

EC-26-78

CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor



Mayor Timothy M. Keller

INTER-OFFICE MEMORANDUM

February 27, 2026

TO: Klarissa J. Peña, President, City Council

FROM: Timothy M. Keller, Mayor *TMK*

SUBJECT: Insurance and Benefits Survey

The City of Albuquerque Department of Human Resources respectfully submits the results of R-25-144, a survey conducted to assess employee satisfaction with the City's benefits package.

In accordance with the Resolution, the Department has completed the survey process and compiled the findings for review. The results provide valuable insight into employee perspectives regarding the City's current benefits offerings and will help inform future evaluations and potential improvements.

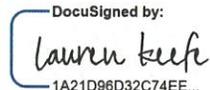
Please let us know if the City Council requires any additional information or further analysis.

SUBJECT: Insurance and Benefits Survey

Approved:


Samantha Sengel, EdD Date
Chief Administrative Officer

Approved as to Legal Form:

DocuSigned by:
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Lauren Keefe Date
City Attorney

Recommended:

DocuSigned by:
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Ian Stoker Date
Director

Cover Analysis

1. What is it?

This is a submission of the City of Albuquerque employee survey results of R-25-144 regarding the satisfaction with the City's benefits package.

2. What will this piece of legislation do?

This legislation provides City Council with the results of the City of Albuquerque employee survey regarding insurance and benefits.

3. Why is this project needed?

This project is needed to provide City Council with the results of the employee survey regarding insurance and benefits.

4. How much will it cost and what is the funding source?

There is no fiscal impact associated with this Executive Communication. No funding is required.

5. Is there a revenue source associated with this contract? If so, what level of income is projected?

There is no revenue associated with this Executive Communication.

6. What will happen if the project is not approved?

N/A

7. Is this service already provided by another entity?

No.

FISCAL IMPACT ANALYSIS

TITLE: Insurance and Benefits Survey

R: O:
FUND: 710

DEPT: Human Resources

- No measurable fiscal impact is anticipated, i.e., no impact on fund balance over and above existing appropriations.
- (If Applicable) The estimated fiscal impact (defined as impact over and above existing appropriations) of this legislation is as follows:

	2026	Fiscal Years 2027	2028	Total
Base Salary/Wages				-
Fringe Benefits at				-
Subtotal Personnel	-	-	-	-
Operating Expenses				-
Property				-
Indirect Costs	-	-	-	-
Total Expenses	\$ -	\$ -	\$ -	\$ -
<input type="checkbox"/> Estimated revenues not affected				
<input type="checkbox"/> Estimated revenue impact				
Revenue from program		-	-	0
Amount of Grant			-	
City Cash Match				
City Inkind Match				
City IDOH	-	-	-	-
Total Revenue	\$ -	\$ -	\$ -	\$ -

These estimates do not include any adjustment for inflation.

* Range if not easily quantifiable.

Number of Positions created

COMMENTS: There is no fiscal impact associated with this Executive Communication. No funding is required.

COMMENTS ON NON-MONETARY IMPACTS TO COMMUNITY/CITY GOVERNMENT:

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CITY ECONOMIST

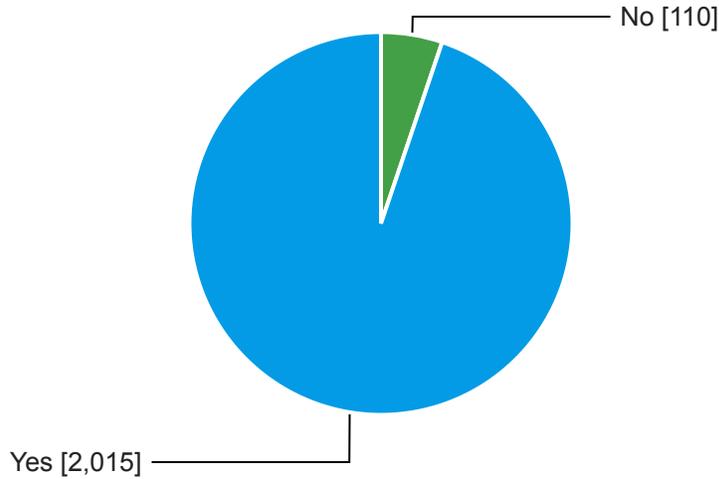
City of Albuquerque 2025 Employee Survey



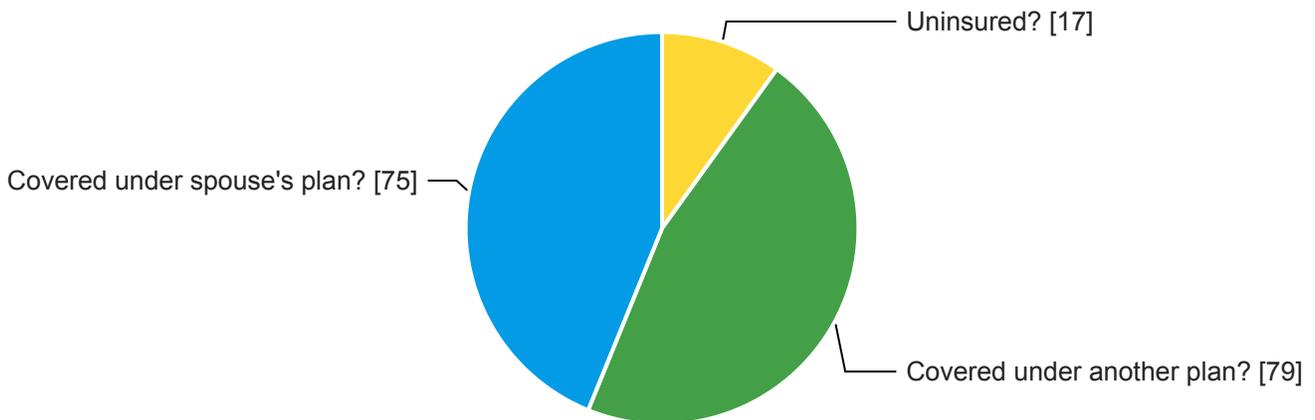
Introduction

We are pleased to present the results of the recent employee survey conducted for the City of Albuquerque. This survey was released on September 29th, 2025 and remained open until January 7th, 2026, providing valuable insights into the perspectives and experiences of the City's workforce. As the City's Benefits Consultant, McGriff, Marsh McLennan Agency (MMA), has carefully analyzed the data and identified several key observations that will help guide future benefits strategies and enhance employee engagement. The following report highlights these findings and offers actionable recommendations to support the City's ongoing commitment to its employees.

Q1 - Are you currently enrolled in the CITY OF ALBUQUERQUE employee health care plan?

