



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 Renewal Agreement Between the Village of Downers Grove and Blue Cross/Blue Shield of Illinois for Stop Loss Insurance Coverage

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 Application and Policy Schedule (the "Agreement"), between the Village of Downers Grove (the "Employer Group") and Blue Cross/Blue Shield of Illinois ("Provider") for stop loss insurance coverage effective January 1, 2027 through December 31, 2027, 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



APPLICATION AND POLICY SCHEDULE FOR STOP LOSS COVERAGE

Employer Group Name: Village of Downers Grove
Employer Group Address: 850 Curtiss Street
City: Downers Grove **State of Situs:** IL **Zip Code:** 60515
Account Number: 365058
Employer Group Number(s): 438994
Original Effective Date of Stop Loss Policy: 01/01/2011
Current Policy Effective Date: 01/01/2027
Current Policy Period The specifications set forth in this Application are for the Policy Period commencing on 01/01/2027 and ending on 12/31/2027.

The specifications below shall become effective on the first date of the Policy Period specified above and shall continue in full force and effect until the earliest of the following dates: (1) The last day of the Policy Period; (2) The date the Policy terminates; or (3) The date this Application is superseded in whole or in part by a later executed Application.

A. Covered Employees:

Number of Single Coverage Units: 143
 Number of Family Coverage Units: 265

B. Individual Stop Loss Coverage:

1. New Coverage ☐ Renewal of Existing Coverage ☒

2. Stop Loss coverage during the Current Policy Period

☐ **Choose an item**

Coverage for Claims incurred from _____ to _____ and Claims paid from _____ to _____.

For new coverage only, if a run-in contract as explained in the Stop Loss Policy is purchased, claims paid by the Employer Group's prior claim administrator will be settled at the time of the annual stop loss settlement and must be reported by the Employer Group to the Company (Blue Cross and Blue Shield of Illinois, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company) by the end of the Employer Group's Current Policy Period or stop loss coverage for these run-in claims will be forfeited.

☒ (Paid Renewal Only) Claim Administrators Claims: Claims incurred on or after the Original Effective Date of Policy and paid during the Policy Period.

3. Covered Expenses includes:

☒ Medical Claims:

☒ Claim Administrator's Provider Access Fees

☒ Prescription Drug Claims with: Prime (Preferred PBM) _____

☐ For **Hospital Employer Groups only:** Excludes _____% of Home Hospital Medical claims

☐ Other (for example Dental/Vision): _____.

4. Individual Stop Loss Provisions

- a. Individual Stop Loss Deductible: \$150,000
Applies per Covered Person for the Employer Group's Current Policy Period.
- b. Aggregating Specific Deductible (if applicable): \$_____
- c. Lasered Individuals with Individual Stop Loss Deductible (if applicable):
Individual identifier, alternate Individual Stop Loss Deductible:

- d. Lasered Individuals excluded from Stop Loss Coverage (if applicable):
Individual identifier:

- e. If a run-in contract is purchased, per Item 2. above, run-in claims are covered with a maximum liability of: \$_____ per Covered Person.

5. Terminal Liability Option (TLO) (does not apply to Employer Groups with Run-Out contracts):

☒ Yes ☐ No

The following applies if the answer to item above is "Yes" (Terminal Liability Option):

Must be elected at Policy inception or renewal. Premium cost is calculated by taking the average enrollment for the last two months of the Current Policy Period multiplied by three times pre-termination Individual Stop Loss rate(s). Premium is due at the time of termination, payable by lump sum within 10 days of receipt of bill. Claims will accumulate and be combined under one Individual Stop Loss Deductible specified in item B.4.a above for the Current Policy Period and Terminal Period. The Settlement for the Final Accounting Period will be described in the section of the Policy entitled SETTLEMENTS.

6. Individual Stop Loss Premium

Monthly Individual Stop Loss Premium shall be equal to the amounts obtained by multiplying the number of Covered Employees for a particular Month by:

\$271.07 Composite; or
\$_____ for each Single Coverage Unit
\$_____ for each Family Coverage Unit

The rates shown in this Application reflect a volume-based discount in an amount up to 3% of the Individual Stop-Loss Premium for the Policy Period. If ancillary coverage (BlueCare Dental, Basic Life, Short-Term Disability, Long-Term Disability, Accident, Critical Illness and/or Vision product(s)), the election of which triggered the volume-based discount, lapses during the Policy Period, the Company reserves the right to remove the discount on the Individual Stop-Loss Premium. In such event, the Individual Stop Loss Premium will revert to the non-discounted amount, following sixty (60) days' prior notice to the Employer Group/Policyholder.

C. **Aggregate Stop Loss Coverage:** Yes ☒ No ☐

If yes, complete Items 1. through 5. Below:

1. New Coverage ☐ Renewal of Existing Coverage ☒

2. Stop Loss Coverage during the current Policy Period

☐

Choose an item

Coverage for Claims incurred from _____ to _____ and Claims paid from _____ to _____.

