



21 South Elm Street • Zeeland, Michigan 49464 • (616) 772-6400 • FAX (616) 772-5352

TO: PERSONNEL COMMITTEE:

- Mayor Klynstra
- Mayor Pro Tem Gruppen
- Councilman VanDorp
- BPW Commissioner Chairperson Boerman
- BPW Commissioner Vice-Chair Cooney
- BPW General Manager Boatright
- Timothy R. Klunder, City Manager
- Kevin Plockmeyer, Finance Dir./Assistant City Manager

FROM: Tim Klunder, City Manager

DATE: October 22, 2025

RE: Personnel Committee Agenda

**Wednesday, October 22, 2025
7:00 a.m.
Zeeland City Hall
Main Floor Conference Room**

AGENDA

The agenda for the meeting is:

1. Employee Comments
2. 2026 Health Insurance Renewal
3. 2026 Employee Health/Rx/Dental Contribution Policy
4. Other



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PERSONNEL COMMITTEE MEMORANDUM

TO: Mayor Klynstra and Personnel Committee Members
FROM: Tim Klunder, City Manager
SUBJECT: 2026 Health Insurance Renewal
DATE: October 16, 2025
CC: October 22, 2025 Personnel Committee Agenda

BACKGROUND: For 2026, our proposed rate increase from the Western Michigan Health Insurance Pool (WMHIP) is 6.1% while the city's hard cap is set at 2.9%. The 6.1% increase is the Pool's Adjusted average for Priority customers. For information, our loss ratio (the loss ratio is the difference between what is paid on behalf of the city for health-related services versus what the city pays into the Pool for premiums) was 139%. When adjusted for large claims, it was 109%. You might recall, last year's loss ratio was 178% which was part of the reason we witnessed a 10.2% increase in 2025.

In today's economic climate we believe the Pool continues to be a good health insurance option for us as our team members have received good health coverage, we have been able to offer team members flexible plan options, and our renewals have not witnessed large swings in rate increases in spite of our loss ratios recently. Simply put, participating with other entities in the Pool is protecting us from being "on our own island".

Although we are not faced with last year's 10.2% increase, a 6.1% annual increase is still not insignificant. However, given the city's policy since 2018 is to pay the annual state hard caps with team members paying the premium amounts above the hard caps, the fact that the 2026

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hard cap is 2.9% rather than the 2025 hard cap of .2%, helps “lessen” the increase that our team members will face in 2026.

Attached, you will find the premium rates and the employee contribution calculations for 2026 for our five existing plans (a reminder that we added two plans last year – including a \$0 employee contribution plan). In summary, the bi-weekly amounts for employees on a family plan would be \$0* - \$291.02 (*the amount that goes into a H.S.A. for the \$0 employee contribution plan will be reduced by \$616 annually); for two-person coverage the bi-weekly amounts would be \$20.21 - \$264.49; and single coverage bi-weekly amounts would be \$0* - \$95.61 (*the amount that goes into a H.S.A. for the \$0 employee contribution plan will be reduced by \$214 annually). These amounts equate to family plan increases on a bi-weekly basis of \$0 - \$41.15; for two-person coverages the bi-weekly increases would be \$19.89 - \$33.93; and single coverage bi-weekly increases would be \$0 - \$14.45. On a percentage basis, employees would pay between 0% - 29% of the annual plan cost depending on the plan they choose.

For the city’s part, our annual increases per team member would range from \$223.83 – \$610.45 annually. As a reminder, the city is capped at the 2.9% increase under the hard cap formula for 2026. For Fiscal Year 2025/2026, the city actually budgeted for a mid-year hard cap increase, and a subsequent 2.9% hard cap increase or \$1,395,863 in health care costs. Given the actual hard cap is less than we budgeted and there was no mid-year adjustment to the hard cap, we project FY 25/26 will be closer to \$1,302,480, or \$93,383 under budget.

