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August 13, 2025

HONORABLE CITY COUNCIL

RE: 2026 Medical, Dental and Vision Plan Rates for City of Detroit Employees

Medical, Dental and Vision companies that provide benefits to active City of Detroit employees and their eligible dependents have submitted rates to be in effect January 1, 2026. The Employees Benefit Plan Governing Board has examined these rates and certified them by Resolution. These rates are hereby submitted for final approval by your Honorable Body.

The Plans are as follows:

Medical Insurances

Blue Cross Blue Shield of Michigan
Health Alliance Plan
Blue Care Network

Dental Insurances

Blue Cross Traditional Plus
DenCap Dental Plan

Vision Insurances

Heritage Vision Plans

Attached are schedules of monthly rates being charged for each plan.

In conclusion, the Governing Board of the City Employee's Benefit Board presents the various rates contained on the attached schedules and recommends that the City Council approve them for application.

Respectfully Submitted,

Denise Starr

Denise Starr
Benefits Administration
Human Resources Director

David Cetlinski

David Cetlinski
Executive Secretary
Employee Benefit Board

Reginald Jenkins

Reginald Jenkins
Chairperson
Employee Benefit Board

Approved:

Tanya Stoudmire
CFO

John Naglick
Chief Deputy CFO/Finance Director

BY COUNCIL MEMBER _____

RESOLVED, that the attached rate schedules for medical benefits for City employees, as submitted by Blue Cross/Blue Shield of Michigan, Blue Care Network and Health Alliance Plan, are effective January 1, 2026 and be it further

RESOLVED, that the attached rate schedules for dental benefits for City employees, as submitted by Blue Cross Traditional Plus, Dencap and DenCap Option 2 (formally Golden Dental) are effective January 1, 2026 and be it further

RESOLVED, that the attached rate schedules for vision benefits for City employees, as submitted by Heritage Vision Plans are effective January 1, 2026.



2025 and 2026 Premium and Illustrative Rates, Employer Costs and Employee Costs

August 2025

Kimberly Wixson / Senior Vice President, Health Consultant
Brian Hunter / Associate Health Consultant

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2026 Renewal Process and Rate Development/ Review

- The City of Detroit (the City) is required to have an actuary develop illustrative rates for its self-funded coverages (i.e., BCBSM PPO and CVS Caremark Rx plans) and review the rate development for its insured plans, where applicable (i.e., HAP HMO, BCN HMO, BCBSM Dental, DenCap, and Heritage Vision).
- For the upcoming 2026 plan year, the City contracted with Segal to provide these actuarial services. Segal actuaries reviewed the information provided by the carriers and developed the self-funded rates.
 - **BCBSM PPO/CVS:** The rates show an overall increase of 5.7% and were produced including the following adjustments.
 - **Medical/Rx Trends:** Medical claims were trended at 7.0%, and prescription drug claims were trended at 12.0%.
 - In addition to developing the self-funded rates, Segal also reviewed the insured rates, where applicable.
 - **HAP HMO:** The renewal provided by HAP had a 10.0% increase to the total premium (including all taxes and fees). The renewal calculations were reasonable and accurate. Enrollment continues to be low in this plan, with 625 subscribers enrolled. We would expect further erosion of enrollment in this plan as it is the highest cost option and there are lower cost PPO and HMO options available for employees.
 - **BCN PCP Focus HMO:** BCN's renewal included a premium increase of 8.5%, including all taxes and fees. We found no significant errors in the renewal calculation. This plan's rates have been fairly stable since its inception in 2018. Due to eligibility changes for all non-union and some union employees (where negotiated), employees are allowed to enroll in just this medical plan for their first calendar year of employment after 30 days from their date of hire (rather than 90 days). In their second calendar year of employment, all medical plans are available for enrollment. This change has led to a significant increase in enrollment over the past three years (1,500 enrolled in 2022 and 3,000 enrolled in 2025) as well as higher claims utilization due to the demographic changes.

