

**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
<b>TOTAL FOR EMPLOYEE BENEFIT CONTRACTS:</b>		<b>\$ 487,055</b>

**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  
AGREEMENT BETWEEN THE VILLAGE OF DOWNERS GROVE  
AND ING EMPLOYEE BENEFITS**

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

1. That the form and substance of a certain Employer Benefit Group Disclosure Agreement (the "Agreement"), between the Village of Downers Grove (the "Plan Sponsor") and ING Employee Benefits, a division of ReliaStar Life Insurance Company (the "Company"), for stop loss insurance coverage, as set forth in the form of the Agreement submitted to this meeting with the recommendation of the Village Manager, is hereby approved.

2. That the Village Manager and Village Clerk are hereby respectively authorized and directed for and on behalf of the Village to execute, attest, seal and deliver the Agreement, substantially in the form approved in the foregoing paragraph of this Resolution, together with such changes as the Manager shall deem necessary.

3. 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 Agreement.

4. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

5. That this Resolution shall be in full force and effect from and after its passage as provided by law.

\_\_\_\_\_  
Mayor

Passed:

Attest: \_\_\_\_\_

Village Clerk

# ING Employee Benefits Group Disclosure Agreement



## EMPLOYEE BENEFITS

Plan Sponsor: Village of Downers Grove  
Policy Effective Date: January 1, 2011

For valuable consideration exchanged by and between the parties, this Agreement is entered into between ING Employee Benefits, a division of ReliaStar Life Insurance Company, and the Plan Sponsor identified above. ING Employee Benefits, a division of ReliaStar Life Insurance Company relies on its representatives to properly advise the Plan Sponsor on the importance of complete information Disclosure. As an underwriting consideration material to the acceptance of the Stop Loss Risk by ING Employee Benefits, the Claim Administrator, Utilization Review Firm(s), Case Management and Pharmacy Benefits Manager are required to review pre-certifications, case management notes, claim files, and pharmacy benefit management files and notes prior to disclosing the following required information for both the current policy year and each year thereafter during which ING Employee Benefits provides Stop Loss coverage to Plan Sponsor.

**Plan Sponsor shall attach the following reports or data (include a common claimant identifier, primary ICD-9/diagnosis), hereinafter referred to as the ("Disclosure Reports"):**

- a. Paid claims during the applicable current policy year (minimum of 9 months) for any claimant that exceeded 50% of the stop loss deductible
- b. Denied claims during the applicable current policy year (minimum of 9 months) for any claimant that exceeded or could potentially exceed 50% of the stop loss deductible
- c. Denied claims during the applicable current policy year (minimum of 9 months) for any claimant that exceeded or could potentially exceed 50% of the stop loss deductible
- d. Any individual who was lasered during the applicable current policy year
- e. Any individual who was hospitalized confined for 10 or more consecutive days or on multiple occasions during the applicable current policy year (minimum of 9 months)
- f. Any individual who had previously exhausted his or her lifetime maximum but has been reinstated because the cap on the lifetime maximum was eliminated
- g. Any individual dependent under age 26 being added who was previously deemed not eligible under the plan and whose claims could potentially exceed 50% of the stop loss deductible
- h. Case Management Notes, Utilization Review Notes, pharmacy benefit management notes and other appropriate medical documents on any covered individual meeting any of the following criteria:
  - o exceeded or expected to exceed 50% of the stop loss deductible
  - o transplant or potential transplant candidates including all claimants evaluated and/or listed for an organ, stem cell or bone marrow transplant
  - o high risk pregnancy or a dependent requiring respirator, nutritional support or having a congenital anomaly

The Disclosure Reports must be provided to ING Employee Benefits within 75 calendar days prior to the Stop Loss Policy effective date or renewal date, as applicable. In the event the Disclosure Reports are not returned to and approved by ING Employee Benefits within 45 days following the effective date or renewal date of coverage, ING Employee Benefits shall retain the right to deny any claim, adjust the rates or its underwriting terms, or rescind the Plan Sponsor's stop loss coverage at any time, and such right shall not be impaired as a result of ING Employee Benefits' acceptance of premium in the absence of any such Disclosure Reports. The Disclosure Reports must be compiled within 30 calendar days of the date of completion by the Plan Sponsor. Should ING Employee Benefits require any additional information in order to approve the Disclosure Reports, ING Employee Benefits will notify the Plan Sponsor and/or its designated representative in writing no later than 20 calendar days following receipt of the Disclosure Reports.

