



Agenda Item Summary

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Agenda Item Title

A Resolution Approving the 2018 Employee Health, Dental, Vision, Life and Accidental Death and Dismemberment Insurance Providers' Plan Designs and Premiums and Authorizing their Execution

Overview

This is an annual agenda item in which the Board is asked to approve the 2018 Employee Health Benefit Plan authorizing the Village Manager to execute insurance provider plan documents and establish the design of the health benefit plan and corresponding premiums.

Staff Recommendation

Approve the Resolution.

Fiscal Impact

The proposed 2018 Annual Budget includes a projected increase of 4% to overall Medical/Rx premiums. In addition to increasing the premiums by 4%; cost allocation for the entire premium expense was shifted slightly to allow the Village to move towards the financial goal of the employee paying 18% of the premium. All adjustments were made within the parameters of the Village's Collective Bargaining Agreements (CBA's).

Analysis:

The Village has seen an increase of 12.56% in total cost to the health plan (inclusive of claims, administrative fees and RX) for the 24 months of experience from June 2015 through May of 2017. This window of experience is the point in time that is used to determine our proposed premiums, administrative fees and RX expenses for 2018. Where the Village has had positive financial experience is that expenses for claims were significantly lower than expected (-27%), expenses for Rx increased by 18% January 2017 through July 2017 and are expected to continue an upward climb. It has been the Village's prudent management of the health expenses and the health fund in the past, that has allowed staff to minimize the impact to the employees to the greatest extent possible in 2018 while maintaining the tradition of sound fiscal management of the health and voluntary benefits and their related expenses.

The Medical/Rx premiums presented within Exhibit A of this packet reflect the continued philosophy to right-size the health fund and to continue to prepare for increased costs in stop loss and drug claims. The financial impact of these varying premium increases do not impact the proposed 2018 budget.

The Employee Health Fund reflects the costs associated with the health benefit plan and will be reviewed by the Village Board as part of their consideration and subsequent approval of the proposed 2018 Annual Budget.

Background

Some notable items of the 2018 health benefit plan design and corresponding premiums are as follows:

Medical/Rx - Blue Cross/Blue Shield: Maintains the status quo for the Village's Medical and Rx plan in 2018 with the following exceptions:

1. The PPO Legacy product was eliminated because of low participation and redundancy of network.
2. Both HMO products saw expanded networks including the addition of Northwestern Medicine Physician Partners out of Northwestern Memorial Hospital as part of the HMO Illinois network and Cook Medical Group out of John H. Stroger Hospital & Provident Hospital will be part of the HMO Illinois & Blue Advantage HMO
3. The Public Safety Dental plan was eliminated as it put the burden of the premium on the Village and did not have any documentation to support that the plan was intended to be a part of the Village benefit package.
4. Rx copayments were adjusted slightly but remain within the experience of other public sector employers.
5. The voluntary life and AD&D products will be combined to reflect the traditional market profile.

Medical/Rx - Blue Cross/Blue Shield: Maintains the status quo for the Village's Medical and Rx plan in 2018. Administrative cost will remain at \$60.42 PEPM.

Life/AD&D - Mutual of Omaha: No increase in premiums for 2018.

Dental - Delta Dental:

Delta Dental presented their renewal to the Village with no changes in the dental plan design or increase to the premiums for 2018 and 2019.

Vision - VSP Vision Care:

The Village is in a rate guarantee with VSP until 1/1/2019.

Affordable Care Act:

The fees associated with the Village's compliance with the provisions of the Affordable Care Act are estimated at \$29,781.74 and are reflected in the premiums for 2018.

Alternatives

Although the Village is legally required to provide health insurance to its employees and retirees in some form based upon statute and collective bargaining agreements, the Village Board may direct staff to make changes to the plan documents and corresponding plan design and premiums. However, the latitude or extent of any desired changes by the Board is also subject to statute and collective bargaining agreements.

Previous Board Action

N/A

Citizen Advisory Commission Action

N/A

Anticipated Future Actions/Commitments

Should the Village Board approve the execution of the plan documents and resulting plan design and premiums, staff will then proceed to conduct open enrollments meetings in October.

Intergovernmental Cooperation Opportunities

The Intergovernmental Personnel Benefit Cooperative (IPBC) has been discussed in the past but seemed more oriented to plans with fewer insured lives. The Village is unique in that we have a self-funded plan that has not seemed to compliment the needs of other local taxing bodies in Oak Park. Regardless, we continue to seek partner opportunities.

Performance Management (MAP) Alignment

The HR Department will continue with its participation in the MAP during the course of 2018.