

OPERATIONS & ADMINISTRATIVE COMMITTEE AGENDA

Called by: Keith McDonald, Chairman
Members: John Butitta, Jean Crosby,
Paul Arena, Joe Hoffman, Dorothy
Redd, Jaime Salgado

DATE: THURSDAY, DECEMBER 17, 2020
TIME: 5:30 PM
LOCATION: VIRTUAL MEETING - ZOOM
(WINNEBAGO COUNTY YOUTUBE
LIVE)

AGENDA:

- A. Call to Order
- B. Roll Call
- C. Public Comment – This is the time we invite the public to address the Operations and Administrative Committee with issues and concerns. We ask you to limit your comments to three minutes. Personal attacks or inappropriate language of any sort will not be tolerated. We will allow a maximum of five speakers on a first come basis with sign up at the meeting. Speakers may not address zoning matters which are pending before the ZBA, the Zoning Committee or the County Board. Personnel matters or pending or threatened litigation may not be addressed in open session. An individual may speak a maximum of three times per calendar year on the same topic. This prohibition shall include the repetition of the same topic in a statement on what is purported to be a different topic. After acknowledgement by the chair, please stand and state your name. Thank you.
- D. Resolution Authorizing the Execution of a Renewal Agreement with Voya Financial for Stop Loss Specific and Aggregate Coverage on the Self-Insured Co-Pay/POS and High Deductible Medical Plans
- E. Other Matters
- F. Adjournment



Resolution Executive Summary

Prepared By: Debbie Crozier

Committee: Operations and Administration

Committee Date: December 17, 2020

Resolution Title: Resolution for Approval for Stop-Loss Insurance

Board Meeting Date: December 22, 2020

Budget Information:

Was item budgeted? Yes	Appropriation Amount: Additional \$396,050/year
If not, explain funding source:	
ORG/OBJ/Project Code: 48500-43171	Budget Impact:

Background Information: Winnebago County purchases stop loss coverage to limit the County's risk on the group insurance plan both on an individual and group basis. Our stop loss coverage has been with Voya Financial since January 1, 2020. The 2021 renewal is a 29% increase on the specific coverage and an 11.55% increase on the aggregate coverage. Gallagher Williams Manny sent the stop loss proposal to five carriers requesting a quote, due to large number of ongoing claims the carriers chose not to provide a quote.

Our annual stop loss premium is approximately \$1,366,600; in 2021, the average annual stop loss premium will be approximately \$1,762,050, an increase of \$396,050. The increase is due to our 2020 high cost claims.

Winnebago County and Human Resources have received excellent customer service and prompt payment from Voya Financial and Arthur J. Gallagher, and request the Boards support of continued services with this vendor.

Recommendation: The Operations and Administrative Committee, chaired by Keith McDonald has reviewed the resolution presented to the Board. The Board is asked to vote in favor of the Committee's recommendation at its December 22, 2020 meeting.

Contract/Agreement: This contract is a 1-year agreement with Voya Financial.

Legal Review: Requested contract for the States Attorney to review.

Follow-Up: The premium is paid monthly based on enrollment.

RESOLUTION
of the
COUNTY BOARD OF THE COUNTY OF WINNEBAGO, ILLINOIS

Sponsored by: Keith McDonald
Submitted by: Operations and Administrative Committee

2020 CR

RESOLUTION AUTHORIZING THE EXECUTION OF A RENEWAL AGREEMENT WITH VOYA FINANCIAL FOR STOP LOSS SPECIFIC AND AGGREGATE COVERAGE ON THE SELF-INSURED CO-PAY/POS AND HIGH DEDUCTIBLE MEDICAL PLANS.

WHEREAS, the County of Winnebago, Illinois, offers a self-insured Co-Pay/POS and High Deductible medical plans to active employees and retirees; the County purchases a stop loss insurance plan to reinsure the County for medical claims which exceed \$175,000 (per individual) and on an aggregate basis; and,

WHEREAS, the County's Benefit Consultant has reviewed submitted proposals for the stop loss coverage in 2021; and the

WHEREAS, the County's Benefit Consultant recommends renewing with Voya Financial in 2021; and,

WHEREAS, Sun Life has proposed the following rates to Winnebago County for stop loss coverage in 2021:

\$81.74 for Specific per individual coverage per month

\$216.16 for Specific per family coverage per month

This is a 28.92% increase from the 2020 rates.

\$2.80 for Aggregate per employee per month

This is a 11.55% increase from the 2020 rates.

This is will be a \$396,050 increase from 2020.