2026 Renewal Process and Rate Development/ Review (continued)

- **BCBSM Dental:** As a result of a formal RFP, the 2026 BCBSM three-tiered monthly premium rates of \$29.63 one-person, \$59.27 two-person, and \$103.73 family, respectively. As a composite figure, the calculated the 2026 composite dental premium is \$55.87, or an increase of 7.4% from \$52.02 in 2025. BCBSM has agreed to hold these premiums through 2027, followed by a 9.0% maximum increase in 2028 and an 8.0% maximum increase in 2029.
- **BCBSM Enhanced Dental:** As a result of a formal RFP, the 2026 BCBSM provided tiered monthly premium rates of \$35.18 one-person, \$70.37 two-person, and \$123.15 family, respectively. On a composite basis, this translates to a composite dental premium of \$74.21, which is a 7.4% increase from \$69.10 in 2025.
 - For this plan, the City will only cover the employer cost of the BCBSM Dental plan. Employees will pay 100% of the difference in cost for the Enhanced BCBSM Dental plan.
- **DenCap Dental:** As a result of a formal RFP, DenCap continued the \$40.58 monthly premium. DenCap will hold the premiums through 2028, followed by a 5.3% increase in 2029 to \$42.75.
- **DenCap Enhanced Dental:** As a result of a formal RFP, the monthly premium will increase to \$47.00 from \$43.00 in 2025, or an increase of 9.3%. DenCap will hold the \$47.00 premium through 2028, accompanied by a 5.3% increase in 2029 to \$49.50.
- **Heritage Vision:** Heritage Vision will continue the following premium rates in 2026: \$5.55 for the Basic plan, \$18.11 for the Enhanced plan and \$29.28 for the Premier plan.
 - As with previous years, the City will only cover the employer cost of the Basic plan. Employees will pay 100% of the difference in cost for any of the other offered plans.

The development of the premium equivalent rates in this report represent estimates of future costs and are based on information available to Segal at the time the projections were made. Segal has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, health trend rates, and claims volatility.

Monthly Medical Costs – BCBSM PPO / CVS Rx

Current 2025 Rates / Costs

Coverage Tier	Enrollment	Illustrative Rates	Employer Cost	Employee Cost
One Person	2,676	\$770.93	\$616.74	\$154.19
Two Person	1,090	\$1,618.97	\$1,295.17	\$323.80
Family	1,409	\$2,158.61	\$1,726.88	\$431.73

Assumes enrollment as of 07/2024.

Proposed 2026 Rates / Costs – represents a 5.7% increase

Coverage Tier	Enrollment	Illustrative Rates	Employer Cost	Employee Cost
One Person	2,676	\$814.60	\$651.68	\$162.92
Two Person	1,104	\$1,710.68	\$1,368.54	\$342.14
Family	1,411	\$2,280.89	\$1,824.71	\$456.18

Assumes enrollment as of 04/2025.

Monthly Medical Costs – HAP HMO

Current 2025 Rates / Costs

Coverage Tier	Enrollment	Premium Rates	Employer Cost	Employee Cost
One Person	370	\$915.72	\$732.58	\$183.14
Two Person	134	\$1,923.01	\$1,538.41	\$384.60
Family	122	\$2,564.04	\$2,051.23	\$512.81

Based on final renewal rates provided by HAP on 06/25/2024. Assumes enrollment as of 07/2024.

Proposed 2026 Rates / Costs – represents a 10.0% increase

Coverage Tier	Enrollment	Premium Rates	Employer Cost	Employee Cost
One Person	373	\$1,006.87	\$805.50	\$201.37
Two Person	135	\$2,114.43	\$1,691.54	\$422.89
Family	117	\$2,819.24	\$2,255.39	\$563.85

Based on final renewal rates provided by HAP on 05/27/2025. Assumes enrollment as of 04/2025.

Monthly Medical Costs – BCN HMO

Current 2025 Rates / Costs

Coverage Tier	Enrollment	Premium Rates	Employer Cost	Employee Cost
One Person	1,653	\$452.40	\$438.49	\$13.91
Two Person	420	\$1,085.76	\$1,056.44	\$29.32
Family	619	\$1,357.20	\$1,318.10	\$39.10

Based on final renewal rates provided by BCN on 06/26/2024. Assumes enrollment as of 07/2024.

Proposed 2026 Rates / Costs – represents an 8.5% increase

Coverage Tier	Enrollment	Premium Rates	Employer Cost	Employee Cost
One Person	1,758	\$490.64	\$475.64	\$15.00
Two Person	493	\$1,177.52	\$1,145.52	\$32.00
Family	679	\$1,471.91	\$1,429.91	\$42.00

Based on final renewal rates provided by BCN on 05/30/2025. Assumes enrollment as of 04/2025.

Monthly Dental Costs – BCBSM Dental

BCBSM Dental

Coverage Year	Enrollment	Premium Rate	Employer Cost	Employee Cost
2025	3,443	\$52.02	\$41.62	\$10.40
2026	3,307	\$55.87	\$44.70	\$11.17

BCBSM Enhanced Dental

Coverage Year	Enrollment	Premium Rate	Employer Cost	Employee Cost
2025	2,147	\$69.10	\$41.62	\$27.48
2026	2,797	\$74.21	\$44.70	\$29.51

All 2025 BCBSM enrollment is as of 07/2024 and all 2026 BCBSM enrollment is as of 04/2025. The underlying tiered rates under a rate guarantee through December 31, 2027. The composite rate for 2027 may change due to shifts in enrollment.