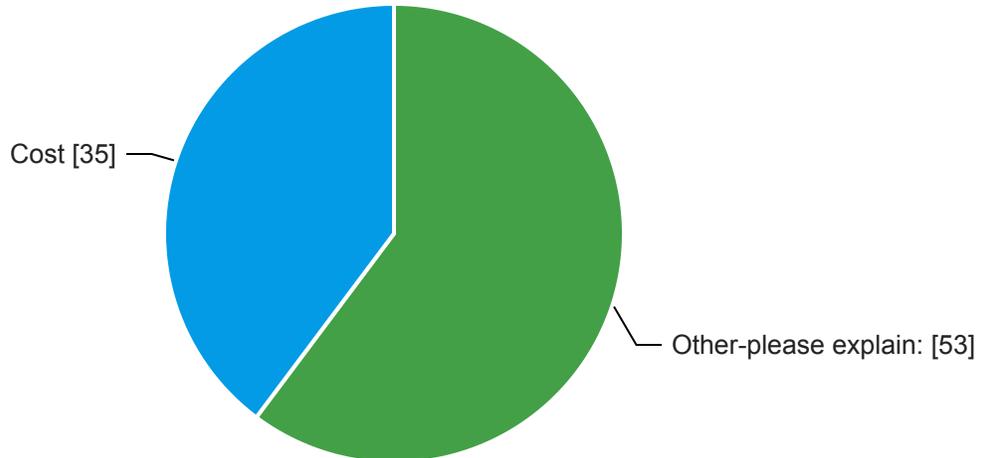


Q2 - If you answered no to question 1, are you:



Consultant Note: Slightly less than 1/3 of the City of Albuquerque's employees responded to this survey leaving 2/3 with no feedback. Findings can be skewed as a result.

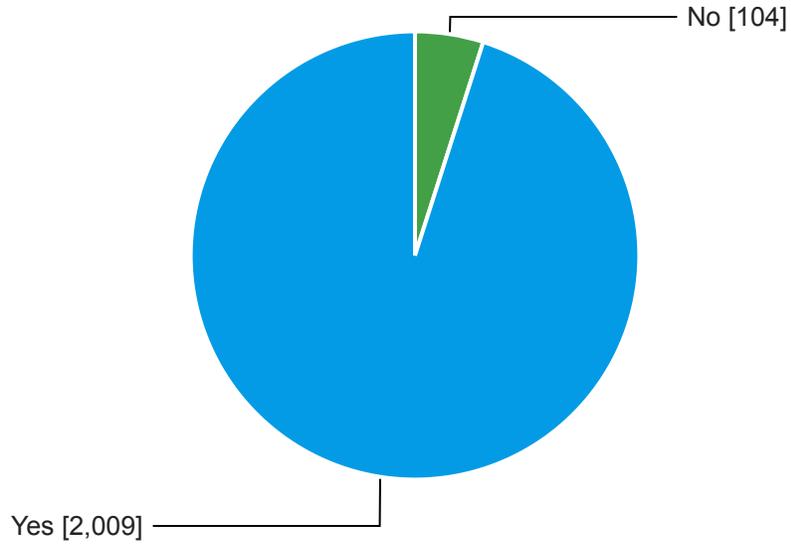
Q3- If you do not have health insurance, are you uninsured because of:



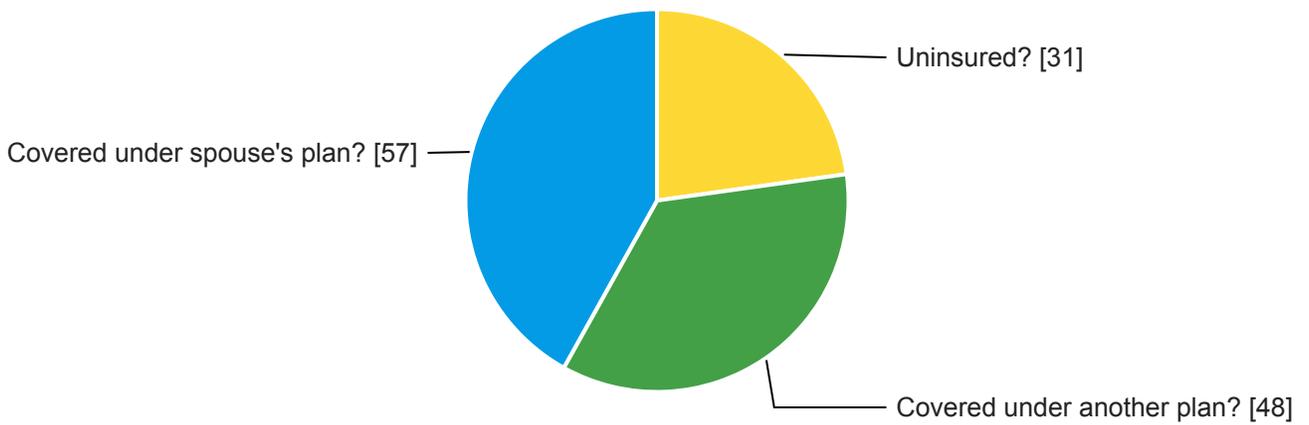
Q3a- If you do not have health insurance, are you uninsured because of:
Other-please explain:

- VA Coverage
- ACA Cost Concerns especially for interns or graduate students without other options
- Indian Health Service (IHS)
- Medicare
- Medicaid
- Other Insurance Plans: Tricare, rely on family member's insurance
- Expressed dissatisfaction with certain plans
- Copay's and costs are a concern for some
- General coverage status : missing sign up dates

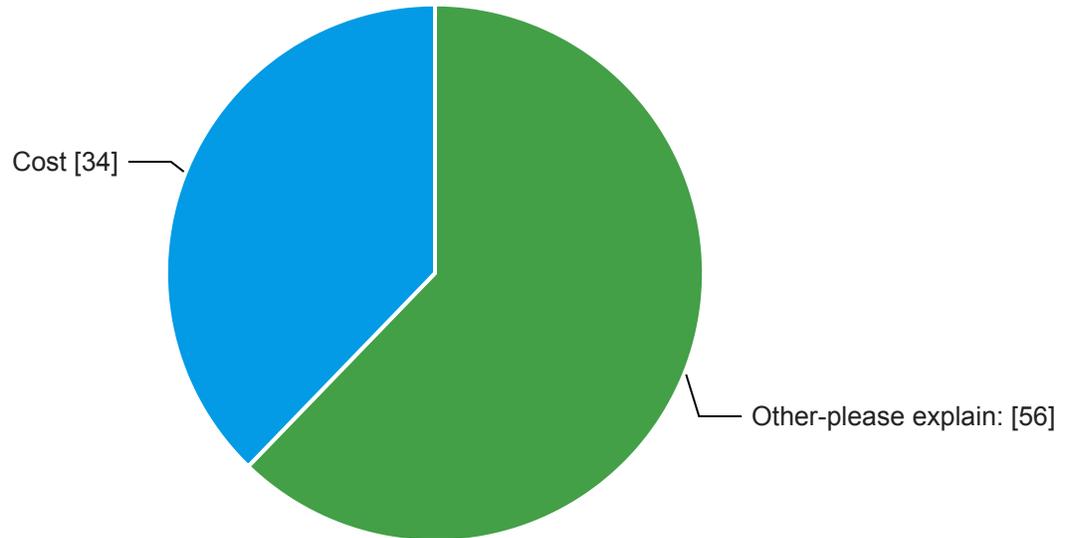
Q4 -Are you currently enrolled in the CITY OF ALBUQUERQUE employee dental care plan?



