

# VILLAGE OF ORLAND PARK

14700 S. Ravinia Avenue  
Orland Park, IL 60462  
[www.orlandpark.org](http://www.orlandpark.org)



## Meeting Minutes

Monday, November 20, 2023

6:00 PM

Village Hall

## Committee of the Whole

*Village President Keith Pekau  
Village Clerk Patrick R. O'Sullivan  
Trustees, William R. Healy, Cynthia Nelson Katsenes, Michael R. Milani,  
Sean Kampas, Brian Riordan and Joni Radaszewski*

## CALL TO ORDER/ROLL CALL

The meeting was called to order at 6:00 P.M.

**Present:** 7 - President Pekau; Trustee Healy; Trustee Nelson Katsenes; Trustee Milani; Trustee Kampas; Trustee Riordan and Trustee Radaszewski

## APPROVAL OF MINUTES

### 2023-0891 Approval of the November 6, 2023, Committee of the Whole Minutes

I move to approve the Minutes of the Regular Meeting of the Committee of the Whole of November 6, 2023.

**A motion was made by Trustee Nelson Katsenes, seconded by Trustee Milani, that this matter be APPROVED. The motion carried by the following vote:**

**Aye:** 7 - President Pekau, Trustee Healy, Trustee Nelson Katsenes, Trustee Milani, Trustee Kampas, Trustee Riordan, and Trustee Radaszewski

**Nay:** 0

## ITEMS FOR SEPARATE ACTION

### 2023-0853 Employee Health Insurance Renewal FY2024

The Horton Group (Horton) conducted a market analysis for health insurance and all benefit lines of coverage for the Village of Orland Park's 2024 plan year.

Starting with a historical view and comparing PWC trend to how the Village of Orland Park health plan performed cumulatively from 2012 through August of 2023, the plan's actual per capita cost outperformed the market at 13.82%, equivalent to a 1.18% per year. For the same time, the PricewaterhouseCoopers (PWC) trend study showed the market performed at 94.14% cumulatively or 6.22% per year. This favorable result was achieved through continuous plan management, including consumerism in plan designs, network adjustment (HMO Blue Advantage vs. HMOI) Rx performance models, positive demographic changes (see Generational Study), and aggressive negotiations.

The VOP annualized plan year data through August 2023 showed health plan costs ran 9.3% higher than expected. Plan performance was inconsistent since the start of the pandemic in 2020 when claims activity was disrupted, preventing members from having elective and preventive care when desired. As a result, the 2020 plan year ran lower than expected at 94.6%. 2021 ran higher than expected because of what is called a rebound year with plan costs running at 112.5% of expected, and 2022 was more on target, running at 102.7% of expected.

Claims continue to be the main driver of the total cost of the plan. In fact, fixed costs, including reinsurance, administration, and Rx rebates remained near static

over the past 5 years. averaging \$3,400 per capita and 17% of total cost, meaning claims drove 83% of the cost. A larger number of high-cost claimants are the main cause of the 2023 higher than expected health plan costs. Through August, the plan had seventeen (17) members with claims over \$50k YTD vs. twelve (12) last year. Six members have claims over \$100k (the Village's Reinsurance Stop Loss target) vs. three (3) last year. This has resulted in the Village being responsible for an additional \$507k YTD high-cost claims vs last year.

Mid-range claims/claimants from \$10k-\$50k have also increased for the non-HMO plans for YTD 2023 compared to YTD 2022. There are 37 claimants with paid claims of \$961k compared to YTD 2022 when there were 30 claimants with paid claims of \$717k. An increase in YTD 2023 of \$244k.

Based on underwriting practices, Horton provided a mid-year health insurance renewal forecast of +13% for 2024. The Blue Cross initial renewal came in at +14.32%. Based on plan size and demographics, it is considered 85% credible. The medical trend used was 6% and pharmacy trend 13%. The initial renewal did not include a one-time wellness credit as did the previous year. The renewal also included a higher 2024 expected claims projection due to 2023 YTD claims results.

Horton presented a strong argument to negotiate more favorable rates based on historical data, demographic shift, competition and bundling credits for ancillary lines, to receive a Best and Final expected performance offer of +9.22% overall. This consisted of fixed costs, which through negotiations included a one-time wellness credit of \$125,000, higher Rx rebates due to a new arrangement between Horton and Blue Cross, and lower specific and aggregate reinsurance premiums, bringing overall fixed costs down by 2.24% for 2024 compared to current 2023 fixed costs. Also included were 2024 HMO capitation costs which increased 1.5% compared to 2023 which is lower than trend. And finally, the claims factors included for 2024 health increased 12.67% compared to 2023 expected claims. The Claims factors are not actual charges but projections of what the underwriter believes is an appropriate target, based on all plan performance factors including risk, demographics, financial trend and utilization trend.

