

**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
NOVEMBER 20, 2012 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Employee Benefits Renewal Contracts and Medical Plan Amendments for FY2013	✓ Resolution Ordinance Motion Discussion Only	Dennis Burke Director of Human Resources

SYNOPSIS

Resolutions have been prepared to authorize approval of employee benefits renewal contracts and plan amendments for 2013

STRATEGIC PLAN ALIGNMENT

The goals for 2011-2018 included *Steward of Financial Sustainability*.

FISCAL IMPACT

The FY13 health insurance includes \$900,000 for claims administration and stop loss contracts. The vendors and contract amounts are itemized below:

Vendor	Contract Item	FY12 Amount	FY13 Amount
Blue Cross/Blue Shield	Medical Claim Administration	\$345,495	\$311,992
Blue Cross/Blue Shield	Specific and Aggregate Stop Loss Coverage	\$396,425	\$400,086
Delta Dental	Dental Program Claim Administration	\$18,338	\$18,734
Delta Dental	Vision Program Claim Administration	\$43,571	\$45,000
National Insurance Services	Life/Accidental Death and Dismemberment and Long Term Disability	\$109,000	\$98,086
TOTAL		\$912,829	\$873,898

RECOMMENDATION

Approval on the November 20, 2012 consent agenda.

BACKGROUND

A summary of the 2013 employee benefits contracts is provided below:

- *Medical Claim Administration* – the Village of Downers Grove has a partially self-funded medical plan and contracts with an outside vendor to provide claim administration on behalf of the Village. Claim administration includes medical and prescription drug claim adjudication, pre-certification and medical case management services. On an annual basis, staff reviews the claim administration services received from the vendor. Also reviewed is the relationship the vendor has with preferred

provider organizations (PPO) to ensure the discounts received through the PPO contracts are cost effective to both the employee and the Village.

The Village conducted a bidding process for medical claims administration for the 2011 plan year, and subsequently contracted with Blue Cross/Blue Shield of Illinois for these services. Blue Cross has provided a renewal quote for 2013 for claims administration at \$42.04 per employee/per month which represents a 29% decrease over last year's administrative fee. Blue Cross also charges a fee to access their PPO network and for 2013 this fee is estimated at \$86,994. This fee is offset by the significant savings the Village realizes through the Blue Cross PPO discounts. Total annual costs for medical claims administration for 2013 which includes the PPO access fee are \$311,992.

- *Stop Loss Coverage* - As a partially self-funded health plan, the Village purchases stop loss coverage to limit its financial exposure. Stop loss coverage provides insurance for catastrophic medical claims of participants in the Village's group health care plan. There are two types of stop loss coverage: specific, which applies to individual's claims, and aggregate, which applies to the entire insured group's claims. As part of the annual review, staff directs the Village's consultant, the Horton Group, to recommend to the Village the most appropriate attachment point for specific stop loss coverage. For 2013 the consultant determined that the Village should remain at the current \$150,000 specific stop loss level. The Village does obtain alternative quotes on stop loss coverage on an annual basis. This year it was determined that the Village should remain with its current stop loss carrier, Blue Cross/Blue Shield (Blue Cross), as they provided the most competitive stop loss quote. Blue Cross's quote for stop loss including the aggregate coverage totaled \$400,085 annually.
- *Vision* – Vision services are administered by TruAssure Insurance Company, which is a subsidiary of Delta Dental. Employees use providers within TruAssure's EyeMed PPO network and, by doing so, pay a co-payment or receive discounted rates on various services. Employees also have the flexibility to go outside of the EyeMed network, but then receive a less comprehensive benefit. Premium costs for 2013 are \$45,000.
- *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 are \$18,734.
- *Life/Accidental Death & Dismemberment (AD&D) and Long Term Disability (LTD)* – The Village contracts with National Insurance Services (NIS) to provide term life/AD&D and LTD coverage to eligible Village personnel. Alternative quotes for this coverage were obtained this year by the Village's consultant, the Horton Group. A review of the alternative quotes indicates that NIS continues to provide the most competitive quote for 2013, with a decrease in premium over last year's rates. Costs for these benefits are anticipated to total \$98,086.

ATTACHMENTS

Contract Documents

Resolutions

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING RENEWAL OF A
GROUP DENTAL AND VISION 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 form and substance of a certain Proposed Renewal (the “Renewal”), between the Village of Downers Grove (the “Village”) and Delta Dental of Illinois (“DDIL”), for renewal of the employee dental and vision insurance program effective January 1, 2013, as set forth in the form of the Renewal 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 Renewal, 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 Renewal.