Monthly Dental Costs – DenCap Dental

DenCap Dental (formerly Option 1)

Coverage Year	Enrollment	Premium Rate	Employer Cost	Employee Cost
2025	400	\$40.58	\$32.46	\$8.12
2026	366	\$40.58	\$32.46	\$8.12

DenCap Enhanced Dental (formerly Option 2 / Golden Dental)

Coverage Year	Enrollment	Premium Rate	Employer Cost	Employee Cost
2025	1,579	\$43.00	\$31.20	\$11.80
2026	1,570	\$47.00	\$31.20	\$15.80

All 2025 DenCap enrollment is as of 07/2024 and all 2026 DenCap enrollment is as of 04/2025. The proposed rates shown are guaranteed through December 31, 2028.

Monthly Vision Costs – Heritage Vision

Current 2025 Rates / Costs

Coverage Tier	Enrollment	Premium Rates	Employer Cost	Employee Cost
Basic Plan	2,122	\$5.55	\$4.44	\$1.11
Enhanced Plan	2,301	\$18.11	\$4.44	\$13.67
Premier Plan	2,672	\$29.28	\$4.44	\$24.84

All 2025 vision enrollment is as of 07/2024.

Proposed 2026 Rates / Costs

Coverage Tier	Enrollment	Premium Rates	Employer Cost	Employee Cost
Basic Plan	2,220	\$5.55	\$4.44	\$1.11
Enhanced Plan	2,322	\$18.11	\$4.44	\$13.67
Premier Plan	2,630	\$29.28	\$4.44	\$24.84

All 2026 vision enrollment is as of 04/2025.

Preliminary Annual Cost Comparison

Coverage Year	Premium	Employer Cost	Employee Cost
2025 Total	\$128,142,000	\$105,855,600	\$22,286,400
2026 Total	\$136,645,200	\$112,966,800	\$23,678,400
\$ Change	\$8,503,200	\$7,111,200	\$1,392,000
% Change	6.6%	6.7%	6.2%

*This annual cost comparison assumes the most recent enrollment is applied to the 2025 cost estimates.
Assumes actual enrollment as of 04/2025.*

2025 Projected Costs for All Lines of Coverage

2025 Total Monthly and Annual Costs

Coverage Tier	Enrollment	Premium	Employer Cost	Employee Cost
HAP HMO	625	\$901,200	\$720,900	\$180,200
BCBSM PPO	5,191	\$6,896,100	\$5,516,900	\$1,379,200
BCN HMO	2,930	\$2,252,100	\$2,186,700	\$65,500
All Vision Plans	7,172	\$131,400	\$31,900	\$99,500
All Dental Plans	8,040	\$447,700	\$314,900	\$132,800
Monthly Total	-	\$10,628,500	\$8,771,300	\$1,857,200
Annual Total	-	\$127,542,000	\$105,255,600	\$22,286,400
Wex	10,000	\$600,000	\$600,000	\$0
Grand Total	-	\$128,142,000	\$105,855,600	\$22,286,400

Wex fees are based on contracted costs for 10,000 employees, and they include ACA fees as well as additional file feeds. Assumes actual enrollment as of 04/2025.

2026 Projected Costs for All Lines of Coverage

2026 Total Monthly and Annual Costs

Coverage Tier	Enrollment	Premium	Employer Cost	Employee Cost
HAP HMO	625	\$990,900	\$792,700	\$198,200
BCBSM PPO	5,191	\$7,286,800	\$5,829,400	\$1,457,400
BCN HMO	2,930	\$2,442,500	\$2,371,800	\$70,700
All Vision Plans	7,172	\$131,400	\$31,900	\$99,500
All Dental Plans	8,040	\$481,100	\$333,700	\$147,200
Monthly Total	-	\$11,332,700	\$9,359,500	\$1,973,000
Annual Total	-	\$135,992,400	\$112,314,000	\$23,678,400
Wex	10,000	\$652,800	\$652,800	\$0
Grand Total	-	\$136,645,200	\$112,966,800	\$23,678,400

Wex fees are based on contracted costs for 10,000 employees, and they include ACA fees as well as additional file feeds. Assumes actual enrollment as of 04/2025.

2026 Projected Cost Compared to City Budget

Assumes no change to the current enrollment

Benefit Category	FY 2026 City Budget	CY 2026 Employer Cost	% Difference
Medical / Rx	\$110,246,651	\$107,926,800	-2.1%
Dental	\$3,819,895	\$4,004,400	4.8%
Vision	\$763,726	\$382,800	-49.9%
Wex	\$0	\$652,800	-
Total	\$114,830,272	\$112,966,800	-1.6%

- Based on actual enrollment as of 04/2025, the projected employer costs are estimated to be 1.6% under the City budgeted amount for benefits for the 2026 Calendar Year, or by just under \$1.9 million.
- Note that the City Budget is a fiscal year budget running July 2025 through June 2026. However, the Employer Cost projection is based on a calendar year of January 2026 through December 2026.