We are not recommending any changes to the five existing plans’ coverage limits with the exception of one change mandated by IRS regulations. That change is that our 2025 high-deductible plan with deductible amounts of \$1,650 (single) and \$3,300 (two-person and family) amounts will need to increase to \$1,700/\$3,400 per IRS regulations in order to qualify as a high-deductible plan. Consistent with our past practice, we are not recommending that we increase the amount contributed into an employee’s H.S.A. so those amounts would

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remain at \$625 (single) and \$1,250 (two-person or family) for these plans. A proposed amended funding policy to reflect these new minimums is included in the packet.

RECOMMENDATIONS:

1. Move to accept the leadership team's recommendation to renew the 2025 health plans with the Western Michigan Health Insurance Pool for 2026.
2. Move to accept the leadership team's recommendation to amend the *Funding Policies for Full-Time Employee Health/Rx/Dental Coverage as of January 1, 2026* as presented.

Timothy R. Klunder, City Manager

(8.7% Pool Ave + 1.5% Rate Band)

2025		3300	4000
Family	PPO	HSA	HSA
2025 Hard Cap (.2%)	\$ 21,049.85	\$ 21,049.85	\$ 21,049.85
2025 Rates (10.2%)	\$ 27,546.48	\$ 24,928.80	\$ 23,540.16
HSA Contribution		\$ 1,250.00	\$ 2,000.00
Employee Amount	\$ 6,496.63	\$ 5,128.95	\$ 4,490.31
Bi-Weekly Amount*	\$ 249.87	\$ 197.27	\$ 172.70
Bi-Weekly Difference	\$ 96.45	\$ 87.13	\$ 82.19
Annual Difference	\$ 2,507.62	\$ 2,265.46	\$ 2,136.82

*Amounts above assume full wellness credit

(8.7% Pool Ave + 1.5% Rate Band)

2025		3300	4000
Two-Person	PPO	HSA	HSA
2025 Hard Cap (.2%)	\$ 16,141.28	\$ 16,141.28	\$ 16,141.28
2025 Rates (10.2%)	\$ 22,135.68	\$ 20,032.44	\$ 18,917.52
HSA Contribution		\$ 1,250.00	\$ 2,000.00
Employee Amount	\$ 5,994.40	\$ 5,141.16	\$ 4,776.24
Bi-Weekly Amount	\$ 230.55	\$ 197.74	\$ 183.70
Bi-Weekly Difference	\$ 77.56	\$ 70.07	\$ 66.10
Annual Difference	\$ 2,016.54	\$ 1,821.90	\$ 1,718.70

(8.7% Pool Ave + 1.5% Rate Band)

2025		1650	2000
Single	PPO	HSA	HSA
2025 Hard Cap (.2%)	\$ 7,718.26	\$ 7,718.26	\$ 7,718.26
2025 Rates (10.2%)	\$ 9,828.48	\$ 8,903.16	\$ 8,407.80
HSA Contribution		\$ 625.00	\$ 1,000.00
Employee Amount	\$ 2,110.22	\$ 1,809.90	\$ 1,689.54
Bi-Weekly Amount	\$ 81.16	\$ 69.61	\$ 64.98
Bi-Weekly Difference	\$ 34.40	\$ 31.10	\$ 29.34
Annual Difference	\$ 894.31	\$ 808.63	\$ 762.79

2025		6000	4000
Family	Alt. HAS 80%	Alt. HAS 80%	
2025 Hard Cap (.2%)	\$ 21,049.85	\$ 21,049.85	
2025 Rates	\$ 20,100.60	\$ 21,069.24	
HSA Contribution	\$ 949.25	\$ 2,000.00	
Employee Amount	\$ -	\$ 2,019.39	
Bi-Weekly Amount*	\$ -	\$ 77.67	
Bi-Weekly Difference	\$ (90.52)	\$ (12.85)	
Annual Difference	\$ -	\$ (2,353.49)	\$ (334.10)

*Amounts above assume full wellness credit

2025		6000	4000
Two-Person	Alt. HAS 80%	Alt. HAS 80%	
2025 Hard Cap (.2%)	\$ 16,141.28	\$ 16,141.28	
2025 Rates Projected	\$ 16,152.24	\$ 16,930.56	
HSA Contribution	\$ -	\$ 2,000.00	
Employee Amount	\$ 10.96	\$ 2,789.28	
Bi-Weekly Amount	\$ 0.42	\$ 107.28	
Bi-Weekly Difference	\$ (117.18)	\$ (10.32)	
Annual Difference	\$ -	\$ (3,046.58)	\$ (268.26)