Q5 - If you answered no to Question 4, are you:



Q6 - If you do not have dental insurance, are you uninsured because of:

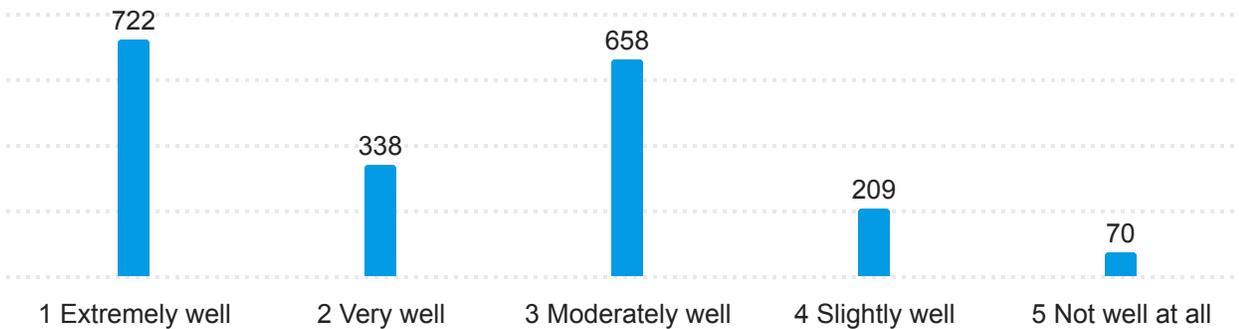


Q6a- If you do not have dental insurance, are you uninsured because of: other-please explain:

- Dental coverage often from family, VA, or IHS, but gaps occur due to missed enrollments and plan changes.
- High costs and limited in-network dentists cause out-of-pocket expenses or alternative care.
- Many use family connections or membership deals for affordable dental care; attitudes vary by need.

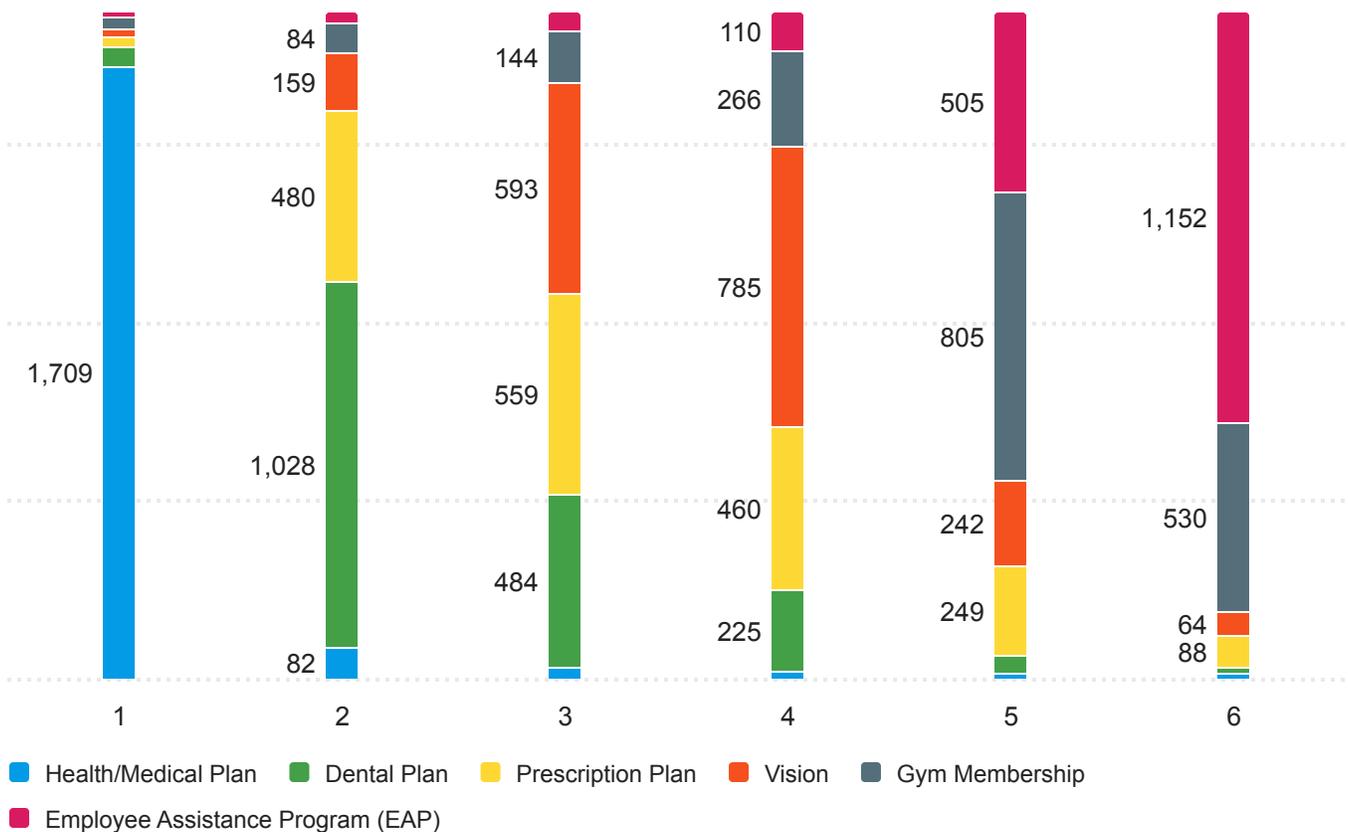
Consultant Note: Only 47 respondents and results are skewed.

Q7 - Please select a number from 1 to 5 to indicate your level of understanding of your benefits. (1 means you understand your benefits very well, and 5 means you do not understand them at all. Numbers between 1 and 5 reflect varying levels of understanding, with lower numbers indicating better understanding and higher numbers indicating less understanding.)



