

**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 A NATIONAL INSURANCE SERVICES
TRUST JOINDER AGREEMENT FOR
GROUP LIFE 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 Trust Joinder Agreement (the “Agreement”), between the Village of Downers Grove (the “Employer”) and National Insurances Services (the “Administrator”), for group term life 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

**NATIONAL INSURANCE SERVICES TRUST JOINDER AGREEMENT
FOR
GROUP LIFE INSURANCE**

The undersigned Employer and the Administrator of the National Insurance Services Trust (The "Trust") agree as follows:

The Employer understands and agrees that the insurance coverage for which this is an Application will be subject to one of the following underwriting and participation requirements of the insurer:

1. Seventy-five percent (75%) of all eligible employees must be insured. If the Employer contributes 100% of the required premium, then 100% of the eligible employees must enroll.
2. As indicated in the employers labor agreement which differs from 1. as follows:
None.

3. All participating employers are required to contribute a minimum of 25% of the cost of employee plan cost.

The Employer hereby requests the coverage indicated and provides the required application data.

4. Employer Village of Downers Grove (630) 434-5538
(Exact Legal Name) (Telephone)
5. Address: Civic Center, 801 Burlington Avenue Du Page
(Street) (County)
Downers Grove Illinois 60515-4776
(City) (State) (Zip)
6. Nature of Business: Municipality

7. GROUP INSURANCE BENEFITS

- | | | | |
|-------------------------------------|---|--------------------------|-----------------------------|
| <input checked="" type="checkbox"/> | Basic Term Life Insurance | <input type="checkbox"/> | Supplemental Life Insurance |
| <input checked="" type="checkbox"/> | Basic AD&D Insurance | <input type="checkbox"/> | Supplemental AD&D Insurance |
| <input checked="" type="checkbox"/> | Waiver of Premium Benefit | <input type="checkbox"/> | Dependent Life Insurance |
| <input checked="" type="checkbox"/> | Accelerated Death Benefit | | |
| <input type="checkbox"/> | Long-Term Care Insurance Policy Endorsement | | |

Original Effective Date of Insurance: June 1, 2002

First Revised Effective Date of Insurance: September 1, 2007

Second Revised Effective Date of Insurance: January 1, 2013

8. **ELIGIBILITY** - Are any individuals currently disabled? N/A
 If yes, give full name and social security number (attach separate list if needed).

Eligibility Date: New Individuals First of Month following 30 days-

Current Individuals: Immediate

9. CLASSIFICATION OF INDIVIDUALS - BASIC COVERAGE

Class "Eligible" : Basic Term Life: Basic Term AD&D:

		Basic Term Life:	Basic Term AD&D:
01)	Management Personnel	2 X Annual Salary, Rounded to the next higher \$1,000; to a Maximum of \$200,000	2 X Annual Salary, Rounded to the next higher \$1,000; to a Maximum of \$200,000
02)	Patrol Officers	\$100,000	\$100,000
03)	Park District Employees	1 X Annual Salary, Rounded to the next higher \$1,000; Minimum of \$30,000; Maximum of \$150,000	1 X Annual Salary, Rounded to the next higher \$1,000; Minimum of \$30,000; Maximum of \$150,000
04)	Library Employees	\$20,000	\$20,000
05)	Non-Management Employees	\$100,000	\$100,000
06)	Employees who retired prior to April 30, 1984	\$5,000	N/A
07)	Employees who retired between April 30, 1984 and April 29, 1989	\$10,000	N/A
08)	Employees who retired between May 1, 1989 and April 29, 1995	\$15,000	N/A
09)	Employees who retired on May 1, 1995 or later	\$15,000	N/A
10)	Permanent Part-Time Employees budgeted to work 1,000 or more hours per year	\$15,000	\$15,000
12)	Grandfathered Retiree - [REDACTED]	\$10,000	N/A

