

**VILLAGE OF DOWNERS GROVE**  
**Report for the Village Council Meeting**  
**10/5/2021**

<b>SUBJECT:</b>	<b>SUBMITTED BY:</b>
Employee Benefits Renewal Contract and Medical Plan Amendments for FY2022	Lauren Linares Director of Human Resources

**SYNOPSIS**

Resolutions have been prepared to authorize approval of employee benefit renewal contracts and plan amendments for FY22.

**STRATEGIC PLAN ALIGNMENT**

The goals for 2021-2023 include *Steward of Financial, Neighborhood and Environmental Sustainability*.

**FISCAL IMPACT**

The proposed FY2022 health insurance budget includes \$1,114,539 for claims administration, stop loss contracts and Wellness Health Initiative. The vendors and contract amounts for FY2021 and FY2022 are itemized below:

<b>Vendor</b>	<b>Contract Item</b>	<b>FY2021 Amount</b>	<b>FY2022 Amount</b>
Blue Cross Blue Shield	Medical Claim Administration & Specific and Aggregate Stop Loss	\$879,347	\$731,252
National Insurance Services Trust	Life Insurance	\$83,504	\$-
Blue Cross Blue Shield	Life Insurance	\$-	\$80,047
National Insurance Services Trust	Disability Benefits	\$26,746	\$-
Blue Cross Blue Shield	Disability Benefits	\$-	\$24,732
Humana	Retiree Carve Out	\$324,887	\$269,232
Professional Benefit Administrators	COBRA & Flexible Spending	\$9,276	\$9,276
<b>Total</b>		<b>\$1,323,760</b>	<b>\$1,114,539</b>

**RECOMMENDATION**

Approval on the October 5, 2021 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 \$7.8 million as shown in the FY2022 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 2022 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 provided a renewal quote for 2022 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, who provided a more positive renewal cost, which includes a deeper credit for our Wellness Screening initiative and increased credits in pharmaceutical rebates. Total annual costs for medical claims administration for 2022, which includes a discount for packaging our life insurance and disability benefits with BCBS, are credited in the amount of \$134,677. This represents a savings of \$198,063 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 2022 the consultant determined that the Village should remain at the current \$150,000 specific stop loss level. Due to Blue Cross anticipating a negative market reaction, the Village expects 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 \$865,929 annually. The increase of \$49,968 for stop loss from last year is due to market estimates based on Village demographics. Instead of red lining 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. This year, in order to reduce administrative fees, the Village is changing vendors, from National Insurance Services to Blue Cross Blue Shield. The premium for Life Insurance for 2022 is \$80,047. This premium reflects a savings of \$3,457 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. In 2022, it was decided to change

vendors to Blue Cross Blue Shield, in order to reduce administrative fees. The premium cost for FY22 is \$24,732. This premium reflects a savings of \$2,014 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 its Broker, found a Humana Supplement plan 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, employees that retired prior to the change in Village Ordinance on 9/9/2009, receive a credit of 50% of premium. The premium for 2022 is \$269,232. The decrease from the previous year, totaling a savings of \$55,655, is due to additional vendors entering the competitive Medicare market.
- *Professional Benefit Administrators (PBA)* – PBA provides flexible spending accounts for Village employees and administers COBRA for separating employees. The FY2022 fee is \$9,276.

## **ATTACHMENTS**

Resolutions  
Contracts

**RESOLUTION NO. \_\_\_\_\_****A RESOLUTION AUTHORIZING AN AGREEMENT  
FOR GROUP LIFE INSURANCE**

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 Agreement (the "Agreement"), between the Village of Downers Grove (the "Employer") and Blue Cross Blue Shield of Illinois ("Insurer"), for group life insurance, effective January 1, 2022 through December 31, 2022, 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.

\_\_\_\_\_  
Mayor

Passed:

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

Village Clerk



BlueCross BlueShield of Illinois

**Group Transmittal**  
To be submitted with the Group Application

Village of Downers Grove

VF026834

Policyholder

Group Number

**1. Contact Information**

Pat Charnas	(630) 434-5484
Administrative Contact (Daily Administration)	Fax Number
(630) 434-5502	PCharnas@downers.us
Phone Number - Administrative Contact	Email Address
Pat Charnas	PCharnas@downers.us
Group Administrator (Plan changes, etc.)	Email Address
Pat Charnas	PCharnas@downers.us
Billing Contact (Billing Issues)	Email Address
801 Burlington Avenue	
Billing Address	
Downers Grove	IL 60515
City:	State Zip

