

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting

SUBJECT:	10/18/2022	SUBMITTED BY:
Employee Benefits Renewal Contracts and Medical Plan Amendments for FY2023		Lauren Linares Director of Human Resources

SYNOPSIS

Resolutions have been prepared to authorize approval of employee benefits renewal contracts and plan amendments for FY2023.

STRATEGIC PLAN ALIGNMENT

The goals for 2021-2023 include *Steward of Financial, Neighborhood and Environmental Sustainability*.

FISCAL IMPACT

The proposed FY2023 health insurance budget includes \$1,313,305 for claims administration, stop loss contracts and Wellness Health Initiative. The vendors and contract amounts for FY2022 and FY2023 are itemized below:

Vendor	Contract Item	FY2023 Amount	FY2022 Amount
Blue Cross Blue Shield	Medical Claim Administration	(\$22,128)	(\$134,677)
Blue Cross Blue Shield	Specific and Aggregate Stop Loss	\$855,504	\$865,929
Subtotal		\$833,376	\$731,252
Blue Cross Blue Shield	Life Insurance	\$80,047	\$80,047
Blue Cross Blue Shield	Disability Benefits	\$24,732	\$24,732
MidAmerica	VEBA Health Savings	\$6,240	\$28,809
Humana	Retiree Carve Out	\$239,139	\$269,232
Professional Benefit Administrators	COBRA & Flexible Spending	\$10,385	\$9,276
Delta Dental	Dental Insurance Administration	\$20,490	\$20,092
Total		\$1,214,409	\$1,163,440

RECOMMENDATION

Approval on the October 18, 2022 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 \$8.1 million as shown in the FY2023 Proposed Budget. The budget also describes how the Village has positioned itself to effectively control health insurance costs.

A summary of the 2023 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 provided a renewal quote for 2023 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 health insurance plan is consumer centric, which includes an opportunity for employees to partake in a Wellness Screening initiative. Employee participation drives a Blue Cross one-time Wellness Credit to the plan. Total annual costs for medical claims administration for 2023 is a credit of \$22,128. Note, this credit diminished compared to FY2022, due to an increase in monthly administrative fees and a decrease in prescription drug rebate credit.
- *Stop Loss Coverage* – The Village purchases stop loss coverage to limit 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 2023, the consultant determined that the Village should remain at the current \$150,000 specific stop loss level. Despite a market Stop Loss premium increase of 9.9%, due to inflation, the Horton Group renegotiated our premium with a .8% savings compared to 2022 rates – a discount offered due to continued bundling of life insurance coverage with Blue Cross Blue Shield.
- *Vebe Health Savings* – Under the Village's medical program, employees may participate in a "VEBA Savings Plan" (oftentimes referred to as a health reimbursement account or HRA) by electing Blue Cross Blue Shield's 2500 deductible medical plan. In FY22, the Village contracted services with TASC for administration of the HRA. However, due to implementation issues with TASC's software upgrade in 2021, and other administrative issues throughout 2022, the Village's partnership with the vendor became burdensome. Encouraged by the Village's consultant, the Horton Group, the Village now

prepares to transition the “VEBA Savings Plan” to MidAmerica. This implementation will streamline administrative services, and also lower annual premium costs from \$28,809 to an estimated \$6,240.

- *Life Insurance* – Life Insurance is offered as an employee benefit and will continue at the same rate under Blue Cross Blue Shield through FY23.
- *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. In 2022, it was decided to change vendors to Blue Cross Blue Shield and will continue at the same rate through FY23.
- *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 become Medicare eligible at age 65. In 2012, the Village, through its Broker, found a Humana Supplement plan to offer Medicare eligible retirees, thereby transitioning this group away from the Village’s Self-Insurance Program. The Village pays the premium and invoices those premiums to the respective retirees. Employees that retired prior to the change in Village Ordinance on 9/9/2009, receive a credit of 50% of premium. The premium for 2023 is \$239,139. This premium amount decreased compared to FY22, totaling a savings of \$30,093. The cost savings is due to the Inflation Reduction Act, which will provide much needed financial relief and increase access to affordable drugs for those enrolled in Medicare.
- *COBRA & Flexible Spending* – Professional Benefit Administrators (PBA) provides medical and dependent flexible spending accounts for Village employees and the continuation of health coverage (COBRA) for separating employees and their families. Despite no change in rates for FY23, the premium is expected to increase by \$1,109 to account for COBRA fees related to employee turnover.
- *Dental Insurance* – 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 FY23 are \$20,490. This figure shows a slight increase of \$398, due to the increase in membership.

