

**VILLAGE OF DOWNERS GROVE**  
Report for the Village

<b>SUBJECT:</b>	<b>10/20/2020</b>	<b>SUBMITTED BY:</b>
Employee Benefits Renewal Contracts and Medical Plan Amendments for FY2021		Dennis Burke Director of Human Resources

**SYNOPSIS**

Resolutions have been prepared to authorize approval of employee benefits renewal contracts and plan amendments for FY21.

**STRATEGIC PLAN ALIGNMENT**

The goals for 2019-2021 include *Steward of Financial, Neighborhood and Environmental Sustainability*.

**FISCAL IMPACT**

The Proposed FY21 budget includes \$1,650,095 in the Health Fund for claims administration, stop loss contracts and Wellness Health Initiative. The vendors and contract amounts for FY20 and FY21 are itemized below:

<b>Vendor</b>	<b>Contract Item</b>	<b>FY2020 Amount</b>	<b>FY2021 Amount</b>
Blue Cross/Blue Shield	Medical Claim Administration	\$91,834	\$63,386
Blue Cross/Blue Shield	Specific and Aggregate Stop Loss	\$785,492	\$815,961
<b>Subtotal</b>		<b>\$877,326</b>	<b>\$879,347</b>
National Insurance Services Trust	Life Insurance	\$83,504	\$83,504
National Insurance Services Trust	Disability Benefits	\$26,746	\$26,746
Humana	Medicare Insurance for Retirees Over 65	\$339,361	\$324,887
Delta Dental	Dental	\$193,352	\$193,352
<b>Total</b>		<b>\$1,520,289</b>	<b>\$1,507,836</b>

**RECOMMENDATION**

Approval on the October 20, 2020 Consent Agenda.

## BACKGROUND

The recommended contracts provide the necessary administration and support for the Village's Health Insurance program, which has a total budget of \$6.7 million as shown in the FY21 Proposed Budget. The budget also describes how the Village has positioned itself well to effectively control health insurance costs and respond to the requirements of the Patient Protection Affordable Care Act.

A summary of the 2021 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 medical and prescription drug claim adjudication, pre-certification and medical case management services. On an annual basis, staff reviews the claim administration services received from the vendor. Also reviewed is the relationship the vendor has with preferred provider organizations (PPO) to ensure the discounts received through the PPO contracts are cost effective to both the employee and the Village. The Village has contracted with Blue Cross/Blue Shield of Illinois for these services since 2011. Blue Cross has provided a renewal quote for 2021 for claims administration. Blue Cross also charges a fee to access their PPO network. The fee is offset by the significant savings the Village realizes through the Blue Cross PPO discounts. The Village made positive changes to the plan design which was recognized by Blue Cross that provided a more positive renewal cost which includes a broader increase in prescription drug credits. Total annual costs for medical claims administration for 2021, which includes the PPO access fee, are \$63,386. This represents a decrease of \$28,448 from the previous year.
- *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. There are two types of stop loss coverage, specific and aggregate. Specific stop loss insurance provides a point at which time the insurance company becomes responsible for any claims after an individual insured reaches a pre-determined limit in the contract year. As part of the annual review, staff directs the Village's consultant, the Horton Group, to recommend to the Village the most appropriate point for specific stop loss coverage. The consultant reviews specific claim data on the Village's group and determines if it is cost effective for the Village to take on additional claim exposure. For 2021 the consultant determined that the Village should remain at the current \$150,000 specific stop loss level. Due to a high volume of claims that reached the \$150,000 stop loss level the Village expected an increase in the Stop Loss premium. The Village does obtain alternative quotes on stop loss coverage on an annual basis. Blue Cross's quote for stop loss totals \$815,961 annually. The increase of \$30,469 for stop loss from last year is due to participants in the health plan exceeding the \$150,000 limit. Instead of red lining these individuals at higher levels of stop loss at a higher rate, the underwriter added to the premium and kept all participants at \$150,000 stop loss, which is in the best interest of the Village's Health Plan.
- *Life Insurance* - Life Insurance is offered as an employee benefit. The premium for Life Insurance for 2021 is \$83,504. This premium reflects no Increase from the previous year.
- *Long Term Disability Insurance (LTD)* – LTD is a benefit for all full time employees, except sworn Police or Fire employees, who are covered through the pension plan. Premium costs for FY21 is \$26,746. This premium reflects no Increase from the previous year.

- *Retiree Carve Out* - Village employees and their eligible spouses that are on the Village's Health Insurance Plan go to the Retiree Carve Out when they reach Medicare age at 65 years old. In 2012, the Village, through the Broker, found a Humana Supplement plan and this is where the coverage for these retirees is provided and are no longer on the Village's Self-Insurance Program. The Village pays the premium and invoices those premiums to the respective retirees. However, those employees that retired prior to the change in Village Ordinance on 9/9/2009 receive credit of 50% of premium. The premium for 2021 is \$324,887. The decrease from the previous year is due to tax of changes decreasing premiums by \$51 a month per participant.
- *Dental* – The Village provides employees a dental program administered by Delta Dental Plan of Illinois. Under this program, employees utilize PPO network providers where services are received at discounted rates and benefits are primarily paid in full. Employees also have the flexibility of going out-of-network; however, they would receive coverage that is less comprehensive. Fees for administration of the Delta Dental program for 2021 are \$19,352.16. Same cost as the previous year.