Consultant Note: Overall, most respondents lean toward better understanding Ratings (1-3), but there is a notable middle group (3) indicating, moderate understanding.

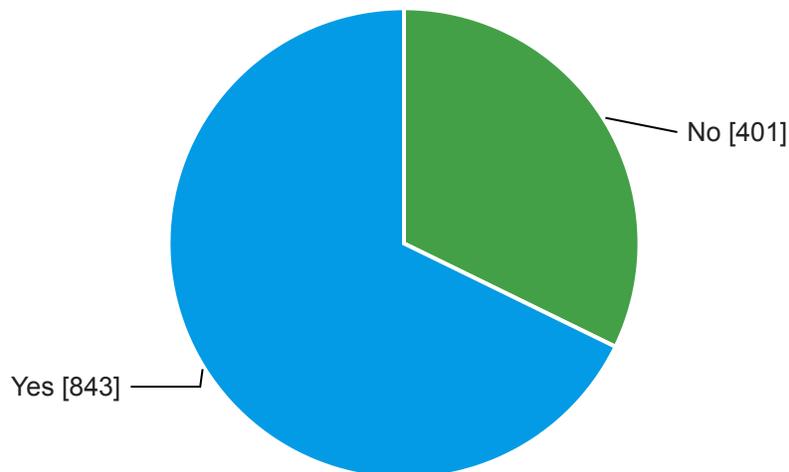
Q8 - Please rank the following benefit plans in order of importance



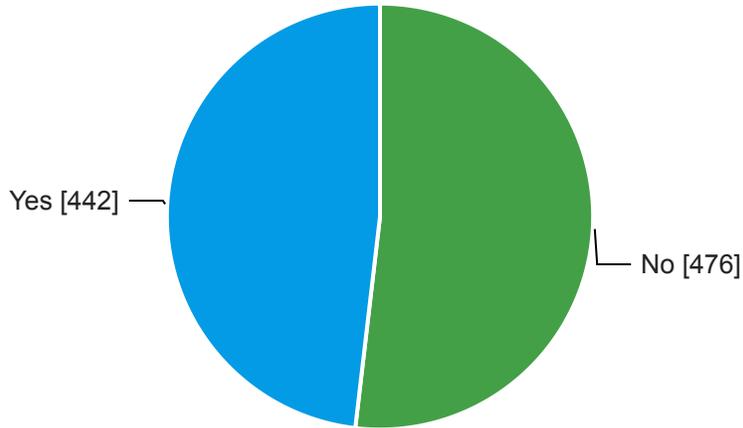
Q8 - Please rank the following benefit plans in order of importance to you

Field	1	2	3	4	5	6
Health/Medical Plan	1,709	82	30	18	12	13
Dental Plan	59	1,028	484	225	51	17
Prescription Plan	28	480	559	460	249	88
Vision	21	159	593	785	242	64
Gym Membership	35	84	144	266	805	530
Employee Assistance Program (EAP)	12	31	54	110	505	1,152

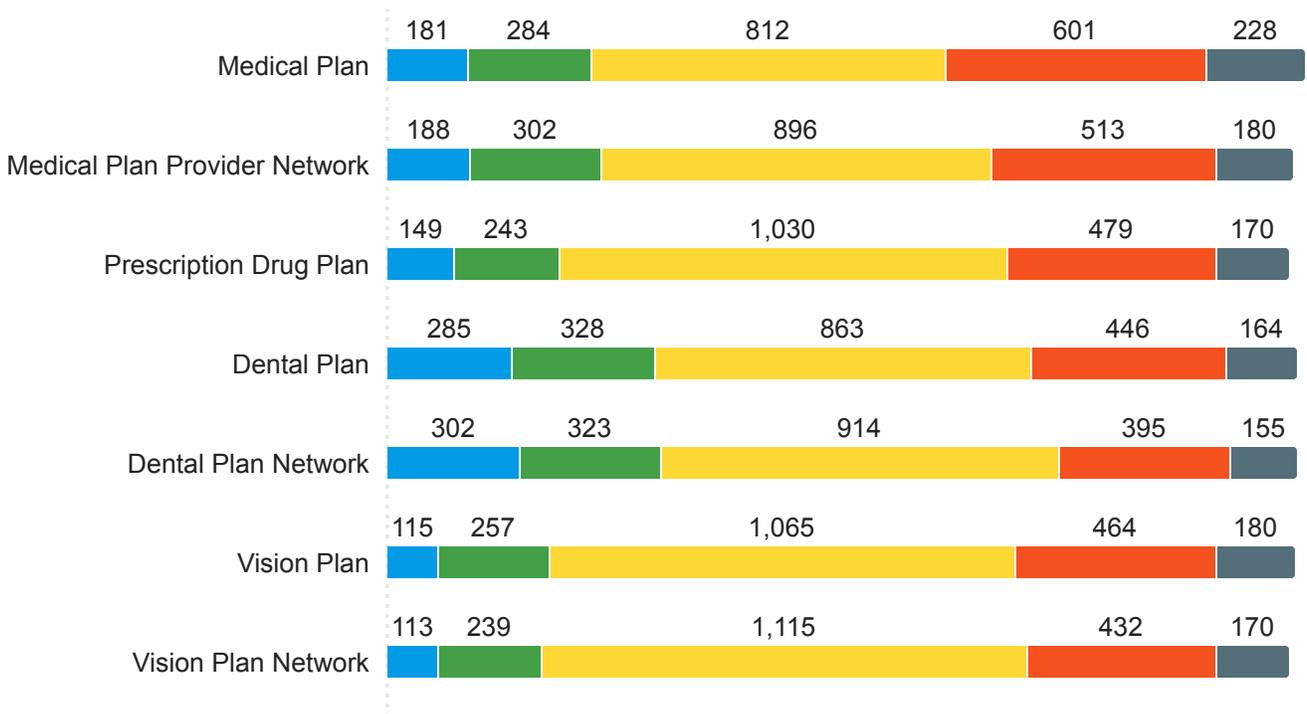
Q9 - Is your spouse eligible for medical insurance and/or other benefits from his or her own employer?



Q10 - If your spouse is eligible for benefits from his or her own employer, does he or she participate in those benefit plans?