WHEREAS, the Operations and Administrative Committee of the County Board for the County of Winnebago, Illinois has reviewed the renewal and recommends that the County Board authorize execution of an agreement with Voya Financial for the stop loss coverage for the self-insured Co-Pay/POS and HDHP medical plans for the year January 1, 2021 through December 31, 2021.

NOW, THEREFORE BE IT RESOLVED, by the County Board of the County of Winnebago, Illinois that the Winnebago County Board Chairman is hereby authorized to execute an agreement effective January 1, 2020 with Voya Financial, 230 Park Avenue, New York, NY 10169, for stop loss coverage.

BE IT FURTHER RESOLVED, that this Resolution shall be in full force and effective immediately upon its adoption and the Clerk of the County Board is hereby authorized to prepare and deliver certified copies of this Resolution to the Director of Purchasing, Director of Human Resources and the County Auditor.

Respectfully Submitted,
OPERATIONS AND ADMINISTRATIVE COMMITTEE

AGREE

DISAGREE

KEITH McDONALD, CHAIRMAN

KEITH McDONALD, CHAIRMAN

JOHN BUTITTA, VICE CHAIRMAN

JOHN BUTITTA, VICE CHAIRMAN

PAUL ARENA

PAUL ARENA

JEAN CROSBY

JEAN CROSBY

JOE HOFFMAN

JOE HOFFMAN

DOROTHY REDD

DOROTHY REDD

JAIME SALGADO

JAIME SALGADO

The above and foregoing Resolution was adopted by the County Board of the County of Winnebago, Illinois this ____ day of _____ 2020.

ATTESTED BY:

JOSEPH CHIARELLI
CHAIRMAN OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS

LORI GUMMOW
CLERK OF THE COUNTY BOARD
OF THE COUNTY OF WINNEBAGO, ILLINOIS



Stop Loss Insurance Renewal Offer

Voya Employee Benefits

Prepared for:
Winnebago County

Effective Date
01/01/2021

Policy Number
71438-1

Excess Risk Insurance is issued by ReliaStar Life Insurance Company, a member of the Voya® family of companies.

Stop Loss Proposal for Winnebago County

Individual Excess Risk Insurance

Plan Description	Current	Renewal Option 1	Renewal Option 2
Plan Effective Date	January 1, 2020	January 1, 2021	January 1, 2021
Coverages	Medical, Rx	Medical, Rx	Medical, Rx
Individual Deductible	\$175,000	\$175,000	\$200,000
Policy Year Maximum	Unlimited	Unlimited	Unlimited
Lifetime Maximum	Unlimited	Unlimited	Unlimited
Coverage Period	Paid in 12 Months and incurred Jan 01, 2019 or after	Paid in 12 Months and incurred Jan 01, 2019 or after	Paid in 12 Months and incurred Jan 01, 2019 or after
Benefit Percentage	100%	100%	100%
Rates Include Commissions of:	None	None	None
Endorsements			
Renewal Rate Cap	50.00%	50.00%	50.00%
Individual Advanced Funding	Included	Included	Included
Plan Mirroring Coordination	Included	Included	Included
Coverage Description	Enrollment/Quoted Rate	Enrollment/Quoted Rate	Enrollment/Quoted Rate
Single Coverage	453/\$64.55	453/\$81.74	453/\$70.90
Family Coverage	508/\$166.52	508/\$216.16	508/\$187.27
Cost			
Estimated Monthly Costs	\$113,833	\$146,838	\$127,251
Estimated Annual Costs	\$1,366,000	\$1,762,050	\$1,527,010
% Change From Current		28.99%	11.79%

Aggregate Excess Risk Insurance

Plan Description	Current	Renewal Option 1	Renewal Option 2
Plan Effective Date	January 1, 2020	January 1, 2021	January 1, 2021
Coverages	Medical, Rx	Medical, Rx	Medical, Rx
Aggregate Adjustment Corridor	125%	125%	125%
Individual Deductible	\$175,000	\$175,000	\$200,000
Maximum Annual Reimbursement	\$1,000,000	\$1,000,000	\$1,000,000
Coverage Period	Paid in 12 Months and incurred Jan 01, 2019 or after	Paid in 12 Months and incurred Jan 01, 2019 or after	Paid in 12 Months and incurred Jan 01, 2019 or after
Rates Include Commissions of:	None	None	None
Coverage Description	Enrollment/Quoted Rate	Enrollment/Quoted Rate	Enrollment/Quoted Rate
PEPM	961/\$2.51	961/\$2.80	961/\$2.85
Monthly Aggregate Corridor*			
PEPM	961/\$1,536.78	961/\$1,654.10	961/\$1,674.40
Minimum Annual Aggregate Deductible	\$15,063,825	\$16,213,819	\$16,412,804
Select Acceptance Choice		<input checked="" type="checkbox"/>	<input type="checkbox"/>