13)	Grandfathered Retiree - ██████████	\$10,000	N/A
14)	Village Manager	2 X Annual Salary, Rounded to the next higher \$1,000; Maximum of \$200,000	2 X Annual Salary, Rounded to the next higher \$1,000; Maximum of \$200,000
16)	President - Economic Development Corporation	2 X Annual Salary, Rounded to the next higher \$1,000; Maximum of \$200,000	2 X Annual Salary, Rounded to the next higher \$1,000; Maximum of \$200,000
17)	Economic Development - Non- Management	\$30,000	\$30,000
18)	Management Firefighters	2 X Annual Salary, Rounded to the next higher \$1,000; to a Maximum of \$200,000	2 X Annual Salary, Rounded to the next higher \$1,000; to a Maximum of \$200,000
19)	Non-Management Firefighters	\$100,000	\$100,000

Basic Coverage Non-Evidence Amount: \$200,000 All Classes

10. CLASSIFICATION OF INDIVIDUALS - SUPPLEMENTAL COVERAGE

N/A

11. DEPENDENT LIFE

N/A

12. REDUCTIONS AND TERMINATIONS

Classes 01 – 05, 10, and 14 -19:

Basic Life and Basic AD&D Insurance terminates upon the Insured Employee's retirement, unless eligible for Retiree coverage.

Classes 06 –08, and 11-13:

Basic Life and Basic AD&D (if applicable) Insurance will not reduce or terminate.

Class 09:

Basic Life Insurance reduces to 65% upon the Insured Employee's attainment of age 65, reduces to 50% upon the Insured Employee's attainment of age 70, and terminates upon the Insured Employee's attainment of age 75.

13. REPLACEMENT

If the insurance applied for replaces, or is in addition to any similar group or wholesale insurance now or previously in-force, give the name of the carrier and the date the insurance was or is to be discontinued: N/A

14. PREMIUMS

- 0 % Employee contributions required for Basic coverage. (All Other Insured Classifications)
- 100 % Employee contributions required for Retiree coverage. (Classes 06-09, 11-13)
- N/A % Employee contributions required for Supplemental coverage.
- N/A % Employee contributions required for Dependent coverage.

Premiums will be paid: Monthly Other: _____

Advance payment of \$ N/A is submitted with this application to be applied by the Trust on premiums for insurance due when and if issued.

15. a. Are retirees covered under this plan? Yes No
 b. If "Yes", state conditions under which retirees are eligible: All Eligible Employees who are eligible for Retiree coverage, pursuant to the Village of Downers Grove employment agreements.

16. Excluded classes (explain if any): _____

Benefits are only available to active full-time employees working an average of at least 30 hours per week and to Permanent part-time employees budgeted to work 1,000 or more hours annually on a regular basis and compensated by a reasonable salary or wage. Benefits are also available to eligible retirees. Seasonal employees are not considered eligible for coverage. Those employees not actively at work at the time of eligibility become eligible upon returning to active employment. The Employer, however, may request to provide benefits to other than active full-time employees. Such request must be outlined below and will not be effective unless approved in writing by the insurer.

17. **Additional Information:** The Basic Term Life rate is \$0.12/\$1,000. The Basic AD&D rate is \$0.03/\$1,000. These rates are guaranteed until January 1, 2015 and will renew every January 1st thereafter.

Waiver of Premium Benefit:

Under 'PART V - CONTINUATION OF LIFE INSURANCE BENEFIT DURING TOTAL DISABILITY', subsection 'A. WAIVER OF PREMIUM BENEFIT', the first paragraph is hereby deleted in its entirety and replaced with:

'If an Insured becomes totally disabled, prior to age 60, the Company will waive the premium for that Insured and his or her dependents. The wavier of premium will begin on the first of the month following six months of total disability in a row.'

Furthermore, item '(3)' under this same section and item '(3)' under section 'B. EXTENSION OF LIFE INSURANCE BENEFIT' are also deleted and replaced with:

'(3) on the premium due date immediately prior to the Insured's 65th birthday;'

Individual Terminations:

Under 'PART XI – WHEN INDIVIDUAL INSURANCE ENDS', the first item number '(4)' is deleted in its entirety and is replaced with the following:

'(4) on the date the insured is no longer in active service in any class or classes insured under this policy except as noted below:

- a. as a result of a condition for which he or she is eligible under the Waiver of Premium Benefit;
- b. during an approved leave of absence, per the following guidelines:
 - i. it is the responsibility of the Employee to make arrangements to pay the Employer the premium amounts in advance and the Employer must keep accurate records of the receipt;
 - ii. the premium must be received by the Company on a monthly basis;
 - iii. a return to Active Service date must be established before the leave commences;
 - iv. the right to continue participation in this Policy will discontinue upon termination of employment except as provided by law; and
 - v. this coverage is limited to a period of not more than one year.
- c. For Insured's on a leave of absence under the Federal Family and Medical Leave Act (FMLA) of 1993, and its amendments, coverage will continue until the later of the leave period required by the Act, or the leave period required by applicable state law, provided that:
 - i. We receive written notice in advance of a leave approved by the Employer which includes the beginning and ending date of the leave and the Insured's in-force life amount or the amount of the Insured's covered salary if the life benefit is salary based;
 - ii. FMLA leaves of absence and the right to continue coverage during FMLA leaves are available to all Insured's in the same class covered under the Policy; and
The Employer remits the required premium for coverage.'

Life Insurance Benefit:

Under 'PART IV – BENEFITS', item 'A. LIFE INSURANCE BENEFIT' is hereby deleted in its entirety and replaced with:

'A. LIFE INSURANCE BENEFIT

If an insured person dies while insured under the policy, the Company will pay the applicable life insurance benefit shown in the Joinder Agreement or the life insurance amount elected by the employee if a lesser benefit is chosen, on receipt of due proof of death. The life insurance benefit will be based on the lesser of the benefit shown in the Joinder Agreement or the benefit for which premium was last paid.'

18. Name and Title of person for:

Administrative Details: <u>Mary Weisenburn</u>	Payroll Details: <u>Mary Weisenburn</u>
Title: <u>Benefits Coordinator</u>	Title: <u>Benefits Coordinator</u>
Address: <u>801 Burlington Avenue</u> <u>Downers Grove, IL 60515-4776</u>	Address: <u>801 Burlington Avenue</u> <u>Downers Grove, IL 60515-4776</u>
Phone: <u>(630) 434-5538</u>	Phone: <u>(630) 434-5538</u>

19. If evidence of insurability is required, was the medical information on the Evidence of Insurability form completed by: Agent Employer Employee
20. Premiums are due and payable monthly, in advance, and will be due on the 15th of each month for the next month's coverage.
21. The undersigned employer adopts and agrees to be bound by the terms and conditions of the National Insurance Services Trust Agreement, as amended from time to time (the "Trust Agreement"), and the insurance agreements covering its employees. The Employer understands that the Trust is a vehicle for obtaining insurance to provide benefits under one or more of the Employer's employee benefit programs. In this regard, the Employer joins together with other groups under the Trust as a single policyholder in the purchase and maintenance of group insurance policies. The Trust's Administrator shall provide the Employer with the information involving the insurance policies which is necessary for the Employer to comply with applicable state and federal reporting requirements which relate to this group insurance. The Employer agrees to be bound by actions taken pursuant to the powers granted under the Trust agreement or the affected insurance policy.
22. The signature by the Administrator of the Trust constitutes acceptance of the undersigned Employer as a group member under the Trust. Coverage will become effective upon acceptance by the insurer.

23. **AGREEMENT AND SIGNATURES** - It is understood and agreed as follows:

1. Insurance will be effective with regard to those individuals listed above in the classes of Eligible Individuals, on the latest of the following dates:
 - a. The effective date approved by the Trust;
 - b. The date this application is signed; and
 - c. The date the first premium is paid in full.
2. No agent has the authority to waive any of the Trust/Underwriter's rights or requirements, or make or alter any contract or policy.

Dated at _____ this _____ day of _____, 2007

_____ Signature of Writing Agent	_____ Agent Code	_____ Employer Signature
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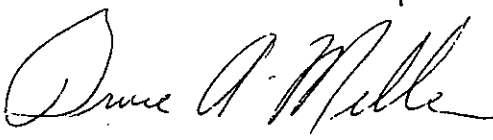
_____ Signature of Other Agent (If Split Case)	_____ Agent Code	_____ Print Name
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_____ Agency	_____ Agent Code	_____ Print Title
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National Insurance Services Trust

Administrator: National Insurance Services

Carrier ID # 4116

By: 

Bruce A. Miller, President

October 15, 2012

This Program is underwritten by Madison National Life Insurance Company.