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



October 16, 2012

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

RE: VILLAGE OF DOWNERS GROVE, Contract # 08338
Renewal Notification January 1, 2013

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	\$177,782
Delta Dental Premier Network Dentist Fee Savings	\$18,449
Total PPO Plus Premier Network Savings	\$196,231
In Network Penetration	92.5%

We are pleased to inform you that your dental benefit renewal administration fee reflects a multi-line discount based on the inclusion of a DeltaVision® or 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 rates are subject to change if you choose to terminate your DeltaVision or TruAssure plan. If you would like additional information about our TruAssure products, please 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 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 Manager
630-718-4742
sbeitzel@deltadentalil.com

cc: Horton Insurance Agency

DeltaVision® is provided by TruAssure Insurance Company, a wholly-owned subsidiary of Delta Dental of Illinois, in association with EyeMed Vision Care networks

Renewal Package
for
VILLAGE OF DOWNERS GROVE

Presented By:
Delta Dental of Illinois (DDIL) / TruAssure Insurance Company (TAIC)

Stacy Beitzel
Senior Account Manager
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, 2013 to December 31, 2013.

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.

Proposed Renewal Self Insured

Delta Dental PPO With Delta Dental Premier "Safety Net"			
	Current Rate	Proposed Rate	Rate Change
Administration Fee	\$3.99	\$4.13	3.5%
	Current Premium Equivalent	Recommended Premium Equivalent	% Change
Employee	\$39.56	\$40.98	3.6%
Family	\$122.11	\$126.51	3.6%

Proposed Renewal Action- DeltaVision®			
	Current Rate	Proposed Rate	Rate Change
Employee	\$4.50	\$4.50	0%
Family	\$12.59	\$12.59	0%

Proposed Renewal Action- ALTERNATE 1			
CHANGE PREMIER NETWORK AS FOLLOWS: Change annual deductible from \$50/\$150 to \$75/\$225. Change annual max from \$1,500 to \$1,000. Change OON as follows: Change annual deductible from \$50/\$150 to \$75/\$225 Change co-insurance from 100/80/50 to 80/80/50. Change annual max from \$1,500 to \$750. Change ortho LT max from \$1,000 to \$750.			
	Current Premium Equivalent	Recommended Premium Equivalent	% Change
Employee	\$39.56	\$39.56	0%
Family	\$122.11	\$122.11	0%

Proposed Renewal Action- ALTERNATE 2			
No change to PPO benefits. Change deductible to Premier network from \$50/\$150 to \$75/\$225. Change OON BENEFITS AS FOLLOWS: Change deductible from \$50/\$150 to \$75/\$225. Change co-insurance on coverage A from 100% to 80%. Change annual maximum from \$1,500 to \$750. Change ortho LT max from \$1,000 to \$750. All other benefits to remain the same.			
	Current Premium Equivalent	Recommended Premium Equivalent	% Change
Employee	\$39.56	\$40.48	2.3%
Family	\$122.11	\$124.95	2.3%

Underwriting Assumptions

1. The proposed renewal ASO fees will be in effect from: January 1, 2013 to December 31, 2013.
2. The projection is based on 122 employees and 261 families.

	Current	Alternate 1	Alternate 2
Projected Annual Incurred Claims:	\$437,239	\$421,402	\$431,612
Projected Annual Administration Fee:	\$18,980	\$18,980	\$18,980
Projected Annual Total Cost:	\$456,219	\$440,382	\$450,592

3. All of our standard processing policies, limitations and exclusions apply.
4. During the current experience period of January 1, 2012 to December 31, 2012, VILLAGE OF DOWNERS GROVE averaged 380 PPO 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.**

 Current Plan-PPO

 X **Current Plan- DeltaVision®**

 Alternate 1

 X **Alternate 2**

If we do not receive notification from you by December 1, 2012, Delta Dental of Illinois will assume you agree to the proposed ASO fees and renew your current dental benefit plan.

AGREED AND ACCEPTED:

VILLAGE OF DOWNERS GROVE, Contract #08338

By: _____ Date: _____

Title: _____

Contact Sheet

For questions about your renewal, please contact:

Stacy Beitzel, Senior Account Manager
630-718-4742
fax 630-983-4242
sbeitzel@deltadentalil.com

Your Accounts 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:**

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.