ATTACHMENTS

Resolutions

Contracts

RESOLUTION NO.**A RESOLUTION AUTHORIZING RENEWAL OF A
GROUP DENTAL INSURANCE CONTRACT BETWEEN
THE VILLAGE OF DOWNERS GROVE
AND DELTA DENTAL OF ILLINOIS**

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 Renewal Contract (the "Renewal"), between the Village of Downers Grove (the "Village") and Delta Dental of Illinois ("DDIL"), for renewal of the employee dental insurance program effective January 1, 2023 through December 31, 2023, as set forth in the form of the Renewal 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



Delta Dental of Illinois

Dental Benefits Renewal



Smart plans for smart mouths.

Presented to

VILLAGE OF DOWNERS GROVE

DDIL #8338

Effective Date

January 1, 2023

Presented By

Kathy Nelson

Senior Account Manager

630-718-4774

knelson@deltadentalil.com

Delta Dental of Illinois
111 Shuman Boulevard
Naperville, Illinois 60563

deltadentalil.com

Your Delta Dental of Illinois Dental Plan Proposal

Delta Dental of Illinois is pleased to present its dental renewal for Delta Dental PPO Plus Premier/Delta Dental PPO and DeltaCare network services and administration to VILLAGE OF DOWNERS GROVE.

Delta Dental of Illinois' renewal includes:

- VILLAGE OF DOWNERS GROVE's current plan design(s) and proposed new plan design, if applicable.
- Claims/premium experience
- Renewal claim calculation
- Proposed renewal rates/fees. Please note: we require a signature and notification returned to confirm you agree to the proposed rates/fees. If we do not receive notification from you at least 30 days prior to your renewal date, we will assume you agree to the proposed rates/fees and renew.

One good plan deserves another. Groups can receive a discount of 2% on their dental plan rate by adding a qualifying DeltaVision®* group product to a Delta Dental of Illinois dental plan. DeltaVision is offered in association with EyeMed Vision Care networks. Our vision plans offer quality coverage, single-site administration, larger networks, more benefits and a better member experience. We can provide a DeltaVision quote upon your request.

Smart option for non-benefit eligible employees. Delta Dental of Illinois strives to help all of your employees as healthy as possible. Individuals with dental insurance go to the dentist more than those without to get the oral health care services they need. Consider our dental plans for Illinois individuals and families for your non-benefit eligible employees. Please see the enclosed brochure or visit deltadentalil.me for more details on our individual product offerings.

Delta Dental of Illinois and VILLAGE OF DOWNERS GROVE: A Smart Partnership



Since 1967, Delta Dental of Illinois has been providing dental benefits for Illinois-based groups and their members nationwide – while helping to control costs and improve access to dental care – as part of our overall commitment to improving the oral health of those we serve.

We are pleased to partner with you to offer:

Larger Networks and Better Access

Nearly 80 percent of dentists nationwide participate in our networks (75% of Illinois dentists participate). Our Delta Dental PPO network provides more savings, better discounts and higher network usage than other carriers. The Delta Dental PPO network delivers the industry's best effective discount – averaging 22.4 percent nationally. Nearly 85 percent of our members use in-network dentists, which means cost savings to our clients and members, as well as network protections. We manage and own our dental network, which helps ensure quality and recruitment goals are met.



Acting as a safety net, our Delta Dental Premier network works alongside our Delta Dental PPO network. The network combination of Delta Dental PPO Plus Premier offers members additional network protections, savings and choice for those who do not have access to or choose not to visit PPO dentists; however, members will save the most with Delta Dental PPO network dentists.

Local, Single-Site Client Service and Administration



We work hard to deliver exceptional service from our Naperville, Illinois based service center. All administrative services – customer service, claims processing, underwriting, billing, network recruiting and management, enrollment, sales and account service – are conducted from one location, making for proactive issue resolution and smooth client administration.

The benefits of single-site administration coupled with our knowledgeable team of account managers ensure a seamless implementation and hassle-free ongoing account managing and administration.

Experienced Account Management



Smart Resources



Our online member and group tools provide secure access for members and group administrators to view and manage plan information. We offer a comprehensive wellness program for groups which includes a variety of employee wellness materials, including a cost estimator, risk assessment tool and oral health information and tips. Plus, we offer comprehensive management reporting to help manage dental benefits and costs.

Delta Dental of Illinois' mission includes improving the oral health of the communities we serve. The Delta Dental of Illinois Foundation acts as the 501(c)3 charitable arm of Delta Dental of Illinois and works to improve oral health by providing oral health education and increasing access to dental care. Through its Land of Smiles program (offered free to Illinois elementary schools), Dentist by 1, and Community Grants and Wisdom Tooth Award Programs, the Foundation has helped advance oral health and impacted thousands.

