

VILLAGE OF DOWNERS GROVE
Report for the Village
10/9/2018

SUBJECT:	SUBMITTED BY:
Employee Benefits Renewal Contracts and Medical Plan Amendments for FY2019	Dennis Burke Director of Human Resources

SYNOPSIS

Resolutions have been prepared to authorize approval of employee benefits renewal contracts and plan amendments for FY19.

STRATEGIC PLAN ALIGNMENT

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

FISCAL IMPACT

The FY19 proposed budget includes \$1,650,095 in the Health Insurance Fund (Page 4-7, Lines 17 and 18) for claims administration, stop loss contracts and Wellness Health Initiative. There is a 2.3% increase in contract costs for FY19 compared to FY18. The vendors and contract amounts for FY18 and FY19 are itemized below:

Vendor	Contract Item	FY2018 Amount	FY2019 Amount	Difference
Blue Cross/Blue Shield	Medical Claim Administration	\$193,008	\$150,822	(\$42,186)
Blue Cross/Blue Shield	Specific and Aggregate Stop Loss	\$506,390	\$568,210	\$61,820
Subtotal		\$699,398	\$719,032	\$19,634
National Insurance Services Trust	Life Insurance	\$83,504	\$83,504	\$0
National Insurance Services Trust	Disability Benefits	\$27,666	\$27,666	\$0
TASC	Veba Health Savings	\$20,200	\$20,200	\$0
Delta Dental	Dental Benefits	\$19,352.16	\$19,352.16	\$0
PBA	Flexible Spending & COBRA	\$10,085	\$10,085	\$0
Total		\$860,205.16	\$879,839.16	\$19,634.00

RECOMMENDATION

Approval on the October 9, 2018 consent agenda.

BACKGROUND

The recommended contracts provide the necessary administration and support for the Village's Health Insurance program, which has a total budget of \$6.8 million as shown in the FY19 Proposed Budget. The budget also describes how the Village has positioned itself well to effectively control health insurance costs and respond to the requirements of the Patient Protection Affordable Care Act.

A summary of the 2019 employee benefits contracts is provided below:

- *Medical Claim Administration* – The Village has a 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 has contracted with Blue Cross/Blue Shield of Illinois for these services since 2011. Blue Cross has provided a renewal quote for 2019 for claims administration. Blue Cross also charges a fee to access their PPO network. The fee is offset by the significant savings the Village realizes through the Blue Cross PPO discounts. Total annual costs for medical claims administration for 2019, which includes the PPO access fee, are \$150,822.
- *Stop Loss Coverage* - 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 and aggregate. Specific stop loss insurance provides a point at which time the insurance company becomes responsible for any claims after an individual insured reaches a pre-determined limit in the contract year. As part of the annual review, staff directs the Village's consultant, the Horton Group, to recommend to the Village the most appropriate point for specific stop loss coverage. The consultant reviews specific claim data on the Village's group and determines if it is cost effective for the Village to take on additional claim exposure. For 2019, 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. Blue Cross's quote for stop loss totals \$568,210 annually. The increase for stop loss from last year is due to an increase in participants in the health plan that exceeded the \$150,000 limit.
- *Long Term Disability Insurance (LTD)* – LTD is a benefit for all full time employees, except sworn Police or Fire employees, who are covered through the pension plans. Premium costs for FY19 are \$27,666.
- *Life Insurance* - Life insurance is offered as an employee benefit. The premium for life insurance for 2019 is \$83,504.
- *Vebe Health Savings* – Under the Village of Downers Grove medical program, employees are able to participate in a "VEBA Savings Plan" (oftentimes referred to as a health reimbursement account or HRA). The Village contracts with TASC/Genesis America's VEBA for administration of the HRA. Administrative Fees for FY19 are \$20,200.

- *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 for 2019 are \$19,352.16
- *Public Benefit Administration (PBA)* - provides flexible spending accounts for Village employees and administers COBRA for separating employees. The FY19 fee is \$10,085.

ATTACHMENTS

Resolutions

Contracts

RESOLUTION NO. _____**A RESOLUTION AUTHORIZING AMENDMENT #2 TO 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 Amendment #2 to a Joinder Agreement (the "Amendment"), between the Village of Downers Grove (the "Village") and National Insurance Services Trust ("National Insurance Services Trust"), for group life insurance, effective January 1, 2019 through December 31, 2019, as set forth in the form of the Amendment 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 Amendment, 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 Amendment.

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 #2 TO
NATIONAL INSURANCE SERVICES TRUST
JOINDER AGREEMENT FOR
GROUP TERM LIFE INSURANCE**

Employer Plan No: 4116

Carrier: MNL

Employer: Village of Downers Grove

State: IL

Employee Class: All Insured Classifications

This Amendment, made part of the National Insurance Services Trust Joinder Agreement (the "Agreement") by and between the Administrator of the National Insurance Services Trust and **Village of Downers Grove**, (the "Employer"), amends certain provisions of the Agreement effective January 1, 2019 as specified below. Provisions under this Amendment are subject to all the terms and conditions, limitations and exclusions of the entire contract, unless otherwise stated herein.

Benefit Change(s): None

Rates:

- Basic Life: Rate shall remain unchanged at \$0.14/\$1,000.
- Basic AD&D: Rate shall remain unchanged at \$0.03/\$1,000.
- Retiree Basic Life: Rate shall remain unchanged at \$0.14/\$1,000.

The above rates are guaranteed for 12 months, until January 1, 2020. This rate guarantee will not pertain to adjustments in premium rate due to amendments requested by the Employer.

This Amendment becomes a part of the entire contract. It shall continue in force under the same provisions that govern the entire contract. All other terms, provisions and conditions of the entire contract remain unchanged except as stated above.

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 TRUST
by Administrator, National Insurance
Services of Wisconsin, Inc.



Date: September 18, 2018

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.