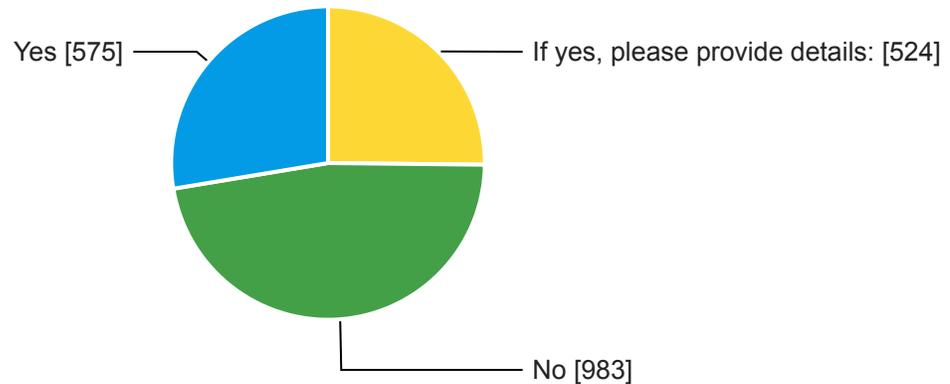
Q11 - Please mark the answer that best describes your overall feeling about the indicated City of Albuquerque benefit plans or plan elements.



■ Poor
 ■ Below Average
 ■ Average
 ■ Above Average
 ■ Excellent

Consultant Note: The City of Albuquerque responses reflect 77.3% are average, above average, or excellent. This compares favorably when comparing to similar entities survey results, which average at 69.5%.

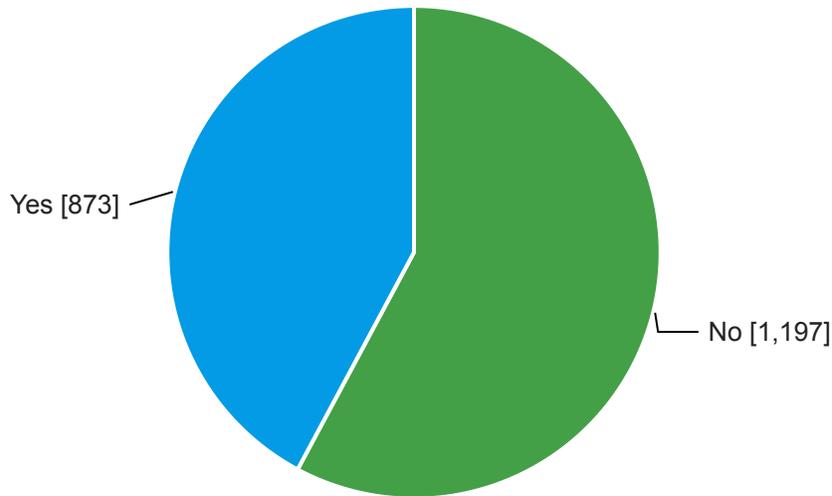
Q12 -Have you or your dependents experienced an increase in copays for physician office visits or prescriptions?



Q12a -If yes, please provide details:

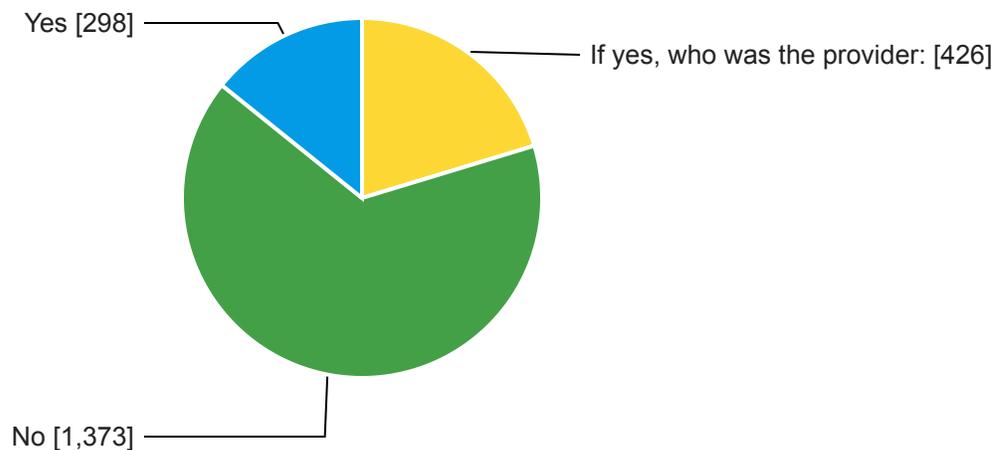
- Healthcare costs have risen across co-pays, deductibles, premiums, prescriptions, dental, vision, and urgent care.
- Co-pays often doubled and now apply to previously free services like telemedicine and wellness visits.
- Switching plans (e.g., Presbyterian to UHC or BCBS) led to less coverage, higher costs, and fewer providers.
- Common problems include billing errors, surprise charges, reduced preventive care, and stricter treatment rules.
- Many experience financial strain, lost benefits, and delay or avoid care due to higher out-of-pocket costs.

Q13 - Have you or your dependents experienced an increase in prescription coverage cost?



Consultant Note: We have identified formulary updates as the cause of perceived plan changes or increased out-of-pocket costs. Formulary changes are standard practice among all PBMs and are made for several reasons, including cost management, clinical effectiveness, market changes, regulatory compliance, safety concerns, and utilization management.

Q14 - Have you lost access to a medical provider, such as a doctor, dentist, or therapist?



