



## Agenda Item Summary

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### **Submitted By**

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### **Reviewed By**

LKS

### **Agenda Item Title**

**A Resolution Approving the 2020 Employee Health, Dental, Vision, Life, Accidental Death and Dismemberment, Accident, Critical Illness, Hospital, and Prepaid Legal Insurance Providers' Plan Designs and Premiums and Authorizing Their Execution**

### **Overview**

This is an annual agenda item to approve various providers for the 2020 Employee Health, Dental, Vision, Life and Accidental Death and Dismemberment Insurance and COBRA administration with Blue Cross Blue Shield (BCBS)

### **Recommendation**

Approve the Resolution

### **Fiscal Impact**

The proposed 2020 Employee Benefits plan includes:

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

- 1) Reducing employee premiums by 2%.
- 2) Maintaining the status quo for deductibles (individual and family) for PPO plan.
- 3) Maintaining the status quo for out of pocket for individuals and families.
- 4) Maintain status quo for office visit, RX and ER co-pays.
- 5) Increasing the Individual Stop Loss from \$125,000 to \$135,000.

Renewal projections from BCBS are based on a two (2) year look back at Village health care expenses from June 1, 2017 through May 31, 2019. While the Village has experienced some unique, individual healthcare expenses to both the PPO and the HMO plans in 2019, overall expenses have continued to see a downward trend and are predicted to see a move from \$8,605,200.64 in 2018 to \$8,547,347.64 in 2020 for a total reduction of 0.68% in projected health plan expenses. This reduction and the current state of the healthcare reserve fund allow the Village to reduce employee premiums by 2% in 2020.

Optional Dental Insurance: Delta Dental (See Exhibit A for premiums). Premiums for optional dental insurance are paid 100% by the employee. Rates remain status quo for Individual Coverage. In order to provide a more equitable rate structure to employees with dependents, the Village is offering an additional tier of coverage

for Employee + 1. Currently employees who have a single spouse or dependent on their dental insurance may opt into Employee + Family Coverage, however this results in Employees who have a single dependent subsidizing the rates for employees who have multiple dependents. This year will have a right-sizing effect that will result in reduced premiums for Employee + 1 coverage and increased premiums for Employee + Family.

Optional Vision: VSP (See Exhibit A for premiums). Premiums for optional vision insurance are paid at 100% by the employee. The Village has a 2 year guaranteed rate that is locked in until January 1, 2021 so a renewal is not required at this time.

#### **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. Rates for Life and Accidental Death and Dismemberment Insurance have decreased by 11% to \$0.015 per \$1000.00 covered. Optional Life & AD&D are paid 100% by the employee.

#### **Optional Worksite Benefits: MetLife**

These optional worksite benefits include Critical Illness, Accident, Hospital Indemnity and Prepaid Legal. Premiums for these plans are paid 100% by the employee.

### **Background**

The Medical/Rx, Dental and Vision premiums presented within Exhibit A of this packet reflect the Village's efforts to build appropriate reserves to the point where we may now pass on savings to our employees, while still feeling prepared for a lack of predictability in drug claims. The Village is simultaneously proposing an increase to Individual Stop Loss from \$125,000 to \$135,000 which increases claim liability by \$10,000 but reduces Fixed Costs by \$92,802. Based on claims experience over the last full three plan years, the Village anticipates this will have a positive net benefit to the Village. The financial impact of these premium changes does not impact the general fund in the proposed 2020 budget, and is predicted to have a neutral impact on the proposed 2020 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 2020 Annual Budget.

Optional worksite benefits are being proposed for 2020 to broaden the range of benefits available to employees in the interest of employee wellbeing and recruitment and retention.

Affordable Care Act: The fees associated with the Village's compliance with the provisions of the Affordable Care Act are estimated at \$10,529.47 and are reflected in the premiums for 2020.

### **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 enrollment meetings in October and November.

**Intergovernmental Cooperation Opportunities**

The HR Department will continue with its participation in the MAP during the course of 2020.