected	Average Change Per Employee	Average Percent Increase
Bring to New Minimum	$7,211.40	41	$175.89	2.19%

Figure S4.6
Combined Implementation Cost

Cost	Number Of Employees Affected	Average Change Per Employee	Average Percent Increase
$214,384.49	86	$2,492.84	3.56%

Figure S4.7
Historical Per Capita Income (Le Sueur, County, MN)

Year	Per Capita Income	Percentage Change
2013	$40,721.00	-
2014	$42,627.00	4.68%
2015	$43,899.00	2.98%
2016	$45,464.00	3.57%
2017	$46,481.00	2.24%
2018	$48,817.00	5.03%
2019	$49,672.00	1.75%
2020	$53,911.00	8.53%
2021	$60,043.00	11.37%
2022	$61,581.00	2.56%
2023	$63,719.00	3.47%

Average:	**4.62%**
Average Without Outliers (2020, 2021):	**3.28%**

Compensation Management System and Periodic Maintenance

Accompanying our recommendations, is an Employee Management System that will assist City of New Prague in the implementation and maintenance of the new compensation system. This management system will provide per employee implementation cost estimates. It will also aid in implementing and estimating cost for future pay plan increases.

The proposed system will need periodic maintenance over the next two to three years. Without maintenance, the competitiveness of the system will decrease, and the same retention/recruitment pitfalls will increase once again. AutoSolve strongly recommends City of New Prague to perform a complete compensation and classification study at least every three years.

Conclusion

This concludes the Comprehensive Compensation and Classification study for City of New Prague, VA by AutoSolve, Inc. AutoSolve proposed a new compensation system that addresses and resolves the retention, recruitment, and compression issues found within City of New Prague's current compensation system. The proposed compensation system was created to be competitive relative to City of New Prague's operating market, which will allow City of New Prague to recruit and retain the best talent possible.

118 Central Avenue North, New Prague, MN 56071
phone: 952-758-4401 fax: 952-758-1149

MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: JOSHUA TETZLAFF, CITY ADMINISTRATOR

SUBJECT: 2026 EMPLOYEE HEALTH INSURANCE BENEFITS

DATE: SEPTEMBER 23, 2025

As the budget process continues to evolve, one of the questions to answer is health insurance that will be offered to employees in 2026. In 2025, the City changed the deductible/out-of-pocket maximum from $2,250 for a single person to $3,300 for a single person. This was done to limit the premium increase the City was offered. It should be noted, at the same time, the City increased the HSA contribution from $500 for single employee coverage to $1,125. Family insurance plans are double those amounts. By raising the deductible/out-of-pocket maximum, the City was able to save enough on premiums that raising the HSA contribution for employees helped offset part of the employees' increased costs while still saving the City on overall benefit expenditures from just keeping the same insurance and HSA contributions as 2024.

Going into 2026, the City was informed that it had a 17% cap on total premium increases if it maintained its existing plan. As I stated at a previous meeting, the City has now been quoted at a 16.9% premium increase from 2025 and that this number is included in the current budget drafts that have been reviewed by the Council. This is primarily due to high claims in 2024, which also drove up the 2025 rates. Of note, federal guidelines are moving the deductible/out-of-pocket maximums automatically for 2026, which means that if the City were to keep the existing plan, the deductible $3,300 for a single employee coverage would move to $3,400 for in-network coverage. Out-of-network coverage also sees an automatic increase. These coverage changes are due to IRS mandates. Because the City contributes 80% to the overall cost of employee health insurance premiums, with the employees contributing the other 20%, both the City and the employee share the increase in premium costs, with the employee also having higher deductible/out-of-pocket maximum costs. I have included a summary sheet showing these changes (Health Insurance Renewal, SHSA3 Aware).

During discussions, Gallagher shared two other plans for the City to consider that would result in lower premiums paid by the City/Employees but would raise the employees' deductible and out-of-pocket costs.

