
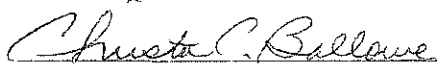


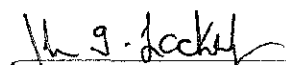
MEMORANDUM
Finance Department
Personnel Division
Purchasing Division

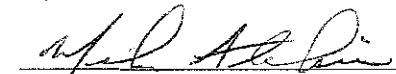
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TO: Albert J. Rigoni, Village Manager

FROM: 
Robert Nowak, Finance Director


Christa Ballowe, Director of Personnel


John T. Lockerby, Assistant Village Manager


Michael Aleksic, Purchasing Agent

DATE: July 23, 2010

SUBJECT: AGENDA ITEM – August 2, 2010 Board Meeting
Employee Benefit Consulting Services

Budget Amount and Account Number: \$5,315,400 001-2596-417.02-10

Background:

The Fiscal 2011 budget for employee group insurance amounts to \$5,315,400 or 11.1% of the General Fund's total budget. This makes this program the fourth highest cost center of the Village. Due to this fact, the Village periodically performs an evaluation and reviews its various group insurance programs. This includes review of the plans' designs, type of benefits and the level of benefits offered, and comparison to current industry standards.

In the fall of 2007, the Village Board awarded a contract for employee benefits consulting services to The Segal Company, Chicago, IL. The contract was awarded as the result of a request for proposal (RFP) process that included a review of company qualifications, past performance, and interviews. It was thus determined that The Segal Company was the best qualified firm to meet Village needs. The Segal Company was then employed to perform consulting services which ultimately resulted in the Village's selection of Blue Cross and Blue Shield as the administrator of Skokie's preferred provider option (PPO) plan and the change to Delta Dental for Skokie's dental plan.

While the Village's medical claims experience over the last two years has been favorable for the PPO, there have been increases in prescription drug costs as well as increases in premiums for the HMO plan. In recognition of actual claims experience and of the Federal Patient Protection and Affordable Care Act as recently modified by the Health Care and Education Reconciliation Act of 2010 (referred to as "Health Care Reform"), a review of the Village's employee group insurance program is recommended.

Recommendation:

It is recommended that a contract for the provision of Health Benefit Consulting Services be awarded to The Segal Company, Chicago, IL., in an amount not to exceed \$60,000. The Segal Company was selected as the Village of Skokie's Group Insurance Consultant in 2007. The firm is very familiar with the Village's programs, they have successfully guided the Village through a provider selection process, and, because of their familiarity with the Village's programs, are best suited to evaluate the implications of Federal Health Care Reform on the Village. In addition, Segal is not an insurance broker but rather an independent consultant that can be objective in the insurance market.

Comments:

The Village is securing the expertise and services of a benefit consultant to review the Village's current medical plans and prescription drug program. The goal of this engagement will be to perform a review of each benefit plan's design including conducting a funding and reserve analysis and exploration of collective purchasing options, evaluate the Village's compliance with Federal Health Care Reform legislation, and to perform a detailed evaluation of the prescription drug program and manage a competitive bid process for this benefit. The ultimate intent for this engagement will be the reduction of claims costs, especially those related to the prescription drug program, and to assess the impact of Federal Health Care Reform and implement required changes.