



Village of Downers Grove

Report for the Village Council Meeting

Table 1 - Council Agenda item.

Subject	Employee Benefits Renewal Contracts and Medical Plan Amendments for Fiscal Year 2027
Submitted By	Lauren Linares, Director of Human Resources

Synopsis

Resolutions have been prepared to authorize approval of employee benefits renewal contracts and plan amendments for Fiscal Year 2027 and to authorize staff to remit weekly funding for health claims and associated administrative fees.

Strategic Plan Alignment

The 2025-2027 goals include *Steward of Financial, Environmental, and Neighborhood Sustainability*.

Fiscal Impact

The proposed Fiscal Year 2027 health insurance budget includes \$2,299,270 for claims administration, stop-loss contracts, and wellness initiatives. The vendors and contract amounts for Fiscal Year 2026 and Fiscal Year 2027 are itemized below:

Vendor	Contract Item	Fiscal Year 2027 Amount	Fiscal Year 2026 Amount
Blue Cross Blue Shield	Medical Claim Administration	(\$229,377)	(\$391,812)
Blue Cross Blue Shield	Specific and Aggregate Stop Loss	\$1,353,647	\$1,125,737
Subtotal		\$1,124,270	\$733,925
Delta Dental	Dental Insurance Administration	\$23,500	\$22,141
Humana	Retiree Carve Out	\$260,831	\$247,601
Professional Benefit Administrators	COBRA & Flexible Spending	\$10,285	\$10,000
HealthJoy	Care Navigation Platform	\$38,037	\$38,037
Total		\$1,456,923	\$1,051,704

Recommendation

Approval on the October 20, 2026 Consent Agenda.

Background

The recommended contracts provide the administration and support needed for the Village's Health Insurance program, which has a total Fiscal Year 2027 proposed budget of \$14.5 million.

A summary of the 2027 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 adjudication of medical and prescription drug claims, pre-certification, and medical case management services. Annually, staff reviews the claim administration services received from the vendor. Staff also reviews the vendor's relationship with Preferred Provider Organizations (PPOs) to ensure the discounts received through PPO contracts are cost-effective for both the Village and its employees. The Village has contracted with Blue Cross Blue Shield of Illinois for these services since 2011 and will renew the contract into Fiscal Year 2027. The Village health insurance plan is consumer-centric and allows employees to participate in an annual wellness screening initiative. Employee participation drives a one-time wellness credit to the Blue Cross plan. The 2027 medical claims administration is an annual credit of \$229,377, resulting from medical rebate credits. Please note that the Benefit Program Application (BPA) identifies a weekly fee schedule, a change from the current monthly cycle. As a self-funded plan, BCBSIL requires the Village to fund claims weekly at its 2027 renewal. The resolution authorizes Village staff to remit payment for all undisputed health claims and associated administrative fees on a weekly basis without prior Village Council approval. The expenditures will subsequently appear on claims ordinances for Village Council ratification.

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. Stop-loss coverage comes in two types: specific and aggregate. Specific stop-loss insurance provides a point at which the insurance company becomes responsible for any claims after an individual insured reaches a predetermined limit in the contract year. As part of the annual review, staff directs the Village's consultant, MarshMMA, to recommend the most appropriate point for specific stop-loss coverage. The consultant reviews specific claim data for the Village's group and determines whether it is cost-effective for the Village to take on additional claim exposure. For 2027, the consultant determined that the Village should maintain the current \$150,000 specific stop-loss level. However, negotiations resulted in a 20% increase due to plan exposure related to the number of high claimants and claim severity. There are no changes to the aggregate stop loss coverage.

Dental Insurance – The Village provides employees with a dental program administered by Delta Dental Plan of Illinois. Under this program, employees use PPO network providers, receive services at discounted rates, and have benefits paid in full. Employees can also use out-of-network providers; however, they receive less comprehensive coverage. All administrative services, customer service, claims processing, underwriting, billing, network recruiting and management, enrollment, sales, and account service are conducted locally from Naperville, IL. Fiscal Year 2027 fees to administer the Delta Dental program are \$23,500, an increase of \$1,359 from Fiscal Year 2026.