**In the event the Plan Sponsor fails to disclose a known potential catastrophic claim in the Disclosure Reports, expenses related to the potential catastrophic claim will not be considered eligible excess risk expenses under the Stop Loss Policy.**

The Plan Sponsor acknowledges and agrees that its complete and accurate disclosure of known potential catastrophic claims is a condition precedent to obtaining stop loss coverage, that the Plan Sponsor has read, understands, and agrees to the terms and conditions contained in this Agreement, and represents that the individual signing this Agreement on behalf of the Plan Sponsor is authorized to do so. The Plan Sponsor represents and warrants that as of the date of signing there are no known potential catastrophic claims other than those disclosed on the Disclosure Reports. A third party executing this Agreement and or any of the Disclosure Reports on behalf of the Plan Sponsor represents and warrants that it has the authority to legally bind the Plan Sponsor.

The Plan Sponsor verifies, to the best of its knowledge, that the information now and hereafter provided is and shall be accurate and complete

\* Duluth  
Plan Sponsor or Plan Sponsor's Authorized Representative: \* Contingent on Council Approval

Title: \_\_\_\_\_ Date: \_\_\_\_\_

# RELIASTAR LIFE INSURANCE COMPANY

Home Office, Minneapolis, Minnesota 55440

## EXCESS RISK APPLICATION

The Plan Sponsor hereby applies for the Excess Risk Insurance coverage as now in effect or later modified.

Name of Plan Sponsor (exact legal name)

Village of Downers Grove

Address (number and street, city, state, zip code)

801 Burlington Avenue, Downers Grove, 60515

Corporation     Partnership     Sole Proprietorship     Other (specify) Local Government

Nature of Plan Sponsor's Business: Executive Offices - Local Government

SIC Code: 9111

Are Associated Organizations to be included?

No

Yes (If "yes," give names.)

Number of Eligible Individuals:                      Employee Only Coverage: 188    Employees with Dependent Coverage: 256  
Number of Enrolled Individuals:                      Employee Only Coverage:                      Employees with Dependent Coverage:  
Number of Individuals Covered Elsewhere: Employee Only Coverage:                      Employees with Dependent Coverage:

Claim Administrator for coverages checked below for the Employee Benefit Plan:

Name of Claim Administrator\*(exact legal name of entity)

BlueCross BlueShield of Illinois

Address of Claim Administrator (number and street, city, state, zip code)

300 East Randolph Street, Chicago, IL 60601-5099

\*Claim-Administrator must be approved by ReliaStar Life prior to acceptance of this Application

**AGGREGATE EXCESS RISK**     YES     NO

BENEFITS TO BE COVERED:

Medical                       Vision                       Prescription Drugs  
 Weekly Disability Income     Dental                       Other (specify) \_\_\_\_\_

INITIAL CONTRACT BASIS:

Incurred and paid in 12 months                       Incurred in 12 months and paid in 15 months  
 Incurred in 15 months and paid in 12 months     Incurred in \_\_\_\_\_ months and paid in \_\_\_\_\_ months  
 Paid in 12 months     Other: \_\_\_\_\_  
    Actively at Work requirement  
 Waive     Do not Waive

Deductible Adjustment Factor: \_\_\_\_\_%

Minimum Aggregate Deductible: See Excess Risk Schedule/Current Premium Rate Notification

ReliaStar Life's Limit of Liability: \$\_\_\_\_\_ per contract period

Optional:

Terminal Liability

INDIVIDUAL EXCESS RISK  YES  NO

BENEFITS TO BE COVERED:

Medical  Other (please specify) Rx

INITIAL CONTRACT BASIS:

Incurred and paid in 12 months  Incurred in 12 months and paid in 15 months  
 Incurred in 15 months and paid in 12 months  Incurred in \_\_\_\_\_ months and paid in \_\_\_\_\_ months  
 Paid in 12 months  Other: \_\_\_\_\_  
 \_\_\_\_\_ Actively at Work requirement  
 Waive  Do not Waive

Individual Deductible:

Individual Deductible: \$125,000 per Individual  
True Family Deductible: \$N/A per family

Lasered Individuals as identified in the disclosure process: Claimant No. 672076-0111-00001 has an individual deductible of \$175,000, Claimant No. 672076-0111-00002, has a \$25,000 Run-in Limit

Claims for Lasered Individuals are excluded under Aggregate Excess Risk Insurance, if any.