2025		3000	2000
Single	Alt. HAS 80%	Alt. HAS 80%	
2025 Hard Cap (.2%)	\$ 7,718.26	\$ 7,718.26	
2025 Rates Projected	\$ 7,178.88	\$ 7,524.84	
HSA Contribution	\$ 539.38	\$ 1,000.00	
Employee Amount	\$ -	\$ 806.58	
Bi-Weekly Amount	\$ -	\$ 31.02	
Bi-Weekly Difference	\$ (35.64)	\$ (4.62)	
Annual Difference	\$ -	\$ (926.75)	\$ (120.17)

(6.1% Pool Ave + 0% Rate Band)

2026		3400	4000
Family	PPO	HSA	HSA
2026 Hardcap (2.9%)	\$ 21,660.30	\$ 21,660.30	\$ 21,660.30
2026 Rates (6.1%)	\$ 29,226.84	\$ 26,449.44	\$ 24,976.08
HSA Contribution		\$ 1,250.00	\$ 2,000.00
Employee Amount	\$ 7,566.54	\$ 6,039.14	\$ 5,315.78
Bi-Weekly Amount*	\$ 291.02	\$ 232.27	\$ 204.45
Bi-Weekly Difference	\$ 41.15	\$ 35.01	\$ 31.75
Annual Difference	\$ 1,069.91	\$ 910.19	\$ 825.47

*Amounts above assume full wellness credit

(6.1% Pool Ave + 0% Rate Band)

2026		3400	4000
Two-Person	PPO	HSA	HSA
2026 Hardcap (2.9%)	\$ 16,609.38	\$ 16,609.38	\$ 16,609.38
2026 Rates (6.1%)	\$ 23,486.04	\$ 21,254.40	\$ 20,071.56
HSA Contribution		\$ 1,250.00	\$ 2,000.00
Employee Amount	\$ 6,876.66	\$ 5,895.02	\$ 5,462.18
Bi-Weekly Amount	\$ 264.49	\$ 226.73	\$ 210.08
Bi-Weekly Difference	\$ 33.93	\$ 28.99	\$ 26.38
Annual Difference	\$ 882.26	\$ 753.86	\$ 685.94

(6.1% Pool Ave + 0% Rate Band)

2026		1700	2000
Single	PPO	HSA	HSA
2026 Hardcap (2.9%)	\$ 7,942.09	\$ 7,942.09	\$ 7,942.09
2026 Rates (6.1%)	\$ 10,428.00	\$ 9,446.28	\$ 8,920.68
HSA Contribution		\$ 625.00	\$ 1,000.00
Employee Amount	\$ 2,485.91	\$ 2,129.19	\$ 1,978.59
Bi-Weekly Amount	\$ 95.61	\$ 81.89	\$ 76.10
Bi-Weekly Difference	\$ 14.45	\$ 12.28	\$ 11.12
Annual Difference	\$ 375.69	\$ 319.29	\$ 289.05

(6.1% Pool Ave + 0% Rate Band)

2026		6000	4000
Family	Alt. HAS 80%	Alt. HAS 80%	
2026 Hardcap (2.9%)	\$ 21,660.30	\$ 21,660.30	
2026 Rates (6.1%)	\$ 21,326.76	\$ 22,354.44	
HSA Contribution	\$ 333.54	\$ 2,000.00	
Employee Amount	\$ -	\$ 2,694.14	
Bi-Weekly Amount*	\$ -	\$ 103.62	
Bi-Weekly Difference	\$ -	\$ 25.95	
Annual Difference	\$ -	\$ -	\$ 674.75

(6.1% Pool Ave + 0% Rate Band)

2026		6000	4000
Two-Person	Alt. HAS 80%	Alt. HAS 80%	
2026 Hardcap (2.9%)	\$ 16,609.38	\$ 16,609.38	
2026 Rates (6.1%)	\$ 17,137.56	\$ 17,963.40	
HSA Contribution	\$ -	\$ 2,000.00	
Employee Amount	\$ 528.18	\$ 3,354.02	
Bi-Weekly Amount	\$ 20.31	\$ 129.00	
Bi-Weekly Difference	\$ 19.89	\$ 21.72	
Annual Difference	\$ -	\$ 517.22	\$ 564.74