Retiree Carve Out – Village employees and their eligible spouses on the Village’s Health Insurance Plan become eligible for the retiree carve out when becoming Medicare eligible at age 65. In 2012, through its broker, the Village found a Humana supplement plan to offer to Medicare-eligible retirees, thereby transitioning this group from the Village’s self-insured plan. The Village funds the premiums and invoices the respective retirees. Employees who retired before the Village Ordinance change on September 9, 2009, receive a 50% premium credit. Humana’s Fiscal Year 2027 rates are adjusting due to rising healthcare costs, changes to federal Medicare, and the Part D redesign under the Inflation Reduction Act (IRA). The Fiscal Year 2027 premium increased 3.1% from Fiscal Year 2026.

COBRA & Flexible Spending – Professional Benefit Administrators (PBA) provides medical, transit, parking, and dependent flexible spending accounts for Village employees, and administers continuation of health coverage (COBRA) for separating employees and their families. In 2025, PBA deployed a COBRA upgrade that lets participants view benefit letters, elect coverage, and make online payments. The Village incurs a single annual COBRA fee for this service. However, flexible spending fees vary monthly, depending on the number of participants. For Fiscal Year 2027, the contracted fee amounts increased .15 per flexible spending account participant per month, with no changes to the COBRA administrative fee.

HealthJoy – The Village provides employees access to a healthcare navigation platform to support participants’ physical and mental well-being by highlighting better care already offered by the Village’s current plan design. Members can connect with benefits experts, clinical consultants, and billing experts. Additionally, Teladoc Health will provide virtual care services. The rate for Fiscal Year 2027 will continue at \$38,037.

Attachments

Resolutions

Contracts

Resolution No.

A Resolution Authorizing Execution of a First Amendment to the Agreement Between the Village of Downers Grove and HealthJoy, LLC

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 First Amendment (the "Agreement"), between the Village of Downers Grove (the "Client") HealthJoy, LLC ("HealthJoy"), to perform benefit coordination services through December 31, 2028, as set forth in the form of the Agreement 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 Agreement, 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 Agreement.
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.

By: Mayor

Passed:

Published:

Attest:

By: Village Clerk

FIRST AMENDMENT TO HEALTHJOY CLIENT PROGRAM ORDER FORM

This **First Amendment to HealthJoy Client Program Order Form** (the “Amendment”), effective January 01, 2027 (“Amendment Effective Date”), is by and between **HealthJoy, LLC** (“HealthJoy”) and **Village of Downers Grove** (“Client”). Unless defined herein, all capitalized terms used herein shall mean as set forth in the Client Program Order Form (as defined below) or the HealthJoy Terms and Conditions incorporated therein.

WHEREAS HealthJoy and Client are parties to that certain **HealthJoy Client Program Order Form**, dated 9/20/2024 (the “Order Form”), pursuant to which HealthJoy provides Client with access to the Program; and

WHEREAS HealthJoy and Client now desire to amend the Order Form, as expressly provided in this Amendment.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements made and contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. **Amendment to Order Form.** Effective as of the Amendment Effective Date, the Client Program Order Form is amended as follows:

A. **Program Term.** The Parties agree to extend the Initial Term, and to amend the “Program Term” section so that it now reads as follows:

1. **Program Term.** The initial term of this Agreement shall commence on the date that the Program is activated by HealthJoy and is made available to substantially all of Client’s eligible Employees (the “Launch Date”) and continues until December 31, 2028 (the “Initial Term”). Thereafter, the term of this Agreement and the Program shall automatically renew for successive additional one-year periods on the anniversary of the **Client Plan Renewal Date** (each a “Renewal Period” and collectively with the Initial Term, the “Term”), unless a Party provides written notice to the other Party of its intent to non-renew the Agreement and the Program that is received by the other Party at least 60 days prior to the end of the then-current term.

2. **Entire Agreement.** Other than as expressly amended herein, all other terms of the Client Program Order Form shall remain in full force and effect. This Amendment and the Client Program Order Form, including, without limitation, all documents referred to herein and attached hereto, constitute the entire agreement of the parties as to the specific subject matter hereof and supersede all prior representations, understandings, and agreements between the parties with respect to such subject matter. If there is an inconsistency between this Amendment and the Order Form, this Amendment shall control for purposes of the inconsistency. Any further amendments to the Order Form must be signed by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the Amendment Effective Date.

Village of Downers Grove	HealthJoy, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____
