

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
NOVEMBER 16, 2010 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Employee Benefits Renewal Contracts and Medical Plan Amendments for FY2011	✓ Resolution Ordinance Motion Discussion Only	Wesley Morgan, SPHR Director of Human Resources

SYNOPSIS

Resolutions have been prepared to authorize approval of the following employee benefits renewal contracts and plan amendments for 2011:

- ING Employee Benefits – stop loss coverage for medical claims exceeding \$125,000 in the amount of \$393,815
- Delta Dental Plan of Illinois – dental program claim administration in the amount of \$17,740
- TruAssure Insurance Company – vision program claim administration in the amount of \$42,500
- National Insurance Services – long term disability insurance in the amount of \$33,000

In addition, a resolution has been prepared authorizing a plan amendment to the Village of Downers Grove VEBA Health Savings Plan.

UPDATE & RECOMMENDATION

This item was discussed at the November 9, 2010 Council meeting. Staff recommends approval on the November 9, 2010 active agenda.

STRATEGIC PLAN ALIGNMENT

The 2010 Strategic Plan identified an *Exceptional Municipal Organization*. A supporting objective of this statement is to provide *Financially Sound and Sustainable Village Government*.

FISCAL IMPACT

The proposed FY11 health insurance budget is \$5,671,000. The total FY11 cost for the proposed employee benefit contracts is \$487,055. These costs are itemized below:

Provider	Services Provided	Annual Premium
ING Employee Benefits	Stop Loss Coverage for Claims Exceeding \$125,000	\$ 393,815
Delta Dental Plan of Illinois	Dental Program Claim Administration	\$ 17,740
TruAssure Insurance Company	Vision Program Claim Administration	\$ 42,500
National Insurance Services	Long Term Disability Insurance	\$ 33,000
TOTAL FOR EMPLOYEE BENEFIT CONTRACTS:		\$ 487,055

BACKGROUND

A summary of the 2011 employee benefits contracts is provided below:

- *Stop Loss Coverage* - As a partially self-funded health plan, the Village purchases specific stop loss coverage to limit its financial exposure. Specific stop loss coverage provides insurance for

catastrophic medical claims of participants in the Village's group health care plan, which is open to eligible employees and retirees. Specific stop loss insurance also provides a point at which time the insurance company becomes responsible for any claims after an individual insured reaches the pre-determined limit in the contract year. As part of the annual bidding process, staff directs the Village's consultant, GCG Financial, to recommend to the Village the most appropriate attachment point for the Village's group. The consultant reviews specific claim data on the Village's group and determines if it is cost effective for the Village to take on additional claim exposure. The consultant determined that it would not be beneficial for the Village of Downers Grove to move from the current \$125,000 stop loss level. For the 2011 plan year, the consultant recommended that the Village contract with ING, the low responsible stop loss provider bidder. ING's proposed contract has an annual premium of \$393,815.

- *Dental* – The Village provides employees a dental program administered by Delta Dental Plan of Illinois. Under this program, employees utilize PPO network providers where services are received at discounted rates and benefits are primarily paid in full. Employees also have the flexibility of going out-of-network; however, they would receive coverage that is less comprehensive. Fees for administration of the Delta Dental program will not increase this year. The total annual cost is estimated at \$17,740.
- *Vision* - The Village contracts with TruAssure Insurance Company (a subsidiary of Delta Dental Plan of Illinois) for vision services. Employees use providers within TruAssure's EyeMed PPO network and pay a modest co-payment or receive discounted rates on various services. Employees also have the flexibility to go outside of the EyeMed network, but receive a less comprehensive benefit. Premium costs for 2010 are estimated to be \$42,438 reflecting no increase in current premium costs.
- *Long Term Disability* – The Village of Downers Grove contracts with National Insurance Services (NIS) to provide long term disability (LTD) coverage to eligible Village personnel. The Village has requested an additional one-year renewal on LTD services to bring it in line with the Village's life/AD&D contract, also administered by NIS. NIS has agreed to renew the LTD for one additional year at no increase in premium. Premium costs for LTD services in 2011 are estimated to be at \$33,000.
- *Plan Amendment for VEBA Health Savings Plan* – Under the Village of Downers Grove medical program, employees are able to choose from one of three PPO plans. One of these PPO plans is a \$2,500 deductible plan with a "VEBA Savings Plan" (often referred to as a health reimbursement account). Under the Patient Protection and Affordable Care Act (PPACA) signed into law on March 23, 2010, there are required modifications to this plan. These modifications refer to the "definition of dependent" and "definition of health care expense" and are outlined in the attached amendment.

