

VILLAGE OF DOWNERS GROVE
Report for the Village

SUBJECT:	10/1/2019	SUBMITTED BY:
Employe Benefits Renewal Contracts and Medical Plan Amendments for FY 2020		Dennis Burke Director of Human Resources

SYNOPSIS

Resolutions have been prepared to authorize approval of employee benefits renewal contracts and plan amendments for FY 2020.

STRATEGIC PLAN ALIGNMENT

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

FISCAL IMPACT

The Proposed FY20 health insurance budget includes \$1,650,095 for claims administration, stop loss contracts and Wellness Health Initiative. The vendors and contract amounts for FY19 and FY20 are itemized below:

Vendor	Contract Item	FY2019 Amount	FY2020 Amount
Blue Cross/Blue Shield	Medical Claim Administration	\$150,822.00	\$91,834.00
Blue Cross/Blue Shield	Specific and Aggregate Stop Loss	\$568,210.00	\$785,492.00
Subtotal		\$719,032.00	\$877,326.00
National Insurance Services Trust	Life Insurance	\$83,504.00	\$83,504.00
National Insurance Services Trust	Disability Benefits	\$23,746.00	\$23,746.00
TASC	Veba Health Savings	\$28,089.90	\$28,089.90
Humana	Retiree Carve Out	\$288,207.00	\$339,361.00
Eye Med	Vision	\$30,341.76	\$33,294.12
Perspectives	Employee Assistance Program	\$11,000.00	\$9,350.00
Grand Total		\$1,183,920.66	\$1,394,671.02

RECOMMENDATION

Approval on the October 1, 2019 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 FY20 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 2020 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 2020 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. The Village made positive changes to the plan design which was recognized by Blue Cross that provided a more positive renewal cost which includes an increase in prescription drug credits. Total annual costs for medical claims administration for 2020, which includes the PPO access fee, are \$91,834. This represents a decrease of \$58,988 from the previous year.
- *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 2020 the consultant determined that the Village should remain at the current \$150,000 specific stop loss level. Due to a high volume of claims that reached the \$150,000 stop loss level the Village expected an increase in the Stop Loss premium. The Village does obtain alternative quotes on stop loss coverage on an annual basis. Blue Cross's quote for stop loss totals \$785,492 annually. The increase of \$190,282 for stop loss from last year is due to 11 participants in the health plan exceeding the \$150,000 limit. Instead of red lining these four individuals at higher levels of stop loss at a higher rate, the underwriter added to the premium and kept all participants at \$150,000 stop loss, which is in the best interest of the Village's Health Plan.
- *Life Insurance* – Life Insurance is offered as an employee benefit. The premium for Life Insurance for 2020 is \$83,504. This premium reflects no increase from the previous year.
- *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 plan. Premium costs for FY20 is \$23,746. This premium reflects no increase from the previous year.
- *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 for administration of the HRA. Administrative Fees for FY20 are \$28,089.90.

- *Retiree Carve Out* – Village employees and their eligible spouses that are on the Village’s Health Insurance Plan go to the Retiree Carve Out when they reach Medicare age at 65 years old. In 2012, the Village through the Broker found a Humana Supplement plan for these retirees is provided thereby removing them from the Village’s Self-Insurance Program. The Village pays the premium and invoices those premiums to the respective retirees. However, those employees that retired prior to the change in Village Ordinance on 9/9/2009 receive credit of 50% of premium. The premium for 2020 is \$339,361. The increase from the previous year is due to eleven (11) new plan participants and a tax of \$16.88 a month per participant.
- *Vision* – The Village provides employees a vision program which is administered by Eye Med Plan of Illinois. Under this program, employees utilize network providers where services are received at discounted rates and benefits are primarily paid in full two years for frames and one year for lenses. Fees for administration of the Eye Med program for 2020 are \$33,294.12. The increase of \$2,952.24 is reasonable according to the Village’s Broker and the quote is for four (4) years to 2023.
- *Employee Assistance Program* – Perspectives provides employee assistance programs for all Village employees. These programs include individual Counseling, Family Counseling, Debt Consolidation, Legal Counseling and more. Because the Village has been a good customer, Perspectives has offered a three (3) year contract through December 31, 2022, as well as a 15% discount. The fee will be \$9,350. This is a decrease of \$1,650 from last year.