(6.1% Pool Ave + 0% Rate Band)

2026		3000	2000
Single	Alt. HAS 80%	Alt. HAS 80%	
2026 Hardcap (2.9%)	\$ 7,942.09	\$ 7,942.09	
2026 Rates (6.1%)	\$ 7,616.76	\$ 7,983.84	
HSA Contribution	\$ 325.33	\$ 1,000.00	
Employee Amount	\$ -	\$ 1,041.75	
Bi-Weekly Amount	\$ -	\$ 40.07	
Bi-Weekly Difference	\$ -	\$ 9.05	
Annual Difference	\$ -	\$ -	\$ 235.17



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Funding Policies for Full-Time Employee Health/Rx/Dental Coverage
as of January 1, 2026

- Employees that are eligible for health insurance that elect the Priority Health 90/70 PPO Versatile Plan through the Western Michigan Health Insurance Pool will pay the premium above the state mandated hard cap.
- Employees that are eligible for health insurance that elect a Priority Health H.S.A. Plan with a \$1,700 deductible for single coverage or \$3,400 deductible for two-person or family coverage through the Western Michigan Health Insurance Pool will pay the premium plus the employer H.S.A. contribution amount above the state mandated hard cap. Employees that elect this coverage will receive \$625 toward their H.S.A. for single coverage or \$1,250 for two-person or family coverage. The amount placed into an employee's H.S.A. will be pro-rated for an employee that starts health coverage after January 1.
- Employees that are eligible for health insurance that elect Priority Health H.S.A. Plan with a \$2,000 deductible for single coverage or \$4,000 deductible for two-person or family coverage through the Western Michigan Health Insurance Pool will pay the premium plus the employer H.S.A. contribution amount above the state mandated hard cap. Employees that elect this coverage will receive \$1,000 toward their H.S.A. for single coverage or \$2,000 for two-person or family coverage. The amount placed into an employee's H.S.A. will be pro-rated for an employee that starts health coverage after January 1.
- Employees that are eligible for health insurance that elect Priority Health H.S.A. Plan with a \$3,000 deductible for single coverage or \$6,000 deductible for two-person or family coverage through the Western Michigan Health Insurance Pool will not have an employee contribution amount for health insurance IF the plan's premium amount is below the state mandated hard cap. If the plan's premium is above the state mandated hard cap, employees will pay the premium above the state mandated hard cap. If the plan's premium is below the state mandated hard cap, the difference between the state mandated hard cap and the plan premium (determined annually) will be deposited into an employees' H.S.A. account. The amount placed into an employee's H.S.A. will be pro-rated for an employee that starts health coverage after January 1.
- Wellness Plan provisions will remain as approved by City Council on June 2, 2011 or as amended by City Council thereafter. Employee Wellness Plan contribution credits not



earned by the employee and/or spouse will be added to the employee premium contribution above the state mandated hard caps.

- There is no employee contribution for dental coverage for active employees.
- Employees that elect to opt-out of health/Rx and dental coverage will be paid \$1,000 per year in lieu of taking the coverage from the city. The \$1,000 will be distributed over one year in equal installments with the employees' regular bi-weekly check.

Part-time Employees Under Patient Protection and Affordable Care Act (PPACA)
as of May 6, 2013

The new health care provisions of the Patient Protection and Affordable Care Act (PPACA) mandate that the City provide health coverage to "essentially all" full-time employees. The federal definition of full-time employees includes part-time workers who average thirty (30) or more hours per week. It has long been the City's policy that employees working less than forty (40) hours per week are not entitled to health care benefits.

