



Legislation Text

File #: 2021-0808, **Version:** 0

Title

Employee Health Insurance Renewal FY2022

History

The Horton Group conducted a health insurance analysis comparing all benefit lines of coverage for the Village of Orland Park's 2022 plan year.

Through July 2021, health plan claims ran 18% higher than expected, mainly caused by claimants over \$50k but under the stop loss of \$100k. Through July, there have been two (2) large claims over the \$100k stop loss compared to six (6) in the 2020 plan year and ten (10) in 2019. It appears that claims that slowed in 2020 due to COVID-19 but rebounded slightly in 2021 at a lower cost level, at least for now.

The initial mid-year Horton health insurance renewal forecast was +18%. However, Blue Cross underwriting was favorable with a fixed cost increase of 8.79%, with a bottom line (including claims projection) increase of 7.96%. The initial renewal was reduced further due to Horton's market analysis and negotiations. As a result, all existing carriers and plan designs remain the recommended programs including:

- Medical/Rx/Dental/Vision
- Life and AD&D/Short Term Disability
- Flexible Spending Account (FSA)
- Employee Assistance Program (EAP)
- Virgin Health Miles
- CHC Biometric Screenings (Wellness Initiatives)
- Employee Assistance Program (EAN)
- Liability

The summary of results are as follows:

I. Medical/ Rx Market Analysis & Recommendations

A. Market Analysis

- i. Approached 6 alternative carrier markets (3 quoted and 3 declined to quote)
- ii. Approached 10 alternative stop-loss / captive markets (1 quoted and 9 declined to quote)
- iii. Three independent Pharmaceutical Benefit Managers (PBMs) were quoted

B. The initial renewal with \$100K stop loss (same as current) showed fixed cost increase of +8.79% or +\$87,371, but the bottom line with Attachment and HMO Physician Service Fees, would be an expected plan increase of 7.96%.

i. Final renewal after negotiations for \$100K stop loss fixed cost was - 7.31% or - \$72,626, but the bottom line with Attachment and HMO Physician Service Fees, would be an expected increase of 4.77%.

ii. After further negotiations and receiving plan credits for adding dental and vision coverages, fixed costs would be lowered to -9.53% or -\$94,694 with a total plan expected increase (bottom line) of 4.33%.

iii. Final renewal, after negotiations, for \$125K loss however, showed a decrease of -26.88% or - \$267,007, an improvement of \$172,313. This would require the plan to take on an additional risk of \$25K per member. This differential would amount to 7 large claimants hitting the new stop loss level to break even. The Village has experienced a sufficient number of claims before to make this a possibility, and therefore, with concern of the COVID-19 impact yet to be known, staff and Horton recommend the group remain at \$100k stop loss.

iv. Alternate Blue Cross networks were researched to see if lower price points could be achieved, however the disruption analysis showed substantial impacts which require greater research. This will be reviewed further at mid-year for stronger consideration next year.

C. A Voluntary International Pharmacy Option was introduced and is recommended through Rx Manage.

- i. If fully utilized for the PPO and HMO Plans, savings are estimated to be up to \$287,099.

D. RECOMMENDATIONS:

- i. Renew the current BCBS medical plans with the current specific deductible of \$100,000.
- ii. Implement the International Pharmacy benefit for brand name drugs through Rx Manage

II. Ancillary Market Analysis & Recommendations

A. Market Analysis

- i. Approached 4 alternative dental markets (3 quoted and 1 declined)
- ii. Approached 1 alternative vision market (declined)
- iii. Approached 5 alternative life and disability markets (1 quoted and 4 declined)

B. RECOMMENDATIONS:

- i. Move Dental and Vision to Blue Cross for lower pricing and further discounts on Medical savings of \$22,066
- ii. Renew the current basic life and ASO short tem disability benefits with BCBS
- iii. Implement a NEW voluntary life benefit with BCBS

III. EAP Market Analysis & Recommendations

A. Market Analysis

- i. Approached 3 alternative EAP markets (3 quoted)

B. RECOMMENDATIONS:

- i. Implement the Curalinc 8 session model for a savings of \$13,740 vs. current provider Metropolitan Family Services with a 12 session model

IV. Employee Navigator Update

Horton is providing a benefit portal for employees to enroll and engage in their benefits year round. The build is on target to be completed for Open Enrollment in mid-November.

Non-union employee premium contributions will continue to be based on a percentage of the overall premium cost and participation by the employee and their enrolled spouse in the biometric wellness screenings. The employee premium contribution percentage share will be adjusted to reflect the wellness incentive rate for those employees that participate

in the biometric wellness screening (approximately \$80).

Union employees in the IBEW, AFSCME, Deputy Chief and Commanders, Metropolitan Alliance of Police (MAP), and Police Supervisors groups will be eligible for plans and make employee contributions based on the percentages or the specific rates outlined in the respective collective bargaining agreements.

Mike Wojcik from the Horton Group will be present at the Committee of the Whole meeting on Monday, November 1, 2021, to explain the renewal process, results, and to answer any questions.

Financial Impact

The FY2022 budget will include the amount necessary to fully fund the various benefits listed above.

Recommended Action/Motion

I move to approve employee health insurance renewal agreements with the recommended carriers/vendors and associated expenses effective January 1, 2022;

And

Authorize the Village manager to execute said agreements, subject to Village attorney review.