**2. Benefits & Eligibility - As indicated in your proposal.**

<b>Waiting Periods</b> Subject to the actively at work provision contained in your proposal	New Hires: 1 _____ <input type="checkbox"/> Days <input checked="" type="checkbox"/> Months <input type="checkbox"/> Years
	Do you have any current employees that need to fulfill the waiting period: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Employees are effective*: <input checked="" type="checkbox"/> 1st day of the insurance month following completion of the eligibility waiting period
	<input type="checkbox"/> The day following completion of the eligibility waiting period <input type="checkbox"/> Other: _____
Does any class have a different waiting period: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If YES, Please describe in Special Request Section	
Does the waiting period apply to all coverages: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
If NO, Please describe in Special Request Section	
<i>* If medical underwriting is required, an individual's coverage will not take effect until the date the application is approved. The effective date will be delayed for an employee who is not actively at work or for a dependent whose activities are limited due to sickness or injury on the date coverage would otherwise take effect.</i>	
<b>Minimum Hours</b>	30 _____ (standard is 30 hours per week)
<b>Annual Enrollment</b>	Life / AD&D / Accident / Critical Illness / Disability and/or Vision From _____ To _____ ie: (9/1 to 9/30) <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/>
<b>Prior Credit For Rehires</b>	Is there prior employment credit for rehired employees? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, credit will be given for employees rehired within <b>6 months</b> , unless otherwise approved by The Company. Does the credit for rehires apply to all coverages: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If NO, Please describe in Special Request Section
<b>Other</b>	Do you have any Canadian Employees that work in the United States: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Do you intend to cover any US Citizens working outside of the United States: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Do you intend to cover any non-US citizens who work within the United States: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Basic Dependent Life</b>	Policyholder will contribute: <input checked="" type="checkbox"/> NA <input type="checkbox"/> Other <input type="checkbox"/> 0%; or _____
<b>Spouse Premium</b>	If applicable, calculate spouse premium: <input type="checkbox"/> Based on Employee Date of Birth <input type="checkbox"/> Based on Spouse Date of Birth
<b>Definition of Earnings</b>	<input checked="" type="checkbox"/> As stated in the proposal <input type="checkbox"/> *Other _____ <i>*If "Other" is selected, underwriting approval is required and the proposed rates are subject to change.</i>


**BlueCross BlueShield of Illinois**
**Group Transmittal**  
 To be submitted with the Group Application

Village of Downers Grove

VF026834

Policyholder

Group Number

**3. Group Administration**
**Certificates**

Email policy documents and certificates to:

- Group Administrator       Administrative Contact       Billing Contact  
 Broker      nicole.walsh@thehortongroup.com       Other  
 Other \_\_\_\_\_       Other \_\_\_\_\_

**Disability/Accident Coverage** If the employee pays all or a portion of the premium, how is it paid:  Pre-Tax     Post-Tax     Not Applicable

 For STD Coverage:  Benefits begin after sick leave, vacation, salary, PTO end     Benefits begin immediately after the STD elimination period

 Do all eligible employees participate in Social Security:  Yes     No    If No, Explain \_\_\_\_\_

 Do all eligible employees participate in Medicare:  Yes     No    If No, Explain \_\_\_\_\_

**Mailing Address for Sick Pay Reports:**

 Pat Charnas  
 801 Burlington Avenue  
 Downers Grove, IL 60515

**Form 5500, Schedule A** Does this group have 100 or more eligible employees:  Yes     No

 If YES, what is the benefit plan month, day, and year 01/01/2022

Information will be sent to the Group Administrator as listed in Section I above, unless otherwise stated below.

**4. Billing**
**Billing Options**

for groups with:

- 2-149 Lives  List Billed Only      (We will provide an electronic bill with each employee's cost itemized with an option to pay on-line)  
 150-499 Lives  List Billed      (We will provide an electronic bill with each employee's cost itemized with an option to pay on-line)  
 Self Administered, Paper      (You provide to us the number of lives, volume, and premium by coverage, on a monthly basis.)  
 500+ Lives  Self Administered, Paper      (You provide to us the number of lives, volume, and premium by coverage, on a monthly basis.)