ATTACHMENTS

Resolutions

Contracts

RESOLUTION NO.

**A RESOLUTION AUTHORIZING A
VISION INSURANCE CONTRACT BETWEEN
THE VILLAGE OF DOWNERS GROVE
AND EYEMED**

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 Contract (the "Contract"), between the Village of Downers Grove (the "Village") and EyeMed ("EyeMed"), for an employee vision insurance program effective January 1, 2020, as set forth in the form of the Contract 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 Contract, 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 Contract.

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



Village of Downers Grove

SUMMARY OF BENEFITS

Vision Care Services	In-Network Member Cost	Out-of-Network Reimbursement
Exam With Dilation as Necessary	\$10 Co-pay	Up to \$40
Retinal Imaging	Up to \$39	N/A
Frames	\$0 Co-pay; \$100 allowance; 20% off balance over \$100	Up to \$70
Standard Plastic Lenses		
Single Vision	\$25 Co-pay	Up to \$30
Bifocal	\$25 Co-pay	Up to \$50
Trifocal	\$25 Co-pay	Up to \$70
Standard Progressive Lens	\$90	Up to \$50
Premium Progressive Lens	\$90, 80% of charge less \$120 allowance	Up to \$50
Lenticular	\$25 Co-pay	Up to \$70
Lens Options (paid by the member and added to the base price of the lens)		
UV Treatment	\$15	N/A
Tint (Solid and Gradient)	\$15	N/A
Standard Plastic Scratch Coating	\$15	N/A
Standard Polycarbonate	\$40	N/A
Standard Polycarbonate - Kids under 19	\$40	N/A
Standard Anti-Reflective Coating	\$45	N/A
Polarized	20% off retail price	N/A
Other Add-Ons and Services	20% off retail price	N/A
Contact Lens Fit and Follow-Up (Contact lens fit and two follow up visits are available once a comprehensive eye exam has been completed)		
Standard Contact Lens Fit & Follow-Up	Up to \$55	N/A
Premium Contact Lens Fit & Follow-Up	10% off retail	N/A
Contact Lenses		
Conventional	\$0 Co-pay; \$100 allowance; 15% off balance over \$100	Up to \$100
Disposable	\$0 Co-pay; \$100 allowance; plus balance over \$100	Up to \$100
Medically Necessary	\$0 Co-pay, Paid-in-Full	Up to \$210
Laser Vision Correction		
Lasik or PRK from U.S. Laser Network	15% off the retail price or 5% off the promotional price	N/A
Hearing Care		
Hearing Health Care from Amplifon Hearing Network	40% off hearing exams and a low price guarantee on discounted hearing aids	N/A
Frequency		
Examination	Once every 12 months	
Lenses or Contact Lenses	Once every 12 months	
Frame	Once every 24 months	

Additional discounts

40% OFF

Complete pair of prescription eyeglasses

20% OFF

Non-prescription sunglasses

20% OFF

Remaining balance beyond plan coverage

These discounts are for in-network providers only

Take a sneak peek before enrolling

- You're on the ACCESS Network
- For a complete list of **in-network** providers near you, use our **Enhanced** Provider Locator on www.eyemed.com or call **1-866-723-0596**.
- For Lasik providers, call **1-877-5LASER6**.

