



Village of Lake in the Hills

600 Harvest Gate, Lake in the Hills, Illinois 60156

Committee of the Whole Meeting

May 28, 2020

Call To Order

The meeting was called to order at 7:30p.m. Present were Trustees Harlfinger, Huckins, Dustin, Bogdanowski, Bojarski, Murphy and President Ruzanski.

Also present were Village Administrator Jennifer Clough, Assistant Village Administrator/Finance Director Shane Johnson, Chief of Police Dave Brey, Public Works Director Dan Kaup, Community Service Director Fred Mullard, HR Manager Anita Neville, Village Attorney Brad Stewart and Village Clerk Cecilia Carman.

Pledge of Allegiance was led by President Ruzanski.

Audience Participation: None

Finance:

Insurance Plan Renewals: Medical, Dental, Vision, and Life-Presented by Assistant Village Administrator/Finance Director Shane Johnson -As part of the comprehensive benefit package, the Village provides employees and their families with medical, dental, vision, and life insurance plans and coverage. Currently, these benefits are provided by BlueCross BlueShield of Illinois (medical), Guardian (dental), and MetLife (vision and life). There are no changes being recommended to providers during this renewal period.

Again, this year is a point of emphasis on incorporating the Village's wellness program into our culture by directly tying participation to employee insurance premium contributions. This approach is progressive and the new norm being implemented across industries as a proven tool to help manage increasing healthcare costs and improve employee productivity. The 2019-2020 wellness program kicked off in September 2019 and included greater opportunities for employees to partner and invest in their own well-being. Employees who meet certain participation requirements can take advantage of the wellness incentive by locking in their current 2019 employee contribution percentages for the 2020 plan year. As such two different employee rates will once again be utilized in the 2020 renewal: Wellness Rates and Non-Wellness Rates.

FY 20 Renewal and Provider Overview

The FY 20 budget includes a 10% increase in total insurance costs effective with the July 1, 2020 renewal. The Village initially received a renewal rate increase of 7.1% for the medical plan. After soliciting and receiving quotes from other insurance carriers through our insurance broker, and further discussions with BlueCross BlueShield, they provided an initial rate relief down to a 3.4% increase. Our broker, Gallagher Williams-Manny, made one final attempt and was able to bring the final rate relief down to a 2.7% increase.

Medical Insurance – The Village currently has five components to its medical insurance program. Employees have the choice to participate in four different types of plans – a PPO plan, a High Deductible/Health Savings Account (HDHP/HSA), an HMO plan, or a waiver program. The additional component is the partially self-funded portion of the PPO and HDHP/HSA plans.

The BlueCross BlueShield PPO plan offers the widest choice of network providers. The Village purchases a \$3,500 deductible (single coverage) and \$10,500 deductible (family coverage) medical plan with 80% coinsurance from BlueCross BlueShield and then self-funds the difference between this plan and the plan design offered to employees which is a \$500 deductible for single coverage and a \$1,500 deductible for family coverage.

The BlueCross BlueShield High Deductible/HSA plan offers the same wide network as the PPO plan. The Village purchases a \$5,000 deductible (single coverage) and \$10,000 deductible (family coverage) plan and then self-funds the difference between this plan and the plan design offered to employees which is a \$1,400 deductible for single coverage and a \$2,800 deductible for family coverage.

The HMO is a network plan with co-pays for primary care, specialists, other services and prescriptions. In the past it was the least costly plan but now has been replaced by the HDHP/HSA plan as the least costly plan.

Competitive quotes were solicited from several other carriers to ensure that we were receiving competitive renewal rates. Humana provided a quote with a 2.8% increase while Aetna, Cigna and United Health Care either declined to quote or provided uncompetitive rates that ranged from increases of 13% - 21%.

Based upon the quotes the Village received from alternate carriers, BlueCross BlueShield responded with a final rate relief quote that lowered their rate increase from a 7.1% increase to a 2.7% increase.