## **ATTACHMENTS**

Resolutions

Contracts

**RESOLUTION NO.****A RESOLUTION AUTHORIZING RENEWAL OF A  
GROUP DENTAL INSURANCE CONTRACT BETWEEN  
THE VILLAGE OF DOWNERS GROVE  
AND DELTA DENTAL OF ILLINOIS**

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 Renewal Contract (the "Renewal"), between the Village of Downers Grove (the "Village") and Delta Dental of Illinois ("DDIL"), for renewal of the employee dental insurance program effective January 1, 2021 through December 31, 2022, as set forth in the form of the Renewal 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 Renewal, 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 Renewal.

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.

\_\_\_\_\_  
Mayor

Passed:

Attest: \_\_\_\_\_

Village Clerk



# Delta Dental of Illinois

## Dental Benefits Renewal



Smart plans for smart mouths.

Presented to

**VILLAGE OF DOWNERS GROVE**

**DDIL #8338**

Effective Date

January 1, 2021

Presented By

Kathy Nelson

Senior Account Manager

630-718-4774

[knelson@deltadentalil.com](mailto:knelson@deltadentalil.com)

Delta Dental of Illinois  
111 Shuman Boulevard  
Naperville, Illinois 60563

[deltadentalil.com](http://deltadentalil.com)

## Your Delta Dental of Illinois Dental Plan Proposal

Delta Dental of Illinois is pleased to present its dental renewal for Delta Dental PPO Plus Premier/Delta Dental PPO and DeltaCare network services and administration to VILLAGE OF DOWNERS GROVE.

Delta Dental of Illinois' renewal includes:

- VILLAGE OF DOWNERS GROVE's current plan design(s) and proposed new plan design, if applicable.
- Claims/premium experience
- Renewal claim calculation
- Proposed renewal rates/fees. Please note: we require a signature and notification returned to confirm you agree to the proposed rates/fees. If we do not receive notification from you at least 30 days prior to your renewal date, we will assume you agree to the proposed rates/fees and renew.

**One good plan deserves another.** Groups can receive a discount of 2% on their dental plan rate by adding a qualifying DeltaVision®\* group product to a Delta Dental of Illinois dental plan. DeltaVision is offered in association with EyeMed Vision Care networks. Our vision plans offer quality coverage, single-site administration, larger networks, more benefits and a better member experience. We can provide a DeltaVision quote upon your request.

**Smart option for non-benefit eligible employees.** Delta Dental of Illinois strives to help all of your employees as healthy as possible. Individuals with dental insurance go to the dentist more than those without to get the oral health care services they need. Consider our dental plans for Illinois individuals and families for your non-benefit eligible employees. Please see the enclosed brochure or visit [deltadentalil.me](http://deltadentalil.me) for more details on our individual product offerings.

### Delta Dental of Illinois and VILLAGE OF DOWNERS GROVE: A Smart Partnership



Since 1967, Delta Dental of Illinois has been providing dental benefits for Illinois-based groups and their members nationwide – while helping to control costs and improve access to dental care – as part of our overall commitment to improving the oral health of those we serve.

We are pleased to partner with you to offer:

#### Larger Networks and Better Access

Nearly 80 percent of dentists nationwide participate in our networks (75% of Illinois dentists participate). Our Delta Dental PPO network provides more savings, better discounts and higher network usage than other carriers. The Delta Dental PPO network delivers the industry's best effective discount – averaging 22.4 percent nationally. Nearly 85 percent of our members use in-network dentists, which means cost savings to our clients and members, as well as network protections. We manage and own our dental network, which helps ensure quality and recruitment goals are met.



Acting as a safety net, our Delta Dental Premier network works alongside our Delta Dental PPO network. The network combination of Delta Dental PPO Plus Premier offers members additional network protections, savings and choice for those who do not have access to or choose not to visit PPO dentists; however, members will save the most with Delta Dental PPO network dentists.

### Local, Single-Site Client Service and Administration



We work hard to deliver exceptional service from our Naperville, Illinois based service center. All administrative services – customer service, claims processing, underwriting, billing, network recruiting and management, enrollment, sales and account service – are conducted from one location, making for proactive issue resolution and smooth client administration.

The benefits of single-site administration coupled with our knowledgeable team of account managers ensure a seamless implementation and hassle-free ongoing account managing and administration.

### Experienced Account Management



### Smart Resources



Our online member and group tools provide secure access for members and group administrators to view and manage plan information. We offer a comprehensive wellness program for groups which includes a variety of employee wellness materials, including a cost estimator, risk assessment tool and oral health information and tips. Plus, we offer comprehensive management reporting to help manage dental benefits and costs.