2024 premium equivalent rates are recommended to increase 17.60% over the actual 2023 premium equivalent rates.

All existing carriers and plan designs remain the recommended programs of choice including:

- Medical and Rx
- Dental Administration
- Vision
- Life and AD&D/Voluntary Life and AD&D

- Short Term Disability Administration
- Flexible Spending Account (FSA)
- Employee Assistance Program (EAP)
- CHC Biometric Screenings (Wellness Initiatives)

The summary of results are as follows:

#### I. 2024 Medical Market Analysis & Recommendations

i. Approached two (2) alternative carrier markets. One (1) quoted, and one (1) declined. Nine (9) stop loss markets were also approached to assure competitiveness of specific and aggregate stop loss quotes. Horton recommends remaining with Blue Cross based on favorable fixed cost, long historical consistency, and least disruption.

ii. Based on group size and being 85% credible, higher stop loss options are not recommended. Blue Cross and Horton underwriters recommend keeping stop loss at \$100k.

iii. The alternate Blue Cross network, called Blue Choice Options was researched to see if lower price points could be achieved and what disruption would occur, if any. Lower costs could be achieved, and if considered just for the non-union employees, the bottom-line expected costs would be 7.9% compared to 9.22%. This change would lower overall costs increases to 17.06% vs 2023 Actual and 6.36% to 2023 recommended rates.

#### 2. Cost Containment - General

i. HealthJoy - The Village of Orland Park active employee average age has dropped from 45 to 42 in the last 6 years, Retirees dropped from 61 to 59. In that time communication needs and desires changed to more immediate, convenient methods as the want for information has grown. HealthJoy is an app driven concierge service, warehousing all your employee benefit plans for members to quickly gain knowledge of best ways to use their plans. EAP services on the app can quickly integrate the members for additional care through JOY. JOY can also assist members in selecting the most cost-effective providers (tier 1 in the BCO network) and include access to virtual and telephonic medical and mental/behavioral health appointments with the ability to prescribe medication without an office appointment. In addition, JOY can schedule new doctor appointments, confirm benefit information, and provide medical bill review.

ii. Population Health - The best way to control health costs is through their root cause. Horton expanded its wellness capabilities to assist our self-funded clients to include the foresight of two Registered Nurses, now on staff. This allows us to review claims data at a deeper level to identify gaps in care and other opportunities and assist members through education and plan Point to Point services. Actionable strategies could then be communicated further through the 24/7/365 HealthJoy app.

#### 3. Ancillary Market Analysis & Recommendations

i. Approached five (5) alternative dental markets (two (2) quoted, three (3) declined). Only one (1) option was self-funded.

The 2024 dental premium equivalent rates are recommended at a 7.66% increase over 2023. Horton recommends remaining with BCBS to maintain bundled discount.

ii. Approached six (6) alternative vision markets (four (4) declined). Horton recommends remaining with BCBS to maintain bundled discount. There is no increase to BCBS vision premium rates for 2024.

iii. Approached four (4) alternative life markets (three (3) declined, and one (1) quoted). Horton recommends remaining with BCBS to maintain bundled discount. There is no increase to BCBS life premium rates for 2024.

iv. Approached four (4) alternative disability markets (four (4) declined). Horton recommends remaining with BCBS to maintain bundled discounts. There is no increase to BCBS ASO rate for 2024.

This agenda item is being considered by the Village Board of Trustees on the same night.

Mike Wojcik of the Horton Group was present to explain the renewal process, results, and to answer any questions.

President Pekau had comments. (refer to audio)

I move to recommend to the Village Board to approve the employee medical annual premium in the amount \$5,855,766, a 17.60% (\$876,522) increase, the employee ancillary spend in the amount \$484,465, a \$23,589 increase which is a 7.44% increase in Dental, 0% increase in Vision, Disability Admin and Core Life and AD&D, the HealthJoy investment cost in 2024 for an amount \$39,070, for a total premium increase including HealthJoy in the amount \$939,181 and adjusting employee contribution equivalent to the increase in premium cost effective January 1, 2024.

**A motion was made by Trustee Kampas, seconded by Trustee Riordan, that this matter be RECOMMENDED FOR APPROVAL to the Committee of the Whole. The motion carried by the following vote:**

**Aye:** 7 - President Pekau, Trustee Healy, Trustee Nelson Katsenes, Trustee Milani, Trustee Kampas, Trustee Riordan, and Trustee Radaszewski

**Nay:** 0

### **2023-0838 Property & Casualty Insurance Renewal**

The Horton Group conducted a comprehensive marketing analysis for all Property & Casualty lines of insurance coverage on behalf of the Village of Orland Park and recently provided the final recommendations for the December and January renewals. The combined renewal premium for the 2024 term will result in a premium increase of \$175,900 over last year. The increase is driven by a

combination of the current, difficult insurance market, increase in village exposures such as total insured property values, Village expenditures and value of owned auto fleet. Furthermore, municipalities which carry Cook County exposures continue to face a more restrictive insurance market than those based in other counties. The number of carriers willing/able to insure in Cook County continues to decrease.