Alternate #1 (Health Insurance Alternate #1, SHSA4 Aware) would keep the same deductible as the renewal plan, but would raise the total out-of-pocket maximums for employees. For single coverage, the out-of-pocket maximum would rise to $5,400 for in-network coverage. To get to that maximum, all costs above the deductible would be covered with a 20% copay by employees until that maximum amount is paid. This is different from the existing plan where employees pay full costs up to the deductible, and then all costs are covered by the plan. This is still considered a high-deductible plan, which means that employees pay more out-of-pocket, but are allowed to save into an HSA account. For non-HSA eligible plans, deductibles are much lower, as are potential out-of-pocket costs, but premiums are higher and employees would not be able to save into an HSA account. This plan would have a 7.7% increase in total premium costs over 2025.

Alternate #2 (Health Insurance Alternate #2, SHSA5 Aware) would increase the deductible/out-of-pocket maximum to $4,400 for single coverage. The rest of the plan would remain identical to the existing plan. This would be an additional $1,000 above renewal. Family coverage would see double these numbers. The quote for cost on this plan would be 9.5% higher premiums than 2025.

As a summary, stated for single coverage. Family coverage is double these numbers:

Current Plan

- Deductible: $3,300
- Out-of-Pocket Maximum: $3,300
- Copay: None in-network
- HSA Eligible
- Note: Increase Deductible from 2024 amount of $2,250

Renew Existing Plan (16.9% premium increase)

- Deductible: $3,400
- Out-of-Pocket Maximum: $3,400
- Copay: None in-network
- HSA Eligible
- Cost: $788/month single, $2,370/month family
- Note: IRS mandated deductible/out-of-pocket maximum increase

Alternate Plan #1 (7.7% premium increase)

- Deductible: $3,400
- Out-of-Pocket Maximum: $5,400
- Copay: 20%
- HSA Eligible
- Cost: $730/month single, $2,181/month family
- Note: This plan increases the deductible/out-of-pocket maximum and introduces a copay element after the deductible is met.

Alternate Plan #2 (9.5% premium increase)

- Deductible: $4,400
- Out-of-Pocket Maximum: $4,400
- Copay: None in-network
- HSA Eligible
- Cost: $742/month single, $2,219/month family
- Note: Increase deductible/out-of-pocket maximum

As the Council considers this, it should be remembered that the City and the employees split the cost of the premiums 80/20. This means that both the City and the employees are affected by premium increases with the employees being additionally affected by deductible and out-of-pocket maximum increases. A renewal of the existing plan would increase the City's contribution to a single coverage plan by $1,068 annually and the employees contribution by $364 annually (with the out-of-pocket maximum included). This means the employees pay a greater portion of the increased costs ($1,332 premium and $100 out-of-pocket), with the split of increase being about 75/25 once out-of-pocket increases are included.

For the other plans, the portion of the increase that is born by the employees is even greater. For Alt #1, combining the increased premiums and the increased out-of-pocket maximum for single coverage comes to a $588 annual increase for the City and a $2,244 annual increase for employees. This means for Alternate Plan #1, the split between the City and the employees for the increase is 21/79, with the employee picking up the vast majority of the increase in total costs ($732 premium and $2,100 out-of-pocket). Finally, for Alternate Plan #2, the split between the City and the employees for the increase is 35/65, with the employee again picking up the majority of the increase in total costs ($876 premium and $1,100 out-of-pocket).

What I am trying to show here, is that while the City pays 80% of the premium for health insurance, that is not the total cost of the insurance and that the City isn't the only one who feels the increase. Employees also pay 20% of the premiums plus than have to pay the out-of-pocket costs of the insurance when receiving care. So the cost of healthcare for the employee goes up by both the percentage increase of the premiums plus any increase in the out-of-pocket maximums. In my view, the decrease in premiums would not be worth the benefit of the higher out-of-pocket costs realized by alternate plans in 2026. Because of that, my recommendation is to renew the existing plan for 2026.

