

**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 AMENDMENT #4 TO
NATIONAL INSURANCE SERVICES JOINDER AGREEMENT FOR
LONG TERM DISABILITY INSURANCE**

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 Amendment #4 (the "Agreement"), between the Village of Downers Grove (the "Employer") and National Insurances Services (the "Administrator"), for long term disability insurance, effective January 1, 2013 through December 31, 2013, 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 Mayor 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

AMENDMENT #4 TO
NATIONAL INSURANCE SERVICES
JOINER AGREEMENT
FOR
LONG TERM DISABILITY INSURANCE

Carrier No: 1190

Carrier: MNL

Group Name: DOWNERS GROVE VILLAGE

State: IL

Employee Classification: 01-All Employees, excluding Police and Fire Collective Bargaining Units

Effective Date: January 1, 2013

Benefit Change:

Rate: The premium rate is decreased to .20% (.0020) of covered payroll.

The above rates are guaranteed for two years. This rate guarantee will not pertain to adjustments in premium rate due to amendments requested by the Employer.

IN ALL OTHER RESPECTS, COVERAGE UNDER THIS POLICY REMAINS UNCHANGED.

Accepted this _____ day of _____, 20_____, for the above-named Employer:

By: _____
Signature

By: _____
Signature

Print Name and Title

Print Name and Title

Accepted for NATIONAL INSURANCE
SERVICES by Administrator, National
Insurance Services of Wisconsin, Inc.



Date: October 19, 2012

This signed and executed Amendment must be returned within 20 working days of the date of the Administrator's signature in order to insure acceptance of the Amendment as outlined.