City of Tacoma **Memorandum**

To: Elizabeth Pauli, City Manager

From: Katie Johnston, Budget Officer

Date: October 24, 2024

Subject: Fiscal Impact – Continuation of Employee Health and Welfare Benefits 2025

Overview

The City of Tacoma and the Tacoma Joint Labor Committee (JLC), Local 6 Commissioned and Local 6 Community Service Officers (CSO) bargaining units have reached tentative agreements for Letters of Agreement (LOA) effective January 1, 2025, through December 31, 2025. The LOAs as negotiated with the Tacoma JLC and Local 6 provide for the continuation of employee health and welfare benefits for 2025 which will be extended city-wide, including JLC represented members, Local 6 (Commissioned unit and CSO unit) represented members, and non-represented employees.

Agreement

1. The City will maintain current benefit levels and premium shares for 2025.
2. The City will implement state-mandated changes to the Kaiser insurance plan.
3. The City will adjust deductible and Healthcare Savings Account (HSA) contributions on the Regence High Deductible Health Plan (HDHP) as follows:
    - 2025 HDHP Deductible raised to $2,000 individual / $4,000 family
    - 2025 Health Savings Account contribution with Wellness Credit: $1,650/$3,300
    - 2025 Health Savings Account contribution without Wellness Credit: $825/$1,650

Financial Impact of Agreement

The City estimates that maintaining benefit levels and premium shares through 2025 and implementing the state mandated changes to the Kaiser insurance plan will increase healthcare costs by approximately $6M compared to 2024 (largely due to rising health care costs).

The fiscal impact of the change in the deductible and HSA contribution on the Regence HDHP Plan is approximately $60,000 based on active participating employees as of May 2024.

The cost of the health care adjustments will be included in the 2025-2026 Proposed Budget. Departments will be responsible for adhering to their overall level of appropriation.

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