**Billing Method**  Monthly     Quarterly

Premium is payable on the first of the month unless mutually agreed upon otherwise and explained in the special requests section of this form

**Billing Set Up**

For List Billing Only

**Alphabetically**
 You will receive **one bill**, with one total. Employees will be listed alphabetically.

**By Account\***
 You receive **multiple bills**. Employees are separated by accounts. You can pay with multiple checks.

**By Location\***
 You receive **one bill**, with subtotals and a grand total. Employees are separated by locations.

\*Please indicate billing divisions on the enrollment census. Also include additional billing addresses in the special requests section of this form

 **Third Party Benefits Administration**

Third Party Benefits Administration means the Policyholder chooses or contracts with a vendor to provide services which may include enrollment administration, billing and/or premium collection of the products requested in the Group Application.

If you use a third party benefits administrator, please complete a Policyholder Vendor Authorization and Change Form and submit the signed form along with the completed Group Transmittal and Group Application. Please contact your sales representative to obtain a copy of the form.

**5. Special Requests - Attach additional pages if needed.**

Form 5500: Group is not subject to ERISA.


**BlueCross BlueShield of Illinois**
**Group Transmittal**  
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Village of Downers Grove

VF026834

Policyholder

Group Number

**6. ERISA (SPD)**

 Applicant is subject to ERISA?  Yes  No

If this plan is an "employee welfare plan," as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, 29 U.S.C. §1001, et seq., as amended ("ERISA"), it is subject to certain requirements including those relating to reporting and disclosure and fiduciary responsibility. The plan must be established and maintained pursuant to a written instrument that designates a plan administrator, as defined in Section 3(16)(A) of ERISA, who has authority to control and manage the operation and administration of the plan.

You, as the plan Administrator or authorized representative, have selected us as the claims administrator of your plan, and you consent to the delegation of such authority to us. You acknowledge that, in some instances, we may delegate some or all of this authority to a third party administrator serving as the claims administrator and you consent to the delegation of such authority to a third party administrator.

We cannot be named as the plan administrator and is not responsible for the compliance of your plan with respect to any legal or tax matters, and it cannot offer any legal or tax advice. You are responsible for compliance with all applicable laws, including benefits, employment, and tax laws, relating to the sponsorship and administration of your plan. Our obligations to you are governed solely by the terms of the applicable policy provisions, except as otherwise required by law.

ERISA requires the distribution of SPD's for the majority of employee benefit plans. If as plan administrator of your employee benefit plan, you would like us to provide you with the required documents to create your plan's SPD, including certain additional documents such as a Statement of ERISA Rights and Claims Procedure, please indicate "Yes" and provide the following information:

 Yes  No If Yes, provide the following: Plan Year Ends Annually On (Month/Day)\*\* \_\_\_\_\_

Plan Number assigned to each line of coverage: (will be 3 digits starting with "5")\*\*

Life/AD&D _____	STD _____	LTD _____	AD&D _____	Vision _____
Vol STD _____	Vol LTD _____	Vol Life _____	Accident _____	
Critical Illness _____	Vol Vision _____	Vol AD&D _____	Vol Accident _____	Vol Critical Illness _____

Plan Administrator\*\*Required Fields (Address cannot be a P.O. Box)

 Same as Policyholder  Other, complete below

Name/Title _____	Phone _____
Address _____	City _____ State _____ Zip _____

Agent for Service of Process if different from plan administrator\*\* (Address cannot be a P.O. Box)

Name/Title _____	Phone _____
Address _____	City _____ State _____ Zip _____

Plan Trustees (if applicable)\*\* (Address cannot be a P.O. Box)

Name/Title _____	Phone _____
Address _____	City _____ State _____ Zip _____

Union Contracts/Collective Bargaining Agreements (if applicable) \_\_\_\_\_

*\*If you are not certain whether your plan is governed by ERISA, please visit the Department of Labor website for more information at: <http://www.dol.gov/dol/topic/health-plans/erisa.htm>*

\*\*Required Fields

**7. Broker Authorization for Group Changes**
 I authorize the Broker of Record, including any subsequently named Broker of Record, to submit policy change requests on our behalf for the policy contracts identified under the Group Policy Number above. I also agree that the policy change requests will not become effective until approved. It is also agreed to implement or revoke this consent, the Policyholder must submit a request in writing to Blue Cross and Blue Shield of Illinois, Attn: Policy Administration, 701 East 22nd Street, Lombard, IL 60148. This consent will not become effective until received by us and shall remain in effect until we receives revocation of the authorization in accord with the above.

**8. Signature - This section must be signed.**

Group Administrator's Signature (or other employee authorized to make plan changes) \_\_\_\_\_

Date \_\_\_\_\_

Typed or Printed Name \_\_\_\_\_

Insurance products issued by Dearborn Life Insurance Company, 701 E. 22nd St. Suite 300, Lombard, IL 60148. Blue Cross and Blue Shield of Illinois is the trade name of Dearborn Life Insurance Company, an independent licensee of the Blue Cross and Blue Shield Association. BLUE CROSS®, BLUE SHIELD® and the Cross and Shield Symbols are registered service marks of the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans.