The decision to move to public entity insurance pools was made to offer the Village broad based public entity specific coverage terms, pooling risk with other risk conscious public entities, cost effective pricing and specific claims administration services geared towards public entities. The 2024 coverage year represents the second renewal for both public entity risk pools.

#### Illinois Counties Risk Management Trust (ICRMT)

Since 1983, the Illinois Counties Risk Management Trust (ICRMT) has provided insurance and risk management services to Illinois public entities. ICRMT offers a full line of coverage options, including property and liability designed to meet the needs of its public entity clients. Since its inception, ICRMT has grown to over 450 public entities. With a hard market comes increased premiums and policy forms providing less coverage, lower limits and stricter terms. As a result, many of Horton's larger and well-run public entity clients continue to renew with ICRMT.

Except for the Excess Liability, the renewal rates are essentially flat. The reason for the increase in excess liability related directly to program excess reinsurance rates. The ICRMT casualty deductible is \$50,000 less than standard market options. With ICRMT, there is no additional Third Party Adjuster (TPA) expense as it is included as part of the coverage (saving the Village approximately \$20,000 annually), and the coverage is far more broad (i.e. excess is "over" each casualty line of coverage). Similarly, IPRF does not carry TA fees which also reduces village expenses.

Effective Date - 12/01/2023-2024

ICRMT Package: Expiring - \$882,401, Renewal - \$1,042,662

Cyber: Expiring - \$25,500, Renewal - \$26,265

#### Illinois Public Risk Fund (IPRF)

In 1985, the Illinois Public Risk Fund (IPRF) was established to provide a cost-effective Public Entity alternative to escalating workers' compensation premiums. The pool uses CCMSI as its claim TPA.

The IPRF program has the best combination of premium and deductible. The per claim deductible is \$150,000 less for employees and \$250,000 less for police than provided by the Village's previous long term workers' compensation carrier.

Effective Date - 01/01/2024-2025

Crime: Expiring - \$12,690, Renewal - \$4,502

Drone: Expiring - \$15,380, Renewal - \$16,532  
Workers' Compensation: Expiring - \$176,697, Renewal - \$198,540  
Pollution: Expiring - \$2,348, Renewal - \$2,415

Due to these considerations, the Horton Group recommends renewing coverage with the Illinois Counties Risk Management Trust (ICRMT) and the Illinois Public Risk Fund (IPRF) for 2024 policy term. Tony Evans from the Horton Group was present to explain the renewal process, results, and to answer any questions.

This agenda item was considered by the Committee of the Whole and the Village Board of Trustees on the same night.

Trustee Healy, Trustee Riordan, President Pekau and Trustee Kampas had comments and questions. (refer to audio)

Mr. Evans responded to their comments and questions. (refer to audio)

I move to recommend to the Village Board to approve the liability insurance for Property in the amount \$280,019 a \$16,060 increase, Public Entity Package in the amount \$232,957 a \$17,445 increase, Auto Liability in the amount \$77,512 a \$7,225 increase, Excess Liability in the amount \$452,174 a \$119,531 increase, Cyber Liability in the amount \$26,265 a \$765 increase effective December 1, 2023;

AND

Approve the Excess Workers Compensation in the amount \$198,540 a \$21,843 increase, Crime Policy in the amount \$4,502 a \$8,188 decrease, Drone Policy in the amount \$16,532 a \$1,152 increase, Pollution Policy in the amount \$2,415 a \$67 increase effective January 1, 2024;

AND

Approve the Horton Group Annual Brokerage Fee in the amount \$35,000.

**A motion was made by Trustee Riordan, seconded by Trustee Nelson Katsenes, that this matter be RECOMMENDED FOR APPROVAL to the Committee of the Whole. The motion carried by the following vote:**

**Aye:** 7 - President Pekau, Trustee Healy, Trustee Nelson Katsenes, Trustee Milani, Trustee Kampas, Trustee Riordan, and Trustee Radaszewski

**Nay:** 0

**ADJOURNMENT: 6:15 P.M.**

**A motion was made by Trustee Kampas, seconded by Trustee Milani, that this matter be ADJOURNED. The motion carried by the following vote:**

**Aye:** 7 - President Pekau, Trustee Healy, Trustee Nelson Katsenes, Trustee Milani, Trustee Kampas, Trustee Riordan, and Trustee Radaszewski

**Nay:** 0

**2023-0930 Audio Recording for the November 20, 2023 Committee of the Whole Meeting**

**NO ACTION**

**/AS**

**APPROVED:**

Respectfully Submitted,

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**Patrick R. O'Sullivan, Village Clerk**