Recommendation

After reviewing the current plan, as well as the plans that could be alternatives, I am recommending to the City Council to maintain the existing health insurance benefits moving into 2026. In my view, the alternatives do not save significant enough in premiums to offset the much higher out-of-pocket costs that could result. Already, the City and employees would be seeing premium increases as well as the employees realizing higher out-of-pocket costs should the plan remain the same.

Because of this, my recommendation is to maintain the existing health insurance plan for 2026.

Better Health Collective Smart Plan SHSA3 Aware

Benefit Summary | Effective Dates January 1, 2026 – December 31, 2026

Key Benefits	In network* MN Network: Aware National Network: Bluecard PPO	Out of network**
What you will pay	You will pay the least when seeing an in-network provider.	You will pay the most when seeing an out-of-network or non-participating provider.
Your deductible The amount you pay per Calendar-year before your health plan starts to pay. In and Out of Network deductible cross apply.	Medical & Rx Combined $3,400 individual $6,800 family	Medical & Rx Combined $6,800 individual $13,600 family
Deductible Type	Embedded - The plan begins paying benefits that require cost sharing for the first family member who meets the individual deductible. The family deductible must then be met by one or more of the remaining family members and then the plan pays benefits for all covered family members.	
Your coinsurance The percent of the allowed amount that you pay after your deductible is met.	0%	20%
Your out-of-pocket maximum The maximum amount you pay per Calendar-year in medical and prescription drug deductibles, coinsurance, and copays. In and Out of Network Out of Pocket Maximums cross apply.	Medical & Rx Combined $3,400 individual $6,800 family	Medical & Rx Combined $10,200 individual $20,400 family
Preventive care • well-child care to age 6 • prenatal care • preventive medical evaluations age 6 and older; cancer screening; preventive hearing and vision exams; immunizations and vaccinations	 0% 0% 0%	 0% 0% 20% after the deductible
Physician services • e-visits • retail health clinic (office visit) • physician office visits • office and outpatient lab services • office and outpatient lab diagnostic imaging • allergy injections and serum • specialist office visits • specialist office and outpatient lab services • Urgent Care professional services	 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible	 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible
Other professional services • chiropractic manipulation (office visit) • chiropractic therapy • home health care • physical therapy, occupational therapy, speech therapy (office visit) • physical therapy, occupational therapy, speech therapy (therapy)	 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible	 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible
Inpatient Facility Services	0% after the deductible	20% after the deductible
Outpatient Facility Services • facility lab services • facility diagnostic imaging • surgery and anesthesia • urgent care services (facility services)	 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible	 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible
Emergency care • emergency room (facility charges) • professional charges • ambulance (medically necessary transport to the nearest facility equipped to treat the condition)	0% after the deductible 0% after the deductible 0% after the deductible	

Key Benefits	In network* MN Network: Aware National Network: Bluecard PPO	Out of network**
Durable Medical Equipment	0% after the deductible	20% after the deductible
Behavioral health (mental health and substance abuse services) • inpatient professional services • outpatient professional services (office visits/office therapy) • outpatient professional service (all other services) • outpatient hospital/facility services	 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible	 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible
Prescription drugs –Select Network • **retail** (31-day limit) **FlexRx preferred drug list** • closed plan design • preferred generic • preferred brand **Specialty drug list** • Specialty preferred • **90dayRx – Mail order pharmacy** (93-day limit) **FlexRx preferred drug list** • closed plan design • preferred generic • preferred brand • **90dayRx – Retail pharmacy** (93-day limit) **FlexRx preferred drug list** • closed plan design • preferred generic • preferred brand	 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible	 20% after the deductible 20% after the deductible No coverage No coverage No coverage No coverage No coverage
Preventive drug benefit • preferred generic • preferred brand	0% $50 copay	0% $50 copay
Important Information About Your Pharmacy Benefits	The patient will pay the difference if a brand-name drug is dispensed when a generic drug is available. The drug list uses a step therapy program. More information about prescription drug coverage is available at **bluecrossmn.com.** Medicare Part D Creditability: Creditable	

This is only a summary of covered benefits. For detailed information about what is and isn't covered refer to plan benefit booklet or visit **bluecrossmn.com.** Members can also call Blue Cross customer service at the number on the back of their member ID card.