ATTACHMENTS

Reliastar Life Insurance Company Excess Risk Application (ING Stop Loss Coverage)
ING Employee Benefits Disclosure Agreement
Delta Dental/TruAssure Renewal Package
Amendment #3 to NIS Joinder Agreement
Amendment to the Village of Downers Grove VEBA Health Savings Plan

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING EXECUTION OF AN ADDENDUM TO
AN ADMINISTRATIVE SERVICES CONTRACT
BETWEEN THE VILLAGE OF DOWNERS GROVE
AND DELTA DENTAL OF ILLINOIS**

BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois,
as follows:

1. That the Village ("Village of Downers Grove") currently has an Administrative Services Contract with Delta Dental of Illinois ("DDIL"), for the administration of an employee group dental program for the 2011 calendar year.
2. That DDIL has agreed to provide additional services to the program pursuant to the attached Renewal Package ("Renewal").
3. That the Mayor and Village Clerk are hereby respectively authorized and directed for and on behalf of the Village to execute, attest, seal and deliver the Renewal, substantially in the form submitted to this meeting, together with such changes as the Manager shall deem necessary.
4. That the proper officials, agents and employees of the Village are hereby authorized and directed to take such further action as they may deem necessary or appropriate to perform all obligations and commitments of the Village in accordance with the provisions of the Renewal.
5. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.
6. That this Resolution shall be in full force and effect from and after its passage as provided by law.

Mayor

Passed:

Attest: _____

Village Clerk



www.deltadentalil.com

August 24, 2010

Mary Weisenburn
VILLAGE OF DOWNERS GROVE
801 Burlington Ave.
Downers Grove, IL 60515

RE: VILLAGE OF DOWNERS GROVE, Contract # 8338
Renewal Notification January 1, 2011

Dear Mary:

Enclosed is Delta Dental of Illinois' renewal package for VILLAGE OF DOWNERS GROVE. It includes your group's renewal rates and underwriting assumptions.

Network Savings and Utilization

Listed below are the annual savings and network utilization realized by your group due to Delta Dental of Illinois' PPO Plus network services and administration.

Delta Dental PPO Network Dentist Fee Savings	\$140,153
Delta Dental Premier Network Dentist Fee Savings	\$ 14,171
Total PPO Plus Premier Network Savings	\$154,324
In Network Penetration	88.3%

Multi-line Discount Program

We are pleased to inform you that your dental benefit renewal administration fee reflects a multi-line discount based on the inclusion of a TruAssure product in your benefit package. Because the multi-line discounts are based on cost efficiencies associated with the administration of more than one product, the proposed dental benefit renewal administration fee is subject to change if you choose to terminate your TruAssure plan. If you are not saving the maximum discount of 5% on your administration fee, you can increase your multi-line discount by adding an additional TruAssure product. If you would like additional information about our TruAssure products, please do not hesitate to contact your broker or consultant.

I welcome the opportunity to meet with you to review this information. If you have any questions or would like to schedule a meeting to discuss your renewal, please do not hesitate to contact me. After you have reviewed the enclosed information, please indicate your acceptance of this renewal by signing and returning a copy of the signature page to us.

The entire Delta Dental of Illinois team values your business. We are honored that you selected us as your dental benefits carrier and we look forward to continuing our relationship for many years to come.