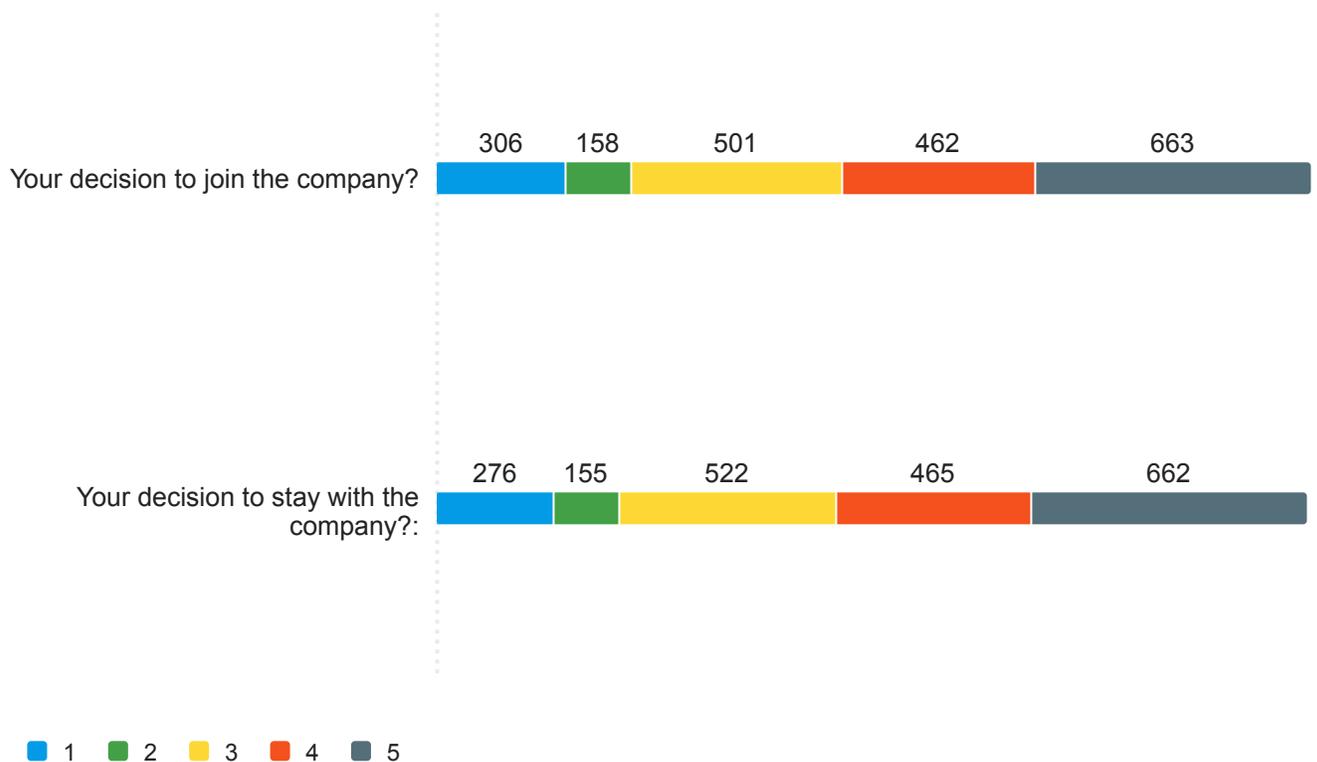
Consultant Note: This City has not changed deductibles or copays for many years. Some employees have interpreted that benefits have changed. After reviewing claims, we have discovered that members are utilizing out-of-network providers. Out-of-network providers are not contracted and will result in higher out-of-pocket costs for the member. Both BCBS and UHC (Medical & Dental) have initiated efforts to recruit non-network providers. While significant progress has been made, we cannot force providers to join the network or accept contracted rates. Actionable efforts by the City should be made to help educate employees about network access and benefits associated with out-of-network providers. The City has added Delta Dental as a Third Party Administrator for dental benefits.

Q14a- If yes, who was the provider:

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- Many lost access to primary care, dentists (e.g., Drs. LoPour, Essenmacher, Twohig, Kelly), therapists, specialists, and vision providers due to network changes.
- Many dentists and therapists don't accept UHC or BCBS, causing loss of trusted care, inconvenience, and higher costs.
- Switching from Presbyterian and Delta Dental to UHC or BCBS caused frustration and loss of key services like physical therapy, ADHD therapy, autism evaluations, and cancer treatment.

Q15 - On a scale of 1 to 5, where 5 equals "a lot" and 1 equals "not at all"

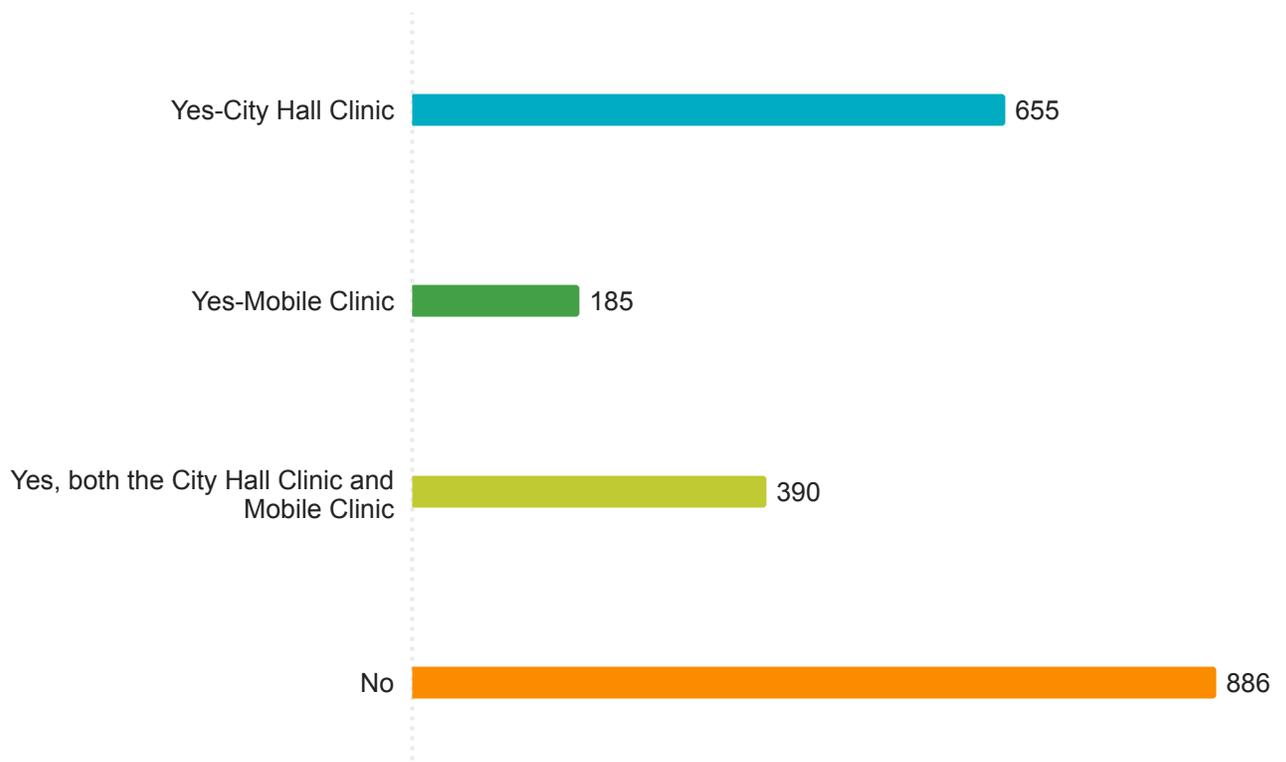


Q15a - If you selected over 3, which benefits?

- Employees prefer Presbyterian Health Plan and Delta Dental; UHC and BCBS are disliked by some.
- Gym and wellness programs are valued but less appealing after recent changes.
- Retirement benefits (PERA, Pension) are crucial for retention, often valued above salary.
- Overall benefits package is seen as valuable.
- Rising costs, higher co-pays, and reduced coverage raise concerns about value.
- Employees want more flexible coverage options.
- Wellness benefits are appreciated but need improvement.

