

VILLAGE OF DOWNERS GROVE
Report for the Village
9/4/2018

SUBJECT:	SUBMITTED BY:
Retired Employee Benefit Renewal - Humana Medicare Advantage	Dennis Burke Human Resources Director

SYNOPSIS

A resolution has been prepared to renew the Humana Group Medicare Advantage Program for Village retirees who are over the age of 65 for FY19.

STRATEGIC PLAN ALIGNMENT

The goals for 2017-2019 include *Steward of Financial, Environmental and Neighborhood Sustainability*.

FISCAL IMPACT

The FY19 Proposed Budget will include \$300,000 in the Health Fund for premiums for the Humana program. Contract amounts for FY18 and FY19 are itemized below:

Vendor	Contract Item	FY2018 Amount	FY2019 Amount	Difference
Humana	Medicare Advantage Program for Retirees over 65	\$299,214	\$299,381	\$167

RECOMMENDATION

Approval on the September 4, 2018 consent agenda.

BACKGROUND

Retiree Program – Medicare Advantage Program for Retirees over 65 – State law requires that the Village offer health insurance to retirees. Currently, retirees over 65 go into a fully insured carve-out plan through Humana. Retirees are expected to pay full premium except for those employees who retired prior to September 9, 2009, who pay 50% of the premium. The premium costs for 2019 are \$299,381. The premium amount has remained flat due to a reduction in the individual monthly premium, but ten (10) people are being added to the Village’s Self Insured Plan into Humana.

ATTACHMENTS

Resolution
 Contract

RESOLUTION NO. _____**A RESOLUTION AUTHORIZING A RENEWAL AGREEMENT
BETWEEN THE VILLAGE OF DOWNERS GROVE AND HUMANA
FOR MEDICARE ADVANTAGE INSURANCE FOR RETIREES OVER 65**

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 Medicare Advantage Employer Plan Renewal (the "Renewal"), between the Village of Downers Grove (the "Policy Holder") and Humana (the "Company"), for Medicare Advantage insurance for retirees over 65, effective January 1, 2019 through December 31, 2019, as set forth in the form of the documents 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



Humana Medicare Employer Plan – Rating Assumptions and Stipulations

VILLAGE OF DOWNERS GROVE - PPO

Proposal Terms

The benefits presented on the previous page are a high-level summary. Please consult the Plan Design Exhibit for a more detailed outline of the benefits proposed. Final benefits may differ due to annual changes in CMS benefit requirements.

The Humana Group Medicare Advantage Plan is only offered to eligible retirees and their dependents with End Stage Renal Disease (ESRD) who are diagnosed and enrolled in a manner that is consistent with applicable Medicare secondary laws, and the rules and regulations set forth by CMS.

The rates provided do not reflect any potential premium adjustments provided by Center for Medicare and Medicaid Services (CMS) or federal regulations based on a Medicare beneficiaries income.

Humana will hold the proposed rates unless there are material changes within the Patient Protection and Affordable Care Act, other federal regulations, or CMS guidance that affect Medicare Advantage (and/or Part D) products and/or reimbursements.

Humana will hold the proposed rates, assuming all of the information provided is accurate, and could be subject to change should any of the following differ:

The rates and benefit plan design provided in this proposal are effective 01/01/2019-12/31/2019.

All members are retired and enrolled in Medicare Part A and Part B.

A minimum average employer contribution level of 50% of the proposed premium for the plan.

A majority of members' (51% or more) primary residence is in an adequate Humana Medicare Advantage network service area. Humana will monitor network adequacy throughout the year to confirm standards are met.

Final enrolled membership will not differ from the current enrollment and/or the information provided by more than 10%.

Humana's Medicare Advantage plan is the only plan offered and there is no additional secondary plan wrapping around or offered in conjunction with this plan for all current and future Medicare eligible retirees.

Part D, administered by Humana Pharmacy Solutions, will utilize Humana's Group Plus formulary and include utilization management programs such as: quantity limits, prior authorization, and step therapy. Humana continually updates its drug list and quantity limits, and ensures these updates are in accordance with CMS regulations.

We are pleased to present this Humana Group Medicare Advantage proposal to you and assume all information provided is accurate with the understanding if there is a material change from the current offering environment, Humana has the right to revise or rescind the quote.



Humana Group Medicare Advantage Plan Renewal

In signing this document, you are accepting the renewal, effective January 1, 2019, of the Group Medicare plan(s) submitted by your Humana Account Executive and described in the enclosed renewal package.

2019 Plan/Option: LPPO 079/066 RX 66

You, the Plan Sponsor, understand, acknowledge, and agree that:

- You have carefully reviewed the renewal letter and the enclosed renewal package.
- Only individuals who meet the eligibility requirements of the plan are eligible to maintain coverage.
- Providing incomplete, inaccurate, or untimely information may void, reduce, or increase premium, or terminate an individual's coverage or the plan coverage.
- The Plan Sponsor can subsidize different premium amounts for different classes of enrollees in a plan provided: 1) such classes are reasonable and based on objective business criteria, such as years of service, date of retirement, business location, job category, and nature of compensation (e.g., salaried vs. hourly), 2) the premium cannot vary for individuals within a given class of enrollees, and 3) the Plan Sponsor must pass through any direct subsidy payments received from CMS to reduce the amount that the beneficiary pays (or in those instances where the subscriber to or participant in the plan pays premiums on behalf of a Medicare eligible spouse or dependent, the amount the subscriber or participant pays). With regard to the Part D premium, different classes of enrollees cannot be based on eligibility for the Part D Low-Income Subsidy (LIS).
- If plan enrollees are entitled to a reduction of their premium as Part D LIS enrollees and Humana receives a Low-Income Premium Subsidy for such enrollees, Humana will pass the Low-Income Premium Subsidy amount through to the LIS enrollees to reduce their premiums.
- With regard to the Part D premium, the Plan Sponsor cannot charge an enrollee for prescription drug coverage provided under the PDP/MAPD plan more than the sum of his or her monthly beneficiary premium attributable to basic prescription drug coverage and 100% of the monthly beneficiary premium attributable to his or her non-Medicare Part D benefits (if any).

Organization: _____

Signature: _____

Title: _____

Date: _____

Important reminder: Please sign and return your acceptance right away to ensure we receive it by **September 14, 2018**. Be sure to keep a copy for your records.

Humana is a Medicare Advantage organization with a Medicare contract. Enrollment in a Humana plan depends on contract renewal.