We Care



Thank you for choosing Delta Dental of Illinois for your dental benefit needs. The Delta Dental of Illinois team truly values your business and hopes to provide your employees with dental benefits for many years to come. We are dedicated to providing your employees with the coverage they need to maintain good oral health, and we are committed to delivering excellent customer service and a hassle-free experience.

Sincerely,

Kathy Nelson
Senior Account Manager
630-718-4774
knelson@deltadentalil.com

* DeltaVision is provided by ProTec Insurance Company, a wholly-owned subsidiary of Delta Dental of Illinois, in association with EyeMed Vision Care networks.

VILLAGE OF DOWNERS GROVE Plan Design Summary

Annual Deductible Deductible applies to Basic and Major services	\$0/person (when using a Delta Dental PPO SM dentist). \$75/person; \$225/family (when using a Delta Dental Premier [®] or a non-network dentist).		
Annual Maximum	\$2000/ person (when using a Delta Dental SM dentist) \$1500/ person (when using a Delta Dental Premier [®] dentist) \$750/ person (when using a non-network dentist)		
To GoSM Carryover Feature	Not Included		
Enhanced Benefits Program	Not Included		
Lifetime Orthodontic Maximum Dependent Children to Age 19 Adults are not eligible for coverage	\$3400/ person \$1000/ person \$750/ person		
	Delta Dental PPO Network Dentist*	Delta Dental Premier Network Dentist**	Non-Network Dentist***
PREVENTIVE/DIAGNOSTIC SERVICES	100%	100%	80%
BASIC SERVICES	100%	80%	80%
MAJOR RESTORATIVE SERVICES	100%	50%	50%
ORTHODONTICS (treatment for proper alignment of teeth) Dependent Children to Age 19 Adults are not eligible for coverage	100%	50%	50%

*Delta Dental PPO dentists accept payment based on the lesser of the submitted fee or the PPO fee schedule, which is established at a level that typically delivers a 15 – 40% discount off of average billed charges nationally.

**Delta Dental Premier dentists accept payment based on the lesser of the submitted fee or Delta Dental's maximum plan allowance (MPA), which is established at a level that typically delivers a 5 – 15% discount off of average billed charges nationally.

***Non-network (non-Delta Dental PPO/non-Delta Dental Premier) dentist reimbursement is based on the lesser of the submitted fee or MPA.

Delta Dental PPO and Premier dentists cannot balance bill the enrollee for the difference between Delta Dental's allowed fee and the dentist's submitted charge.

Delta Dental of Illinois Proposed Self-Insured Plan Fees for VILLAGE OF DOWNERS GROVE

Current Plan

***CONCESSION PROVIDED 9/28/2022**

Delta Dental PPO Plus Premier Proposed Renewal (Current Plan)

	Current Fee (PEPM)	Proposed Fee (PEPM)	%Change
Admin Fee*	\$4.64	\$4.64	0.0%

Admin fee is guaranteed: 1/1/2023 through 12/31/2024

*Administrative fee includes \$0.00 pepm broker commissions.

Recommended Premium Equivalents

	Current Premium Equivalent	Recommended Premium Equivalent	%Change
Employee	\$35.66	\$41.39	16.1%
Family	\$110.08	\$127.76	16.1%

Underwriting Assumptions

1. Projections are based on 116 Singles, 252 Families. If enrollment changes by more than 10%, we reserve the right to revise our ASO fee.

Projected Incurred Claims	\$423,480
Projected Annual Administrative Fee	\$20,490
Projected Total Annual Cost	\$443,970

2. All of our standard processing policies, limitations and exclusions apply.

3. During the current experience period, VILLAGE OF DOWNERS GROVE averaged 362 enrollees.

Renewal Date: January 1, 2023

Acceptance of Delta Dental of Illinois Plan Renewal

Please acknowledge your acceptance of these terms by signing below and returning this page to your Account Manager. You can fax or email a copy of this letter to:

Kathy Nelson
Senior Account Manager
630-718-4774
knelson@deltadentalil.com

Delta Dental of Illinois
111 Shuman Boulevard
Naperville, IL 60563

If we do not receive notification from you at least 30 days prior to your renewal date, we will assume you agree to the proposed rates and renew your current dental benefit plan with the noted 12 month renewal admin fee.

DDIL # 8338

AGREED AND ACCEPTED -- Current Plan

Authorized Signature: _____

Date: _____

Printed Name: _____

UW/SLD