

Memo

To: Michael R Couzzo, Jr., Village Manager
From: Merlene Reid, HR Director
Date: July 31, 2015
Re: Health and Dental Insurance 2015/16

Blue Cross Blue Shield released the Village's experience in early July 2015 with proposed increases of 19.9% to retain current benefits for the traditional plan and 17.8% for the High Deductible plan. The steep increase was mainly attributed to significantly high claims experience over the past year due mostly to preterm infants and a few long-term substantial diagnoses. Subsequent negotiations returned a reduction to 17.6% (traditional) and 15.5% (HDHP) respectively.

The Benefits committee met on July 16 and directed our brokers to negotiate further with BCBS to take the increase down to 15% in line with the Village's proposed budget, with no plan changes. They were able to negotiate a 15.3% increase for the traditional plan and a 13.3% increase for the HDHP. The attached cost evaluation is based on the number of employees at July 16, 2015 and their current choice of plans (family/individual). These changes will result in increased costs to the BCBS plan of \$128,806 (traditional) and \$5,837 (HDHP), with the Village continuing to contribute 75% of premiums to employees with dependents. These numbers also include 3 retirees and 2 Council members who are responsible for paying the full premium. Effective October 1, 2015, the CWA contract also requires their members to share 50% of any increases over and above the 2014/15 premiums.

MetLife which currently covers our employees' dental needs have made no changes to the dental premiums.

HR is therefore requesting that the following recommendations be accepted:

1. The health insurance be renewed with BCBS, and
2. The dental insurance be renewed with MetLife.