Aggregating Individual Deductible: \$N/A (Individual Excess Risk must be elected)

Benefit Percentage: 100%

ReliaStar Life's:

Maximum Individual Contract Period Benefit: \$2,000,000  
Maximum Individual Lifetime Benefit: Unlimited

Optional:

Terminal Liability  
 Immediate Reimbursement

Are retirees covered?  Yes  No  
Are retirees age 65 and over covered?  Yes  No  
If so, is Medicare Primary?  Yes  No

Attached to and incorporated in this Application is a copy of the Employee Benefit Plan currently in effect for the provision of benefits by the Plan Sponsor to its eligible employees or members.

The initial Contract Period is from Janaury 1, 2011 to December 31, 2011.

The Producer/Agent of Record (provided he/she is duly licensed as required by law) is: Centerstone Insurance and Financial Services, Inc. dba BenefitMall.

This insurance is to be effective on January 1, 2011 at 12:01 a.m. Standard Time at the Plan Sponsor's place of business, provided that the first premium is paid in full and that the Claim Disclosure Statement and this Application are accepted by ReliaStar Life.

An advance deposit of \$32,854 is attached. (The deposit is to equal the first premium.) The deposit will be applied toward payment of the premiums on the insurance requested if the application is accepted by ReliaStar Life. If not accepted, the deposit will be refunded to the Plan Sponsor Applicant.

PLAN SPONSOR APPLICANT

Village of Downers Grove

\* [Signature]

By Dave Fieldman

Name of signer (please print)

Village Manager

Title

\* contingent on council approval

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date



**Important Information About Your Employee Benefits Insurance**

Thank you for considering ReliaStar Life Insurance Company (the "Company") for your employee benefits insurance needs. We offer various Employee Benefits insurance products that have different features, benefits and costs. We are confident that, working with your professional insurance agent, broker, or consultant you will find that one of our products is right for you. Your agent, broker, or consultant may work with many employee benefits insurance companies, and we are pleased that they are presenting one of our products to you. If you decide to purchase, or offer to your employees or members, a policy from us we would like you to understand how we will pay the selling agent, broker, or consultant.

There are generally three types of payments that may be made to agents, brokers and consultants:

1. **Commissions:** Agents, brokers, or consultants may earn a commission for each Company policy sold. The commission is generally a percentage of the policy premiums paid. The percentage may be higher for agents, brokers, or consultants that sell a larger number of Company policies. The actual percentage and amount of commission paid will vary based on the specific circumstances of the product(s) purchased.
2. **Bonuses:** Agents, brokers, or consultants may receive additional compensation based on a percentage of policy premiums paid for each year a policy remains in force and as rewards for things like achieving certain sales volume levels, sales contest objectives, or other measures. We also may pay for agent, broker, or consultant education, training or attendance at conventions, and may pay bonuses, provide advance commissions and/or loans with an expectation that the advancement and/or loans be repaid as new policies are issued, reimburse expenses or provide other payments or benefits.
3. **Administrative/Service Fees:** Agents, brokers, or consultants may provide administrative services and marketing support for a flat fee, a percentage of policy premiums paid, or a fee based on the amount of commissions earned from the initial sale. The agents, brokers or consultants may be associated with other brokers or consultants that may provide administrative services and marketing support for similar fees.

This is a general discussion of the compensation we pay for the sale of our policies. We pay commissions and other sales expenses from our general assets and revenues, including amounts we earn from fees and charges under our policies. The price of an insurance policy is set by the Company, and reflects the compensation we pay for the sale of our policies. It also covers other costs to design, manufacture and service our policies, fees associated with the cost of any applicable guarantees, the investment management needed to build cash values and pay benefits, and our profits.

We are committed to providing top-quality insurance products to our customers and are pleased that your professional insurance agent, broker, or consultant trusts us to deliver on your long term insurance needs.

Product Name(s) Individual Excess Risk

Account Name Village of Downers Grove

Group Applicant/Sponsoring Organization Signature \* 

Group Applicant/Sponsoring Organization Printed Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

\* Contingent on council approval