

**Staff Responses to Council Questions  
October 8, 2013**

**7. CONSENT AGENDA**

**H. Resolution: Authorize an Agreement with Humana**

*Please further explain what the Village is doing now and how the change to the retiree plan will save the Village money.*

Currently, the Village has 51 retirees over the age of 65 on its health plan. The total premium amount charged for the retiree group is \$448,245, of which the retirees cover 50% of the premium costs, of \$224,122. The total claims paid in 2012 (due to the Village’s self-insured status) for this group was approximately \$325,000. This amount fluctuates from year to year based on actual claims experience.

Under the proposed contract with Humana, the Village would purchase premiums totaling \$206,856 for 2014. The retirees would continue to be charged 50%, or \$103,428, of the premiums, resulting in a net cost to the Village to \$103,428. In addition, the Village will also realize savings in the form of reduced costs for the Specific and Aggregate Stop Loss and Medical Claims Administration contracts due to the elimination of this retiree group from the Village’s Plan. The following table summarizes the current and proposed arrangements.

	<b>Current</b>	<b>Proposed</b>
Actual Costs to Village	\$325,000	\$206,856
Less 50% Premiums Paid by Retirees	(\$224,122)	(\$103,428)
<b>Premium/Claims Net Cost to Village</b>	<b>\$100,878</b>	<b>\$103,428</b>
Less Stop Loss Contract Savings		(\$72,032)
Less Claims Admin Contract Savings		(\$2,285)
<b>Total</b>	<b>\$100,878</b>	<b>\$29,111</b>

The reason that the premium amount is lower under the Humana contract is because this group participates in Medicare as their primary insurance coverage and relies on the Village to provide enhanced secondary coverage, primarily relying on the pharmaceutical benefits that the Village’s plan offers. However, their premiums are comparable to those premiums paid by active employees. In other words, Humana is better suited to serve this group’s unique needs, while

the Village's self-insured plan continues to be most beneficial and cost effective for active employees and retirees under 65.

## **9. FIRST READING**

### **A. Ordinance: Increase the Number of Off-Premise Consumption Liquor Licenses**

*Did the Liquor Commission review and comment on this proposed action?*

No, it was not reviewed by the Liquor Commission. Staff discussed it directly with the Liquor Commissioner - Mayor Tully.

### **Online Comments**

There were no online comments this week.