# BlueCross BlueShield of Illinois

## Group Transmittal

To be submitted with the Group Application

Village of Downers Grove	VF026834
<b>Policyholder</b>	<b>Group Number</b>

<i>Additional Special Requests</i>

New Application       Change      Group #: VF026834      Federal Tax ID #: 36-6005857

**Section 1. POLICYHOLDER INFORMATION:** Please Type or Print All Information.

Policyholder (full legal name): Village of Downers Grove

Address (not PO box): 801 Burlington Ave

City: Downers Grove      State: IL      Zip: 60515

Subsidiaries or Affiliates to be covered:     Yes; or  No (If more than one, indicate on separate sheet and attach to this application)

If Yes: Company Name: \_\_\_\_\_

Address (not PO box): \_\_\_\_\_

City: \_\_\_\_\_      State: \_\_\_\_\_      Zip: \_\_\_\_\_

Premium is payable on the first of the insurance month unless mutually agreed upon by the Policyholder and the insurance company.

**Section 2. GENERAL INFORMATION:**

Product Choice (Check all that apply)	Policyholder will Contribute:	Requested Effective:	* Replacing Coverage Yes/No
<input checked="" type="checkbox"/> Group Term Life <input checked="" type="checkbox"/> AD&D:	<input checked="" type="checkbox"/> 100%; or <input type="checkbox"/> Other: _____ %	<u>01/01/2022</u>	<u>Yes</u>
<input checked="" type="checkbox"/> Group Long-Term Disability (LTD):	<input checked="" type="checkbox"/> 100%; or <input type="checkbox"/> Other: _____ %	<u>01/01/2022</u>	<u>Yes</u>

\* Enclose a copy of each in force policy to be replaced.

**Section 3. POLICYHOLDER STATEMENT:**

The Policyholder or authorized representative (Policyholder) applies for a group insurance policy(s) through Dearborn Life Insurance Company.

The Policyholder represents and certifies that:

1. This application must be approved in writing by Dearborn Life Insurance Company. Issuing the insurance policy is evidence of approval. Coverage for insureds under the group policy is effective when the insured applies and is approved for coverage by Dearborn Life Insurance Company. The Policyholder will not collect premium from an insured who requires medical underwriting until Dearborn Life Insurance Company approves the insured's application for coverage; and
2. Dearborn Life Insurance Company will issue a policy only if Dearborn Life Insurance Company decides that the group is an acceptable risk based on Dearborn Life Insurance Company underwriting practices and procedures; otherwise Dearborn Life Insurance Company has no liability except to refund premium. The Policyholder must return to individual insureds any part of the premium paid by those insureds; and
3. The premium rates are contingent, based on the accuracy of insured eligibility data given to Dearborn Life Insurance Company by the Policyholder. Misstatements on an insured's application or failure by the Policyholder or insured to report new medical information before an insured's effective date of coverage may cause a change to the coverage or premium rate as of the policy effective date; and
4. The Policyholder and insureds are subject to all the policy terms and provisions and trust agreements, if applicable. They may be amended from time to time; and
5. If the Policyholder does not collect or pay premiums by the premium due date, the policy will terminate at the end of the policy's grace period; and
6. Even with the purchase of a disability policy, the Policyholder may be required to buy disability coverage under a state disability benefit act or law; and
7. The Policyholder will: a) send Dearborn Life Insurance Company applications of individual insureds prior to the eligibility date; b) give certificates to all insureds; c) report changes in the insured group to Dearborn Life Insurance Company; and d) keep records of insured eligibility.
8. The information given and statements made on this application are complete and correct. Misstatements or omissions of information may affect the validity of any insurance policy issued and cause the denial of an otherwise valid claim.
9. Statements made by the Policyholder are representations and not warranties. No statement made by any insured will be used in any contest unless a copy of the instrument containing the statement is or has been given to the insured or, in case of death or incapacity of the insured, to his beneficiary or personal representative.

This application and the payment of premium are consideration for any master policy and certificates issued. This application is part of any insurance policy issued. The authorized signature on this application is acceptance of the policy terms.

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

\_\_\_\_\_  
Date (Must be signed prior to Effective Date)

\_\_\_\_\_  
Print Name and Provide Title

\_\_\_\_\_  
Licensed Resident Agent (if required)