Consultant Note: City of Albuquerque has elected multiple Third Party Administrators in the recent years in an attempt to expand network access to Loveless and UNM Health Systems. Returning to Presbyterian, would eliminate such access and create significant costs for the City and employees as demonstrated in the most recent medical RFP.

Q16 - Have you used the Employee Health Clinic?



Consultant Note: The City of Albuquerque has a five year growth plan to expand capacity to increase employee access to primary care, pediatric care, women's health care, and pharmacy.

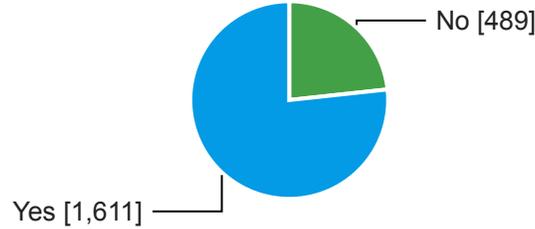
Q17 - If you answered Yes to the previous question, how would you rate your satisfaction with Clinic Services?



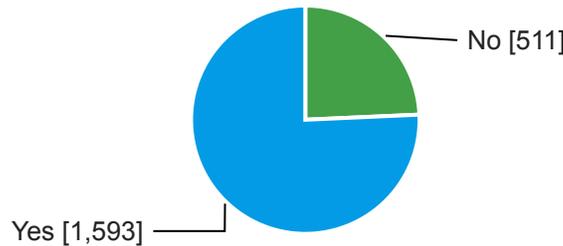
Q18 - Rate your benefits in terms of importance.

Field	Very				
	Important	Important	Undecided	Not too Important	Not at All Important
Health (Medical) Plan	1,870	192	32	3	14
Prescription Drug Plan	1,264	558	171	74	22
Vision Plan	1,248	667	99	71	15
Dental Plan	1,508	514	52	15	9
Employee Assistance Program	414	664	655	245	105
Employee Clinic	641	655	517	189	85
Supplemental Life Insurance	581	790	439	204	77
Accidental Death & Dismemberment	581	765	480	188	73
Short-Term Disability	614	762	483	166	61
Long-Term Disability	639	745	482	162	56
457B	663	470	714	98	92
Tuition Reimbursement Plan	562	599	481	225	202
Holidays	1,729	314	43	8	8
Vacation	1,825	243	30	2	6
Sick Pay	1,802	263	27	4	6
Dependent Care Account	487	424	653	210	296
Medicare Spending Account	501	480	716	182	186

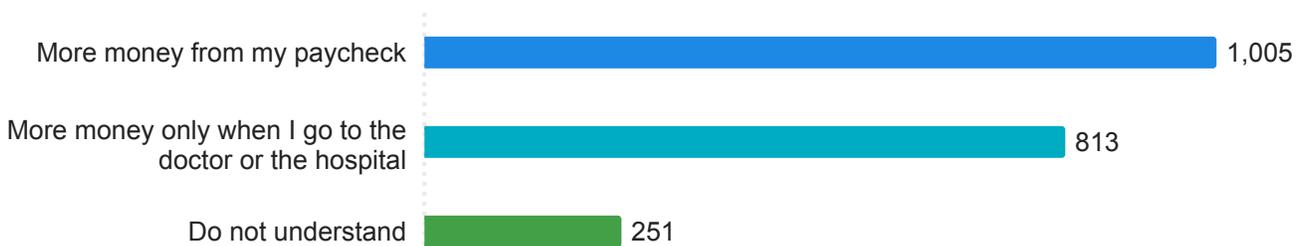
Q19 - Please answer the following three questions related to possible plan alternatives. Would you like to have different medical plans to choose from? One may cost more and provide higher benefits, while another may cost less and provide lesser benefits.



Q19a - Would you like to have different dental plans to choose from? One may cost more and provide higher benefits, while another may cost less and provide lesser benefits.



Q19b - Would you prefer to pay more money from your paycheck for medical insurance (premium contributions) or more money when you actually go to the doctor or hospital (for example, pay higher deductibles and higher copayments)?



This is a summary overview of the verbatims received. Please refer to our observations below.
(Complete responses in excel document)

1. Desire to return to Presbyterian and Delta Dental (107 out of 1,000 (10.7%) comments referenced Presbyterian)

- Employees favor Presbyterian Health Plan and Delta Dental for better coverage, lower costs, and care continuity.
- UHC and BCBS face criticism for higher costs, limited coverage, provider access issues, and poor service.

2. Concerns about Cost and Coverage

- Frustration over rising premiums, deductibles, co-pays, and out-of-pocket costs.
- Perception of paying more for less, especially in dental and vision.
- Major issues with Optum prescriptions: denials, delays, high costs.
- Common requests for affordable plans, better preventive care, and lower co-pays.

3. Need for More Plan Options and Flexibility

- Employees want more choices in medical, dental, and vision plans to better fit individual and family needs.
- Suggestion to offer tiered dental plans, options for spousal gym memberships and flexible insurance packages.

4. Improved Communication and Education

- Benefits information is often confusing or unclear, especially during on boarding.
- Requests for clearer materials, one-on-one sessions, and ongoing benefits education.
- Improved communication needed on deductibles, co-pays, and provider networks.

5. Wellness and Additional Benefits

- Reinstate Defined Fitness gym membership benefit.
- Expand wellness benefits to cover massage, chiropractic, fertility, and mental health.
- Extend clinic hours, add mobile clinics, and improve employee health clinic access.

6. Paid Time off and leave policies

- Combining vacation and sick leave into a single PTO bank for flexibility.
- Increased vacation accrual rates, especially for new employees and more paid leave options.
- Military leave parity and better parental leave.

7. Other Concerns

- Provider Networks, including loss of long-term doctors and dentists.
- Better support for durable medical equipment costs and coverage for aging parents or dependents.
- Free or subsidized parking for employees.

Consultant Observations of Key Points City Employee Survey

1. Resolution of Losing Delta Dental

- The survey highlighted concerns about losing Delta Dental coverage. It is positive to note that this issue has been resolved by re-selecting
- Delta Dental as a third-party vendor in the most recent RFP effective 7/1/26.
- This resolution should help alleviate employee concerns and improve satisfaction related to the dental benefits which is a critical component of overall benefits satisfaction.

2. Concern about Cost & Coverage

- Through offering both UHC and BCBS, members have access to all major providers in the area.
- Moving back to Presbyterian as a third-party administrator would result in a minimum 5 million dollars per year increase to the City of Albuquerque and employees.
- The City has made no increases in copays in 10+ years.
- UHC and BCBS matched prior benefits. It should be noted that most of the increase of employee cost sharing is a result of accessing out-of-network providers.
- Any improvements towards reducing employee cost share will significantly impact City budget.