For new coverage only, if a run-in contract as explained in the policy is purchased, claims paid by the Employer Group's prior claim administrator will be settled at the time of the annual stop loss settlement and must be reported by the Employer Group to the Company (Blue Cross and Blue Shield of Illinois, a Division of Health Care Service

Corporation, a Mutual Legal Reserve Company) by the end of the Employer Group's Current Policy Period or stop loss coverage for these run-in claims will be forfeited.

☐ (Paid Renewal Only) Claim Administrators Claims: Claims incurred on or after the Original Effective Date of Policy and paid during the Policy Period.

3. Covered Expenses:

- ☒ Medical Claims
☒ Claim Administrator's Provider Access Fees
☒ Prescription Drug Claims with: Prime (Preferred PBM) _____
☐ For **Hospital Employer Groups only**: Excludes _____% of Home Hospital Medical claims
☐ Other (for example Dental/Vision): _____

4. Aggregate Claim Liability

- a. Attachment Factor 125% of the Average Claim Value
b. Aggregate Claim Factors:

Group Number:	438994			
Composite; or	\$2,510.73	\$	\$	\$
For each Single Coverage Unit	\$	\$	\$	\$
For each Family Coverage Unit	\$	\$	\$	\$

- c. Minimum Aggregate Point of Attachment: \$11,063,281

5. Terminal Liability Option (TLO) (does not apply to Employer Groups with Run-Out contracts):

☒ Yes ☐ No

The following applies if the answer to item above is "Yes" (Terminal Liability Option):

Must be elected at Policy inception or renewal. Premium cost is calculated by taking the average enrollment for the last two months multiplied by three times pre-termination Aggregate Stop Loss rate(s). Premium is due at the time of termination, payable by lump sum within 10 days of receipt of bill.

The Final Settlement Point of Attachment shall equal the sum of the Employer's Aggregate Claim Liability amount for the Policy Period plus 15% of the Aggregate Claim Factor multiplied by 12, and then multiplied by the average enrollment for the last two (2) months of the Current Policy Period immediately preceding termination. Furthermore, for the Final Settlement Period, the Minimum Aggregate Point of Attachment shall be the Minimum Aggregate Point of Attachment in item C.4.c. above increased by 15%. The Settlement for the Final Accounting Period will be described in the section of the Policy entitled SETTLEMENTS.

6. Aggregate Stop Loss Premium:

☐ Monthly Premium

Monthly Aggregate Stop Loss Premium shall be equal to the amounts obtained by multiplying the number of Covered Employees for a particular Month by:

\$ _____ Composite; or
 \$ _____ for each Single Coverage Unit
 \$ _____ for each Family Coverage Unit

☒ Annual Premium (Due on the first day of the Current Policy Period): \$26,489

The rates shown in this Application reflect a volume-based discount in an amount up to 3% of the Aggregate Stop-Loss Premium for the Policy Period. If ancillary coverage (BlueCare Dental, Basic Life, Short-Term Disability, Long-Term Disability, Accident, Critical Illness and/or Vision product(s)), the election of which triggered the volume-based discount, lapses during the Policy Period, the Company reserves the right to remove the discount on the Aggregate Stop-Loss Premium. In such event, the Aggregate Stop Loss Premium will revert to the non-discounted amount, following sixty (60) days' prior notice to the Employer Group/Policyholder.

D. Additional Provisions (if elected):

1. Retirees Covered (select if included):
Pre-65: ☒ or Post-65: ☐
2. Home Hospital Employer Groups Only: Home Hospital Provider Number(s) subject to exclusion percentage per Item B.3. & C.3.: _____
3. Monthly Aggregate Accommodation: ☐ Yes ☒ No
4. Additional information: _Laser Limit on claimant with SSN XXX-XX-4579 will have an alternative Individual Stop Loss Deductible set at \$1,200,000_

Fraud Notice: Any person who knowingly, with intent to injure, defraud or deceive any insurance company submits an application containing any false, incomplete, or misleading information, may be subject to prosecution and may be found guilty of a felony under state law and subject to punishment, including fines and/or imprisonment. Submission of false information in connection with this application may also constitute a crime under federal laws. All appropriate legal remedies will be pursued in the event of insurance fraud, including prosecution under Federal Mail or Wire Fraud statutes, and/ or the Federal Racketeer Influenced and Corrupt Organizations Act. Any false statements made herein may be reported to state and federal tax and regulatory authorities as is appropriate.

The undersigned person represents that he/she is authorized and responsible for purchasing Stop Loss Coverage on behalf of the Employer Group. It is understood that the actual terms and conditions of coverage are those contained in this Application and the Stop Loss Coverage Policy into which this Application shall be incorporated at the time of acceptance by Blue Cross and Blue Shield of Illinois, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company ("HCSC"). Upon acceptance, HCSC shall issue a Stop Loss Coverage Policy to the Employer Group. Upon acceptance of this Application and issuance of the Stop Loss Coverage Policy, the Employer Group shall be referred to as the "Policyholder".

Eugene R Blaz

Sales Representative

Signature of Authorized Purchaser

Title of Authorized Purchaser

Date