Partially Self-Funded Medical Plan – Both the PPO and HDHP/HSA plans have a partially self-funded component to them whereby the Village purchases a higher deductible/higher out-of-pocket plan from BlueCross BlueShield and then self-funds the difference down to the plan designs offered to employees. Funding is proposed at a level sufficient to pay expected claims plus fees for the next plan year but actual costs will depend on the number and severity of claims actually incurred. Envision Healthcare will continue to process all medical claim processing, tracking and reimbursements. Envision Healthcare is BlueCross BlueShield's preferred vendor and has a direct feed from them to receive the Explanation of Benefits to process the claims. This automatic processing of claims has been well received and replaced a manual and burdensome process that was placed on employees and staff.

Waiver Option – The Village currently offers a waiver option to all employees if they have other health insurance available. The annual waiver payment is currently \$2,000 and represents a sharing with the employee of the premium savings the Village realizes if the employee is not enrolled in the Village's health insurance plans.

Dental Insurance – Guardian provides our dental insurance through a partially self-funded plan. The Guardian dental plan renewal saw a 6.6% increase and a total expected cost of \$127,347, which is in line with previous year total claims and administrative fees. At the Village's request, alternate plans were also provided that increased benefit levels based on feedback from the annual employee survey. These benefits included increasing the annual plan maximum up to \$2,000 from \$1,500 and increasing the Village's coverage of major services up to 80% and 100% from 60%. After the cost/benefit analysis was performed, it is not being recommended to implement any changes to benefit levels during this renewal period on the dental plan.

Vision Insurance – MetLife’s initial renewal rate saw a 5% increase, but provided a revised renewal at 0%. Again, at the Village’s request and based on employee feedback from the annual benefits survey, MetLife provided an alternate renewal option that increased frames and contacts allowance up to \$130 from \$100. The alternate option with these enhanced benefits for frames and contacts puts the increase at 6.8% or \$1,035 for the year. After the cost/benefit analysis was performed, this alternate plan for vision insurance is being recommended with this renewal to increase the frames and contact allowance up to \$130.

Life Insurance – MetLife provided a 0% increase for Life & AD&D. This benefit is 100% paid for by the Employer (Village) and will have a total annual premium of \$15,866.

Employee Contributions – Current Wellness contribution rates are 18% for the PPO plan, 5% for the HDHP/HSA plan, and 7% for the HMO plan. As mentioned in the introduction, employees who participated in this year’s wellness program and took advantage of the incentive will remain at these current rates. No increase to these rates is being recommended for this renewal period and average to about 10% which is in-line with surrounding and comparable communities, but still provides the Village a competitive advantage in terms of recruitment and retention of our work force.

However, employees who opted not to participate will pay Non-Wellness rates which are be 20% for the PPO Plan, 7% for the HDHP/HSA plan and 9% for the HMO plan. It is being recommended to keep this 2% spread between Wellness and Non-Wellness rates for this renewal period. The average contribution rate for Non-Wellness is 12%.

Flexible Spending Accounts – Employees are provided the opportunity to elect to participate in various other voluntary coverage plans via payroll deduction including flexible spending through Envision.

Financial Impact: The total FY 20 budget for insurance is \$2,028,400, which included a 10% increase in insurance premiums effective with the 7/1/20 renewals. The budget assumes that the number of employees and the plans selected by the employees will remain the same at the time of preparation plus any known or likely changes to come. However, during open enrollment employees have the opportunity to elect different plans and levels of coverage.

Also, new employees throughout the year or new positions that are eligible for insurance coverage will also impact the actual insurance costs and results compared to the budget. As such, the total estimated Village cost for FY 20 is projected to be roughly \$1,875,000, which is 6 months (January 2020 – June 2020) at the 2019 renewal and 6 months (July 2020 – December 2020) of this current renewal for 2020, resulting in a budget savings of approximately \$150,000 for FY 20. This number may increase or decrease pending the open enrollment outcomes, as well as, the actual number of employees who qualify for wellness vs. non-wellness rates.

Staff recommends a motion to authorize the Village Administrator to execute all contracts, applications, and other documents necessary to complete the July 1, 2020 renewal with BlueCross BlueShield for medical insurance, with Guardian for dental insurance, with MetLife for vision and life insurance, and with Envision for flexible spending account benefits; continue to offer the health insurance waiver program at \$2,000 per year; and to set employee Wellness Rate contributions for medical, dental, and vision insurance at 18% for employees enrolled in the PPO plan, 7% for employees enrolled in the HMO plan and 5% for employees enrolled in the HDHP/HSA plan, and to set employee Non-Wellness rate contributions for medical, dental, and vision insurance to 20% for employees enrolled in the PPO plan, 9% for employees enrolled in the HMO plan and 7% for employees enrolled in the HDHP/HSA plan.