Each healthcare provider is an independent contractor and not our agent. It is up to the member to confirm provider participation in their network prior to receiving services.

Better Health Collective Smart Plan SHSA4 Aware

Benefit Summary | Effective Dates January 1, 2026 – December 31, 2026

Key Benefits	In network* MN Network: Aware National Network: Bluecard PPO	Out of network**
What you will pay	You will pay the least when seeing an in-network provider.	You will pay the most when seeing an out-of-network or non-participating provider.
Your deductible The amount you pay per Calendar-year before your health plan starts to pay. In and Out of Network deductible cross apply.	Medical & Rx Combined $3,400 individual $6,800 family	Medical & Rx Combined $6,800 individual $13,600 family
Deductible Type	Embedded - The plan begins paying benefits that require cost sharing for the first family member who meets the individual deductible. The family deductible must then be met by one or more of the remaining family members and then the plan pays benefits for all covered family members.	
Your coinsurance The percent of the allowed amount that you pay after your deductible is met.	20%	40%
Your out-of-pocket maximum The maximum amount you pay per Calendar-year in medical and prescription drug deductibles, coinsurance, and copays. In and Out of Network Out of Pocket Maximums cross apply.	Medical & Rx Combined $5,400 individual $10,800 family	Medical & Rx Combined $10,800 individual $21,600 family
Preventive care • well-child care to age 6 • prenatal care • preventive medical evaluations age 6 and older; cancer screening; preventive hearing and vision exams; immunizations and vaccinations	 0% 0% 0%	 0% 0% 40% after the deductible
Physician services • e-visits • retail health clinic (office visit) • physician office visits • office and outpatient lab services • office and outpatient lab diagnostic imaging • allergy injections and serum • specialist office visits • specialist office and outpatient lab services • Urgent Care professional services	 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible	 40% after the deductible 40% after the deductible 40% after the deductible 40% after the deductible 40% after the deductible 40% after the deductible 40% after the deductible 40% after the deductible 40% after the deductible
Other professional services • chiropractic manipulation (office visit) • chiropractic therapy • home health care • physical therapy, occupational therapy, speech therapy (office visit) • physical therapy, occupational therapy, speech therapy (therapy)	 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible	 40% after the deductible 40% after the deductible 40% after the deductible 40% after the deductible 40% after the deductible
Inpatient Facility Services	20% after the deductible	40% after the deductible
Outpatient Facility Services • facility lab services • facility diagnostic imaging • surgery and anesthesia • urgent care services (facility services)	 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible	 40% after the deductible 40% after the deductible 40% after the deductible 40% after the deductible
Emergency care • emergency room (facility charges) • professional charges • ambulance (medically necessary transport to the nearest facility equipped to treat the condition)	20% after the deductible 20% after the deductible 20% after the deductible	

Key Benefits	In network* MN Network: Aware National Network: Bluecard PPO	Out of network**
Durable Medical Equipment	20% after the deductible	40% after the deductible
Behavioral health (mental health and substance abuse services) • inpatient professional services • outpatient professional services (office visits/office therapy) • outpatient professional service (all other services) • outpatient hospital/facility services	 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible	 40% after the deductible 40% after the deductible 40% after the deductible 40% after the deductible
Prescription drugs –Select Network • **retail** (31-day limit) **FlexRx preferred drug list** • closed plan design • preferred generic • preferred brand **Specialty drug list** • Specialty preferred • **90dayRx – Mail order pharmacy** (93-day limit) **FlexRx preferred drug list** • closed plan design • preferred generic • preferred brand • **90dayRx – Retail pharmacy** (93-day limit) **FlexRx preferred drug list** • closed plan design • preferred generic • preferred brand	 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible	 40% after the deductible 40% after the deductible No coverage No coverage No coverage No coverage No coverage
Preventive drug benefit • preferred generic • preferred brand	0% $50 copay	0% $50 copay
Important Information About Your Pharmacy Benefits	The patient will pay the difference if a brand-name drug is dispensed when a generic drug is available. The drug list uses a step therapy program. More information about prescription drug coverage is available at **bluecrossmn.com.** Medicare Part D Creditability: Creditable	