To manage our responsibilities under PPACA, the following policy is adopted:

1. All part-time employees must report actual hours worked. Part-time employees include all persons who receive a W-2 from the City and typically work less than a forty (40) hour work week. Part-time employees include hourly workers, elected and appointed boards and commissions, election workers, reserve police officers, and persons who are paid-on-call or at a flat rate.
2. Management will establish and enforce work schedules that do not allow part-time employees to average thirty (30) or more hours per week during the measurement period.
3. The measurement period will be a twelve (12) month period commencing on October 1st of each year and ending September 30th of each year, except the first measuring period will be six (6) months beginning May 1, 2013 and ending October 31, 2013.
4. A ninety (90) day administrative period will follow each measurement period. The administrative period will commence on October 1st of each year and end on December 31st of each year, except the first administrative period will be sixty (60) days beginning

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November 1, 2013. During the administrative period hours tracked during the measurement period are reviewed to ensure the city continues to meet the PPACA definition of offering health coverage to essentially all full-time employees.

5. **IF** it is found that the city does not meet the “essentially all” definition of offering health coverage, the city will offer health insurance to the employees that do not receive coverage at the conclusion of the measurement period, but averaged 30 or more hours per week during said measurement period. Health coverage provisions:
- a. Employees averaging thirty (30) or more hours worked per week during the measurement period are provided notice of their health coverage options.
 - b. Employees eligible for City provided health coverage are enrolled in the plan for the period commencing January 1 of each year unless the employee opts out of the City’s health coverage.
 - c. A twelve (12) month stability period (health coverage eligibility) will commence immediately following the administrative period. It will begin on January 1st of each year and end on December 31st of each year. The first stability period will begin January 1, 2014.
 - d. It is the intent of the city to offer coverage to the employee only (single coverage); the plan will be a 60% actuarial equivalent of the plan currently offered to employees that are classified as full-time by the city (40 hours per week); and the minimum contribution will be 20% toward the premium.

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THE POOL

Transforming Your
Wellbeing Together

City of Zeeland
2025 Year in Review

2025 Plan Performance

Average Medical Lives	Premium Paid	Paid Medical Claims	Paid Rx Claims	Claims over \$900K	Total Paid Net Claims	Fixed Costs	Claims Incurred Not Paid	Rx Rebate	Total Plan Costs	Subsidy from Pool	YE Loss Ratio	Loss Ratio Adjusted for Large Claims
74	\$1,353,684	\$1,498,388	\$391,156	\$0	\$1,889,544	\$102,007	\$7,102	-\$120,993	\$1,877,659	-\$523,975	139%	109%



'The Pool's growth continues. Now with 230+ organizations and strong momentum heading into 2026. As we scale, our foundational pillars of member-focus, trust, and value remain unwavering and central to everything we do. This growth only deepens our resolve - we're more committed than ever to our members. We'll continue to listen intently to better understand each member's unique needs while delivering quality care at the best possible price. Thank you for your leadership and steadfast commitment to making The Pool the premier choice for public sector organizations in Michigan.'

-Dennis Furton, Pool Chair

City of Zeeland is rate protected with a standard Pool increase of 9.1%

Interested in joining a committee?
Learn more about each below and reach out to ThePool.Admin@ajg.com to get involved!

Pool Provided Value Adds



Learn more about the new digestive health support



The Pool Life and Disability Cooperative was formed in 2020 with 34 initial employers participating, accounting for total annual savings over \$360,000. The Cooperative is administered by National Insurance Services (NIS) and insured by Madison National Life (MNL). Pool employer groups take advantage of group underwriting savings, while still having individual autonomy of plan design and rate structure. The rate guarantee with MNL continues through 2025.

Available to all groups with 50+ enrolled in Life/LTD.

20 years
of supporting members

Value Committee:

Analyzes data to identify the best programs to keep members healthy whilst controlling future healthcare costs.

Member Experience Committee:

Enhances the client experience by engaging members with timely and relevant communications.