Trustee Dustin commented employee contributions are low and he would like to see comparisons from other municipalities. Assistant Village Administrator/Finance Director Shane Johnson presented an excel spreadsheet with comparables. Most municipalities are at 13% contribution from their employees and the Village is at 11%. Trustee Dustin stated this is too low and needs to be raised 1 or 2%. Trustee Huckins commented its best to look at the total compensation package. Administrator Clough explained the study that was presented to the Board reviewed total compensation and by Board's direction for compensation was to be competitive with surrounding municipalities.

Trustee Bogdanowski asked what occurs if an employee's opts out of benefits. Assistant Village Administrator/Finance Director Shane Johnson stated they are compensated with \$500 each quarter. Trustee Dustin asked how many people opt out. Administrator/Finance Director Shane Johnson stated 7 or 8 employees. Motion was made to place this item on the Village Board Agenda.

Investment Policy Update- Presented by Assistant Village Administrator/Finance Director Shane Johnson- The Village's Investment Policy needs a slight revision due to a new law, the Sustainable Investing Act (PA 101-473), that was signed by Governor Pritzker in 2019 with an effective date of January 1, 2020. It provides that all state and local government entities that hold and manage public funds should integrate material, relevant, and useful sustainability factors into their policies, processes, and decision-making As such the policy has been updated in Section 3.2 to included language that satisfies this new law. This same language was passed by the Police Pension Board at their April 2020 meeting and is being recommended into the Village's investment policy as well.

Staff recommends a motion to approve revision to the Village's Investment Policy. Motion was made to place this item on the Village Board Agenda.

Community Service:

Variations to Section 15.3-1.B, Permitted Fencing- Presented by Community Service Director Fred Mullard- The property owners of 971 Brandt Drive request a variation to the Zoning Ordinance to allow for construction of a six-foot high, wooden fence. The fence is in the Front Yard (Side) and the Zoning Ordinance limits the height to five-feet on in this yard while the remainder of the fence may be up to six feet. The petitioner desires to keep the fence the same height around the entire yard. The location of the fence is well back from the property lines and does not extend up to the Front Yard (Front) of the adjacent properties.

The Planning and Zoning Commission conducted a public hearing on May 18, 2020 for the petitioner's request. There were no public comments and Commissioners voted 5-0 to recommend approval of the variation.

Staff recommends a motion to approve an ordinance for variation to Section 15.3-1.B of the Zoning Ordinance to allow construction of a six-foot high wooden fence in the Front Yard (Side) on Parcel 19-21-377-012 at 971 Brandt Drive.

President Ruzanski commented this property is very beautiful and would hate to see it covered by a fence. He understands the family wants security for their children and animals.

Community Service Director Mullard commented a five feet fence is allowed and the variance is for 6 feet height. Motion was made to place this item on the Village Board Agenda.

Board of Trustees:

Trustee Harlfinger – None at this time

Trustee Dustin – None at this time.

Trustee Huckins- None at this time

Trustee Bojarski- None at this time

Trustee Bogdanowski- None at this time

Trustee Murphy- None at this time

President Ruzanski: He asked the Trustee to review letter written by Leslie LaMarca of the District 300 Food Pantry. He suggested giving a \$2,500 donation. Trustee Dustin commented the Jacobs HS Food Pantry is not open and the monies would go to Carpentersville and not help our residents. Trustee Huckins stated the Jacobs HS Pantry is closed for the summer. Trusted Bojarski sated she interrupted the letter as the food pantry is open and helping our residents. Trustee Murphy commented on the food pantry’s website there are only 2 distribution dates scheduled and they are at the Carpentersville location. President Ruzanski stated the Board can table this until more information is obtained.

Audience Participation: None

Adjournment: There being no further business to discuss, the Committee of the Whole meeting was adjourned at 8:05pm

Submitted by,

Cecilia Carman
Village Clerk