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Better Health Collective Smart Plan SHSA5 Aware

Benefit Summary | Effective Dates January 1, 2026 – December 31, 2026

Key Benefits	In network* MN Network: Aware National Network: Bluecard PPO	Out of network**
What you will pay	You will pay the least when seeing an in-network provider.	You will pay the most when seeing an out-of-network or non-participating provider.
Your deductible The amount you pay per Calendar-year before your health plan starts to pay. In and Out of Network deductible cross apply.	Medical & Rx Combined $4,400 individual $8,800 family	Medical & Rx Combined $8,800 individual $17,600 family
Deductible Type	Embedded - The plan begins paying benefits that require cost sharing for the first family member who meets the individual deductible. The family deductible must then be met by one or more of the remaining family members and then the plan pays benefits for all covered family members.	
Your coinsurance The percent of the allowed amount that you pay after your deductible is met.	0%	20%
Your out-of-pocket maximum The maximum amount you pay per Calendar-year in medical and prescription drug deductibles, coinsurance, and copays. In and Out of Network Out of Pocket Maximums cross apply.	Medical & Rx Combined $4,400 individual $8,800 family	Medical & Rx Combined $13,200 individual $26,400 family
Preventive care • well-child care to age 6 • prenatal care • preventive medical evaluations age 6 and older; cancer screening; preventive hearing and vision exams; immunizations and vaccinations	 0% 0% 0%	 0% 0% 20% after the deductible
Physician services • e-visits • retail health clinic (office visit) • physician office visits • office and outpatient lab services • office and outpatient lab diagnostic imaging • allergy injections and serum • specialist office visits • specialist office and outpatient lab services • Urgent Care professional services	 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible	 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible
Other professional services • chiropractic manipulation (office visit) • chiropractic therapy • home health care • physical therapy, occupational therapy, speech therapy (office visit) • physical therapy, occupational therapy, speech therapy (therapy)	 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible	 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible
Inpatient Facility Services	0% after the deductible	20% after the deductible
Outpatient Facility Services • facility lab services • facility diagnostic imaging • surgery and anesthesia • urgent care services (facility services)	 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible	 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible

Key Benefits	In network* MN Network: Aware National Network: Bluecard PPO	Out of network**
Emergency care • emergency room (facility charges) • professional charges • ambulance (medically necessary transport to the nearest facility equipped to treat the condition)	0% after the deductible 0% after the deductible 0% after the deductible	
Durable Medical Equipment	0% after the deductible	20% after the deductible
Behavioral health (mental health and substance abuse services) • inpatient professional services • outpatient professional services (office visits/office therapy) • outpatient professional service (all other services) • outpatient hospital/facility services	 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible	 20% after the deductible 20% after the deductible 20% after the deductible 20% after the deductible
Prescription drugs –Select Network • **retail** (31-day limit) **FlexRx preferred drug list** • closed plan design • preferred generic • preferred brand **Specialty drug list** • Specialty preferred • **90dayRx – Mail order pharmacy** (93-day limit) **FlexRx preferred drug list** • closed plan design • preferred generic • preferred brand • **90dayRx – Retail pharmacy** (93-day limit) **FlexRx preferred drug list** • closed plan design • preferred generic • preferred brand	 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible 0% after the deductible	 20% after the deductible 20% after the deductible No coverage No coverage No coverage No coverage No coverage
Preventive drug benefit • preferred generic • preferred brand	0% $50 copay	0% $50 copay
Important Information About Your Pharmacy Benefits	The patient will pay the difference if a brand-name drug is dispensed when a generic drug is available. The drug list uses a step therapy program. More information about prescription drug coverage is available at **bluecrossmn.com.** Medicare Part D Creditability: Creditable	

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