Sincerely,

Stacy Beitzel
Senior Account Executive
630-718-4742
sbeitzel@deltadentalil.com

cc: GCG Financial

Delta Dental of Illinois
111 Shuman Boulevard
Naperville, IL 60563



Renewal Package

for

VILLAGE OF DOWNERS GROVE

Presented by:

**Stacy Beitzel
Senior Account Executive
Delta Dental of Illinois
111 Shuman Boulevard
Naperville, IL 60563**

**Phone 630-718-4742
Fax 630-983-4242
Email sbeitzel@deltadentalil.com**

This renewal is for January 1, 2011 to December 31, 2011.

Confidentiality Agreement

By accepting this renewal, you agree that all information is confidential and has been provided by Delta Dental of Illinois for your use or that of the specified client only. Therefore, you agree not to disclose any information (except to the specified client, broker, consultant or agent) without the express written permission of Delta Dental of Illinois. It is acknowledged that information to be furnished in this renewal is in all respects confidential in nature, other than information that is available in the public domain through other means. Use or disclosure of information contained in this plan is strictly forbidden without obtaining written consent of Delta Dental of Illinois.

Upon request, this document is to be immediately returned to Delta Dental of Illinois, 111 Shuman Boulevard, Naperville, IL 60563.

Delta Dental of Illinois
111 Shuman Boulevard
Naperville, IL 60563

**Proposed Renewal
Self Insured**

Proposed Renewal Action – Option 1			
	Current Rate Effective 1/1/2010-12/31/2010	Year 1 Renewal Rate 1/1/2011-12/31/2011	Year 2 Renewal Rate 1/1/2012–12/31/2012
Administration Fee	\$3.73/ee/mo	\$3.86/ee/mo	\$3.99/ee/mo

OR

Proposed Renewal Action 2 Yr – Option 2			
	Current Rate	Year 1 - 1/1/11- 12/31/11	Year 2 - 1/1/12 – 12/31/11
Administration Fee	\$3.73	\$3.92	\$3.92
	Current Funding Factors	Recommended Funding Factors	% Change
Single	\$36.34	\$38.80	6.8%
Family	\$112.19	\$119.77	6.8%

TruAssure VISION Rates guaranteed for 1 Year (1/1/2011 – 12/31/2011)			
Single	\$4.37	\$4.37	0.0%
Family	\$12.22	\$12.22	0.0%

Underwriting Assumptions

- The proposed renewal ASO fees will be in effect from: January 1, 2011 to December 31, 2011.
- The projection is based on 114 singles and 269 families.

Projected Annual Incurred Claims:	\$419,896
Projected Annual Administration Fee:	\$ 17,906
Projected Annual Total Cost:	\$437,802
- All of our standard processing policies, limitations and exclusions apply.
- During the current experience period of January 1, 2010 to December 31, 2010, VILLAGE OF DOWNERS GROVE averaged 383 enrollees. If enrollment changes by more than 10% we reserve the right to revise our ASO fees.

5. Please acknowledge your acceptance of these terms and rates by signing below and returning this page. You can fax this letter to 630-983-4242, or mail attn: Stacy Beitzel, Delta Dental of Illinois, 111 Shuman Boulevard, Naperville, IL 60563.

If we do not receive notification from you by December 1, 2010, Delta Dental of Illinois will assume you agree to the proposed ASO fees and renew your current dental benefit plan.

_____ Option 1 _____ Option 2

AGREED AND ACCEPTED:

VILLAGE OF DOWNERS GROVE, Contract #8338

By: _____ Date: _____

Title: _____

Contact Sheet

For questions about your renewal, please contact:

Stacy Beitzel, Senior Account Executive

630-718-4742

fax 630-983-4242

sbeitzel@deltadentalil.com

Our Operations Specialists work directly with our groups. Each Operations Specialist will be able to assist you with any account-related questions you may have, as well as enrollment activities and fulfillment. **For questions about ongoing account administration, claims and other account inquiries, please contact the following Operations Specialist:**

Erma McGahee

630-718-4768

fax 630-983-4568

emcgahee@deltadentalil.com

Your enrollees can reach Delta Dental of Illinois' Customer Service department by calling 1-800-323-1743.