Benefits are not provided from services or materials arising from: 1) Orthoptic or vision training, subnormal vision aids and any associated supplemental testing; Aniseikonic lenses; 2) Medical and/or surgical treatment of the eye, eyes or supporting structures; 3) Any eye or Vision Examination, or any corrective eyewear required by a Policyholder as a condition of employment; Safety eyewear; 4) Services provided as a result of any Workers' Compensation law, or similar legislation, or required by any governmental agency or program whether federal, state or subdivisions thereof; 5) Plano (non-prescription) lenses; 6) Non-prescription sunglasses; 7) Two pair of glasses in lieu of bifocals; 8) Services or materials provided by any other group benefit plan providing vision care 9) Services rendered after the date an Insured Person ceases to be covered under the Policy, except when Vision Materials ordered before coverage ended are delivered, and the services rendered to the Insured Person are within 31 days from the date of such order. 10) Lost or broken lenses, frames, glasses, or contact lenses will not be replaced except in the next Benefit Frequency when Vision Materials would next become available. Benefits may not be combined with any discount, promotional offering, or other group benefit plans. Standard/Premium Progressive lens not covered-fund as a Bifocal lens. Standard Progressive lens covered-fund Premium Progressive as a Standard. Underwritten by Fidelity Security Life Insurance Company of Kansas City, Missouri, except in New York. The Certificate of Insurance is on file with your employer. Benefit allowance provides no remaining balance for future use within the same benefit year. Fees charged for a non-insured benefit must be paid in full to the Provider. Such fees or materials are not covered.

Hello



We have a few updates for Village Of Downers Grove about your renewal with EyeMed Vision Care. Your new rates are detailed below and will take effect 1/1/2020. No signature is required and no additional action is needed.

Rates below will be effective 1/1/2020.

Tier	Current Rate	Renewal Rate
Employee Only	\$3.47	\$3.64
Employee + Family	\$8.86	\$9.29

We will continue to guarantee these rates for 48 months with the exception of changes in benefits, network contributions, number of eligible employees or any future tax, fee or assessment imposed by the Federal or State governments. Included you will find the amendment to the Village Of Downers Grove application. This document should be retained for your records.

We look forward to continuing our relationship. In addition to your same great savings, we have a couple more to share:

- Routine Retinal Screening: Pay no more than \$39 at EyeMed in-network providers.
- Hearing Care Discount: 40% off of a hearing exam and set discounted pricing for hearing materials from the Amplifon Hearing Health Care network.
- Sun Savings: Up to \$50 in savings on non-prescription sunglasses at Sunglass Hut.*
- International Travel Solution: Assistance for vision emergencies when traveling abroad.

If you'd like to see additional plan design options or if there are any questions, don't hesitate to contact me. We know things change, so if there is a new contact person, please send me their contact information so I can follow up.

There is no additional action required. Thank you for your business.

Best regards,

Eric Schmidt
 Account Manager
 eschmidt@eyemedvisioncare.com
 4000 Luxottica Place, Mason, OH 45040

* May not be combined with any other offers or discounts. This is not insurance. Redeemable at any participating U.S. Sunglass Hut, Sunglass Hut at Macy's or online, or at SunglassHut.com. Excludes Chanel, Maui Jim, Oakley, Tiffany and Tom Ford. Exclusions may apply. Limitations and exclusions may apply. For a complete list of current offers, EyeMed members may log into their member account at eyemed.com.



LENSCRAFTERS



OPTICAL





FIDELITY SECURITY LIFE INSURANCE COMPANY

3130 Broadway
 Kansas City, Missouri 64111-2406
 Phone 800-648-8624
 A STOCK COMPANY
 (Herein Called "the Company")

AMENDMENT TO THE APPLICATION FOR VISION CARE BENEFITS

CURRENT GROUP INFORMATION (AS REFLECTED IN THE COMPANY'S RECORDS):

Group Name: Village Of Downers Grove
 DBA, if applicable: _____
 Policy Number: VC-19


Effective 1/1/2020, the Application for Vision Care Benefits as issued is amended as noted below:

The rates have been updated as noted below:

Monthly Rate

Employee Only	\$3.64
Employee + Family	\$9.29

FIDELITY SECURITY LIFE INSURANCE COMPANY


 President


 Secretary