THE POOL

Michigan Health Insurance

2026 Renewal
Prepared for City of Zeeland

20
years
of supporting
members

Adjusted Pool-Standard Renewal 6.1%

Rate Protection Impact 0%

Rate Adjustment 6.1%

Description		Benefits	Enrollment	2025 Premium Rate		2026 Premium Rate	
PRIORITY 250 PHZE1	PHZE1	Deductible:	\$250/\$500	5	Single	\$819.04	Single \$869.00
		Coinsurance:	90%	5	Double	\$1,844.64	Double \$1,957.17
		Rx Coverage:	\$10/20%/20%	11	Family	\$2,295.54	Family \$2,435.57
PRIORITY HSA LEVEL PHZE2	PHZE2	Deductible:	\$1700/\$3400	2	Single	\$741.93	Single \$787.19
		Coinsurance:	100%	0	Double	\$1,669.37	Double \$1,771.20
		Rx Coverage:	\$10/20%/20%	1	Family	\$2,077.40	Family \$2,204.12
PRIORITY HSA 2000 PHZE3	PHZE3	Deductible:	\$2000/\$4000	4	Single	\$700.65	Single \$743.39
		Coinsurance:	100%	5	Double	\$1,576.46	Double \$1,672.63
		Rx Coverage:	\$10/20%/20%	7	Family	\$1,961.68	Family \$2,081.34
PRIORITY HSA 2000 PHZE4	PHZE4	Deductible:	\$2000/\$4000	2	Single	\$627.07	Single \$665.32
		Coinsurance:	80%	6	Double	\$1,410.88	Double \$1,496.95
		Rx Coverage:	\$10/20%/20% after deductible	16	Family	\$1,755.77	Family \$1,862.87
PRIORITY HSA 3000 PHZE5	PHZE5	Deductible:	\$3000/\$6000	7	Single	\$598.24	Single \$634.73
		Coinsurance:	80%	2	Double	\$1,346.02	Double \$1,428.13
		Rx Coverage:	\$10/\$40/\$80	2	Family	\$1,675.05	Family \$1,777.23

How Does Your Loss Ratio Compare With Other Pool Members?

▲ = Your Group



If you have questions regarding your rates or plans, or would like to look at other options, please reach out to a member of your Gallagher support team:

Mike Hagerty: Michael_Hagerty@ajg.com

Chris Glass: Chris_Glass@ajg.com

Leslie Nowaczyk: Leslie_Nowaczyk@ajg.com

Ashley Contreras: Ashley_Contreras@ajg.com

Leslie Nowaczyk: Leslie_Nowaczyk@ajg.com



Insurance | Risk Management | Consulting



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RACHAEL EUBANKS
STATE TREASURER

March 28, 2025

**PUBLIC EMPLOYER CONTRIBUTIONS TO MEDICAL BENEFIT PLANS
ANNUAL COST LIMITATIONS – CALENDAR YEAR 2026**

For a medical benefit plan coverage year beginning on or after January 1, 2012, MCL 15.563, as last amended by 2018 Public Act 477, sets a limit on the amount that a public employer may contribute to a medical benefit plan.

For medical benefit plan coverage years beginning on or after January 1, 2013, MCL 15.563 provides that the dollar amounts that are multiplied by the number of employees with each coverage type be adjusted annually. Specifically, the dollar amounts shall be adjusted, by October 1 of each year after 2011 and before 2019, by the change in the medical care component of the United States consumer price index for the most recent 12-month period for which data are available. By April 1 of each year after 2018, the dollar amounts shall be adjusted by the change in the medical care component of the U.S. consumer price index for the most recent 12-month period for which data are available. For calendar year 2025, the limit on the amount that a public employer may contribute to a medical benefit plan was set to the sum of the following:

- \$7,718.26 times the number of employees and elected public officials with single-person coverage
- \$16,141.28 times the number of employees and elected public officials with individual-and-spouse coverage or individual-plus-1-nonspouse-dependent coverage
- \$21,049.85 times the number of employees and elected public officials with family coverage.

The limits for 2026 equal the 2025 limits increased by **2.9 percent**. The 2.9 percent is the percentage change in the medical care component from the period March 2023-February 2024 to the period March 2024-February 2025.

Thus, for medical benefit plan coverage years beginning on or after January 1, 2026, the limit on the amount that a public employer may contribute to a medical benefit plan equals the sum of the following:

- \$7,942.09 times the number of employees and elected public officials with single-person coverage
- \$16,609.38 times the number of employees and elected public officials with individual -and-spouse coverage or individual-plus-1-nonspouse-dependent coverage
- \$21,660.30 times the number of employees and elected public officials with family coverage.

Rachael Eubanks

Rachael Eubanks
State Treasurer

March 28, 2025