Delta Dental of Illinois' mission includes improving the oral health of the communities we serve. The Delta Dental of Illinois Foundation acts as the 501(c)3 charitable arm of Delta Dental of Illinois and works to improve oral health by providing oral health education and increasing access to dental care. Through its Land of Smiles program (offered free to Illinois elementary schools), Dentist by 1, and Community Grants and Wisdom Tooth Award Programs, the Foundation has helped advance oral health and impacted thousands.

### We Care



Thank you for choosing Delta Dental of Illinois for your dental benefit needs. The Delta Dental of Illinois team truly values your business and hopes to provide your employees with dental benefits for many years to come. We are dedicated to providing your employees with the coverage they need to maintain good oral health, and we are committed to delivering excellent customer service and a hassle-free experience.

Sincerely,

Kathy Nelson  
Senior Account Manager  
630-718-4774  
knelson@deltadentalil.com

\* DeltaVision is provided by ProTec Insurance Company, a wholly-owned subsidiary of Delta Dental of Illinois, in association with EyeMed Vision Care networks.

## VILLAGE OF DOWNERS GROVE Plan Design Summary

<b>Annual Deductible</b>  Deductible applies to Basic and Major services	\$0/person (when using a Delta Dental PPO <sup>SM</sup> dentist).  \$75/person; \$225/family (when using a Delta Dental Premier <sup>®</sup> or a non-network dentist).		
<b>Annual Maximum</b>	\$2000/ person (when using a Delta Dental <sup>SM</sup> dentist) \$1500/ person (when using a Delta Dental Premier <sup>®</sup> dentist) \$750/ person (when using a non-network dentist)		
<b>To Go<sup>SM</sup> Carryover Feature</b>	Not Included		
<b>Enhanced Benefits Program</b>	Not Included		
<b>Lifetime Orthodontic Maximum</b> <b>Dependent Children to Age 19</b> <b>Adults are not eligible for coverage</b>	\$3400/ person \$1000/ person \$750/ person		
	<b>Delta Dental PPO Network Dentist*</b>	<b>Delta Dental Premier Network Dentist**</b>	<b>Non-Network Dentist***</b>
<b>PREVENTIVE/DIAGNOSTIC SERVICES</b>	100%	100%	80%
<b>BASIC SERVICES</b>	100%	80%	80%
<b>MAJOR RESTORATIVE SERVICES</b>	100%	50%	50%
<b>ORTHODONTICS</b> (treatment for proper alignment of teeth) Dependent Children to Age 19 Adults are not eligible for coverage	100%	50%	50%

\*Delta Dental PPO dentists accept payment based on the lesser of the submitted fee or the PPO fee schedule, which is established at a level that typically delivers a 15 – 40% discount off of average billed charges nationally.

\*\*Delta Dental Premier dentists accept payment based on the lesser of the submitted fee or Delta Dental's maximum plan allowance (MPA), which is established at a level that typically delivers a 5 – 15% discount off of average billed charges nationally.

\*\*\*Non-network (non-Delta Dental PPO/non-Delta Dental Premier) dentist reimbursement is based on the lesser of the submitted fee or MPA.

Delta Dental PPO and Premier dentists cannot balance bill the enrollee for the difference between Delta Dental's allowed fee and the dentist's submitted charge.



## Delta Dental of Illinois Proposed Self-Insured Plan Fees for VILLAGE OF DOWNERS GROVE Current Plan

### Delta Dental PPO Plus Premier Proposed Renewal (Current Plan)

	Current Fee (PEPM)	Proposed Fee (PEPM)	%Change
Admin Fee*	\$4.53	\$4.64	2.4%

Admin fee is guaranteed: 1/1/2021 through 12/31/2022

\*Administrative fee includes \$0.00 pepm broker commissions.

### Recommended Premium Equivalents

	Current Premium Equivalent	Recommended Premium Equivalent	%Change
Employee	\$39.98	\$35.66	-10.8%
Family	\$123.40	\$110.08	-10.8%

### Underwriting Assumptions

1. Projections are based on 96 Singles, 265 Families. If enrollment changes by more than 10%, we reserve the right to revise our ASO fee.

Projected Incurred Claims	\$371,046
Projected Annual Administrative Fee	\$20,092
Projected Total Annual Cost	\$391,138

2. All of our standard processing policies, limitations and exclusions apply.

3. During the current experience period, VILLAGE OF DOWNERS GROVE averaged 362 enrollees.

**Renewal Date:** January 1, 2021

### Acceptance of Delta Dental of Illinois Plan Renewal

Please acknowledge your acceptance of these terms by signing below and returning this page to your Account Manager. You can fax or email a copy of this letter to:

**Kathy Nelson**  
Senior Account Manager  
630-718-4774  
knelson@deltadentalil.com

Delta Dental of Illinois  
111 Shuman Boulevard  
Naperville, IL 60563

If we do not receive notification from you at least 30 days prior to your renewal date, we will assume you agree to the proposed rates and renew your current dental benefit plan with the noted 12 month renewal admin fee.

DDIL # 8338

AGREED AND ACCEPTED -- Current Plan

Authorized Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

UW/SLD