



Agenda Item Summary

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Agenda Item Title

A Resolution Approving the 2019 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 to approve various contract providers for the 2019 Employee Health, Dental, Vision, Life and Accidental Death and Dismemberment Insurance and COBRA administration with Blue Cross Blue Shield (BCBS).

Staff Recommendation

Approve the Resolution.

Fiscal Impact

The proposed 2019 Employee Benefits plan includes:

Health Insurance with Blue Cross Blue Shield of Illinois: (See Exhibit A for premiums)

- 1) Maintaining the status quo for employee premiums.
- 2) Adjusting the deductible for Individual coverage in the PPO plan from \$100 to \$150
- 3) Adjusting the deductible for family coverage in the PPO plan from \$250 to \$300
- 4) Increasing the out of pocket for individuals from \$850 to \$1000
- 5) Increasing the out of pocket for families from \$1750 to \$1800
- 6) Maintain status quo for office visit, RX and ER co-pays.

Renewal projections from BCBS are based on a two (2) year look back at Village health care expenses from June 1, 2016 through May 31, 2018. While the Village has experienced some unique, individual healthcare expenses to both the PPO and the HMO plans in 2018, overall expenses have continued to see a downward trend and are predicted to see a move from \$8,963,756.20 in 2018 to \$8,665,352.80 in 2019 for a total reduction of -3.33% in health plan expenses. This reduction allows the Village to keep employee premiums status quo in 2019. Adjusting the deductibles and out of pocket expenses will put the Village closer to the market on these issues and will assist in managing consumer behavior. Prescription costs will also see a reduction in expenses to the Village for 2019 with the most significant changes are a -12% reduction in administrative fees and 32.2% increase in rebates.

Optional Dental: Delta Dental (See Exhibit A for premiums). Premiums for optional dental insurance are paid at 100% by the employee.

Optional Vision: VSP (See Exhibit A for premiums). Premiums for optional vision insurance are paid at 100% by the employee.

Village Life Insurance Benefit and Optional Life & AD&D

The life insurance product for full time employees and voluntary Life and AD&D products will continue to be carried through Mutual of Omaha with a guaranteed rate that is locked in until January 1, 2020 so a renewal is not required at this time.

Background

The Medical/Rx, Dental and Vision 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 lack of predictability for drug claims. The financial impact of these varying premium increases do not impact the general fund in the proposed 2019 budget but are predicted to have a positive impact on the proposed 2019 health fund.

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 2019 Annual Budget.

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. The Village is unique in that we have a self-funded plan that has not seemed to compliment the needs of our partner agencies. We will continue to review where we might find opportunities to partner as we move through the

benefit year.

Performance Management (MAP) Alignment

The HR Department will continue with its participation in the MAP during the course of 2019.