3. Need for More Plan Options

- By offering both UHC and BCBS, the City is providing members with access to every delivery system in the area.
- The City will continue to review plan options for future consideration.

4. Communication and Education

- The City's benefits team continues to work on improving communication and education to members through enrollment meetings, and access to third-party administrators onsite.
- The existing UHC one-on-one sessions are a strong model for personalized communication, and the City will pursue more opportunities of this nature.

5. Wellness

- The City is looking at clinic expansion, which will improve access to care and specialized programs to address New Mexico's medical deficiencies.

6. Paid Time Off & Leave

- Current leave policy supported by City administrative instructions and CBA contracts.

Consultant Observations of Industry Healthcare and Pharmacy Cost Trends Nationally and in for 2026-2027 (Data from Marsh & McLennan Agency 2026 Employee Health and Benefit Trends)

1. Employer Health Benefit Cost Trends and Premium Increases

- Employers face the highest health benefit cost increase in 15 years, with wide variation in cost impact.
- Large employers are no longer insulated; only 7% reported no increase or decrease in plan costs in 2025.
- ACA marketplace premiums are rising by an average of 20% in 2026, driven by rising care costs and policy changes.
- Coverage losses under new legislation increase uncompensated care costs, shifting financial burden to patients and employers.

2. Strategies for Managing High-Cost Claims and Improving Care Access

- Top 1% of plan members drive 29% of health plan spending; managing high-cost claimants is a key employer focus.
- Employers are adopting strategies like enhanced screening, disease-specific vendors, stop-loss coverage, and case management.
- Direct Primary Care (DPC) is growing, offering cost savings and improved access with smaller patient panels.
- Employers prioritize managing high-cost claims, improving health program performance, and expanding behavioral health access.

3. Rising Pharmacy Costs and Specialty Drugs

- Pharmacy costs are increasing faster than overall medical costs; prescription drug costs rose 9.4% in 2025.
- Specialty drugs and GLP-1 medications now represent a disproportionate share of prescription spending.
- Employers are exploring new financing and contracting models to balance access and affordability.
- High-Dollar Gene/Cell Therapy drug market expected to reach \$965.5B by 2030, driven by oncology, immunology, and obesity treatments.

4. GLP-1 Medications and Cost Management

- GLP-1 drugs, originally for diabetes, now treat multiple conditions including obesity and cardiovascular disease.
- 11.8% of U.S. adults used GLP-1s in 2025; interest in treatment continues to grow.
- GLP-1s are a significant cost driver; 41% of employers cite them as a top cost concern for 2025–2026.

- Coverage for GLP-1 obesity treatments is expanding but with increased prior authorization to control costs

Consultant Observations of Industry Healthcare and Pharmacy Cost Trends for New Mexico in 2026-2027 (Data from Article: 2026 Final Rate Changes – New Mexico: +35%, But Some Good News As Well by Charles Gaba 8/29/25)

1. Carrier Increases

- New Mexico Office of the Superintendent of Insurance (OSI) approved 2026 individual market ACA plan rates with an average increase of 35.7%.
- Approximately 75,000 New Mexicans buy health insurance through BeWell, the state marketplace; 88% qualify for federal and state premium assistance.
- Blue Cross Blue Shield of New Mexico (BCBSNM) is filing rates effective January 1, 2026, with rate changes ranging from +18.4% to +49.6%, varying by plan due to network reimbursement and member cost-sharing differences.
- Molina Healthcare of NM proposes an average rate increase of 15.3% for about 9,817 members, with a medical loss-ratio of 87.5% (above ACA minimum of 80%). Some minor benefit design changes and a decrease in administrative costs (-2.6%) partially offset rate increases.
- Presbyterian Health Plans proposes a 27.5% overall rate increase affecting about 18,668 individuals. They are terminating Bronze plans in 2026, expecting some members to leave due to subsidy expiration and high-rate increases.
- UnitedHealthcare of NM proposes a 52.97% average rate increase for 12,325 individuals, with rate changes ranging from 31.07% to 72.68%. Their 2024 loss ratio was 124.6%, indicating high medical claims relative to premiums.

2. Cost Drivers

- Medical inflation and increased utilization (+9% claims increase for Molina)
- Increasing costs of medical services (+4%)
- Increased healthcare utilization (+2.5%)
- Impact of new medical technology (+1.5%)
- Higher costs due to deductible leveraging
- Changes in market morbidity (+3%) due to healthier members leaving if enhanced premium tax credits expire

3. City of Albuquerque Specific Cost Drivers and Constraints

- City benefits richer than most national and New Mexico public sector groups
- No copay increases in 10+ years; cost increases mainly from out-of-network provider use
- Minimal employee premium increase over the past 10 years

- Budget constraints require cost-neutral pricing; potential plan design changes (higher copays/deductibles) are expected to offset increases
- Disease state severity for members has increased over the past 24 months

Summary & Next Steps

- National and New Mexico trends show rising healthcare and pharmacy costs impacting employees
- Financial strain and coverage concerns are common themes amongst employers
- Balancing City budget constraints with employee's potential fear/frustration over rising premiums, deductibles, co-pays, and out-of-pocket costs
- Access to all major providers via UHC and BCBS; Delta Dental added July 2026
- Opportunities exist to offer plan alternatives while improving communications, and wellness benefits
- City of Albuquerque's Benefits Team is actively working on expanding access and benefit plan alternatives while managing cost sustainably
- Five-year plan to expand access to primary care, pediatrics, women's health, and pharmacy through provider network and expansion of BetterHealth Clinic.
- Increase wellness benefits, engagement and BetterHealth Clinic patient appointments for improvement in disease state categories
- Continued monitoring and improvement of communication alternatives to increase employee engagement in wellness and chronic care program offerings essential for plan success

Conclusion

McGriff has been directed on the pricing of the plans for the upcoming fiscal year. The City may need to implement further plan reductions to maintain the stability of the fund.

The City has instructed McGriff to keep the pricing and benefits of the City's self-funded plans as cost-neutral as possible. Despite rising healthcare costs, the City's expenses have increased year over year with minimal impact on employees. Given this environment, McGriff is not in a position to recommend enhancements to the City's plan designs or reductions in premiums. Consequently, the City will need to consider contribution adjustments and/or plan design changes (such as increased copays, deductibles, etc.) to sustain a viable employee health plan.

Transitions to new third party administrators and/or delivery systems are inherently challenging and it takes time for members to acclimate, which can temporarily impact satisfaction and utilization.

Benchmarking finds that the City's benefits are richer than those offered by the majority of both national and New Mexico public sector employer groups.

Overall, McGriff views the employee responses as positive toward the City's benefits program offerings.