Individual Excess Risk Insurance

Plan Description	Renewal Option 3	Renewal Option 4
Plan Effective Date	January 1, 2021	January 1, 2021
Coverages	Medical, Rx	Medical, Rx
Individual Deductible	\$225,000	\$250,000
Policy Year Maximum	Unlimited	Unlimited
Lifetime Maximum	Unlimited	Unlimited
Coverage Period	Paid in 12 Months and incurred Jan 01, 2019 or after	Paid in 12 Months and incurred Jan 01, 2019 or after
Benefit Percentage	100%	100%
Rates Include Commissions of:	None	None
Endorsements		
Renewal Rate Cap	50.00%	50.00%
Individual Advanced Funding	Included	Included
Plan Mirroring Coordination	Included	Included
Coverage Description	Enrollment/Quoted Rate	Enrollment/Quoted Rate
Single Coverage	453/\$62.92	453/\$55.52
Family Coverage	508/\$166.09	508/\$146.38
Cost		
Estimated Monthly Costs	\$112,876	\$99,512
Estimated Annual Costs	\$1,354,518	\$1,194,139
% Change From Current	-0.84%	-12.58%

Aggregate Excess Risk Insurance

Plan Description	Renewal Option 3	Renewal Option 4
Plan Effective Date	January 1, 2021	January 1, 2021
Coverages	Medical, Rx	Medical, Rx
Aggregate Adjustment Corridor	125%	125%
Individual Deductible	\$225,000	\$250,000
Maximum Annual Reimbursement	\$1,000,000	\$1,000,000
Coverage Period	Paid in 12 Months and incurred Jan 01, 2019 or after	Paid in 12 Months and incurred Jan 01, 2019 or after
Rates Include Commissions of:	None	None
Coverage Description	Enrollment/Quoted Rate	Enrollment/Quoted Rate
PEPM	961/\$2.90	961/\$2.95
Monthly Aggregate Corridor*		
PEPM	961/\$1,692.56	961/\$1,708.35
Minimum Annual Aggregate Deductible	\$16,590,812	\$16,745,588
Select Acceptance Choice	<input type="checkbox"/>	<input type="checkbox"/>

Stop Loss Proposal for Winnebago County Account Assumptions

Renewal As Of Date	November 19, 2020
Renewal Good Through	December 4, 2020
Situs State	Illinois
Claim Administrator	Northern Illinois Health Plan, BlueCross BlueShield (IL), OptumRx Claims
Network	2021-01 BlueCross BlueShield (State), 2021-01 Cigna ASO

Additional Contract Specifications:

- No fully insured lives are covered.
- Plan designs and contribution levels are assumed as submitted to underwriting. Any changes may require an adjustment to the individual excess risk rates and/or monthly aggregate corridor.
- Plan must have medical case management and utilization review.
- All claims are reported/paid in U.S. dollars.
- Any costs charged by the claim administrator for reports required to substantiate claims will be paid by the employer.
- The proposal is based on the data submitted. Any changes to this data may allow us to modify the proposal.
- We reserve the right to (i) recalculate Monthly Aggregate Factor(s) [if applicable] and Individual Excess Risk Monthly Premium Rates as shown on the Excess Risk Schedule and continue this Policy, or (ii) terminate this Policy in accordance with the Policy Termination provision of this Policy if an increase or decrease in the number of Covered Persons and Covered Dependents that exceeds 15% of the current number covered under the Employee Benefit Plan.
- Premium rates were adjusted via filed and approved underwriting discretion in consideration of the carrier reporting fees assessed by the PBM or TPA, which are directly associated with the claims information we require to administer our Policy.
- Medicare is primary for retirees age 65 and over.
- Pre and post 65 retirees are eligible under the stop loss coverage.

The individual stop loss renewal is based upon the current leveraged trend factors, market conditions, plan designs and current demographic factors. The aggregate renewal is based upon the experience of the group and current trend. Any plan changes may affect this renewal and need to be disclosed prior to the renewal acceptance.


Authorized Signature


Date

Winnebago County
71438-1
01/01/2021

Excess Risk Insurance is underwritten by ReliaStar Life Insurance Company. Policy form RL-SL-POL-2013 (may vary by state).
Exclusions and limitations are described in the policy.

Economic Factors: Manage the Effects of Leveraged Trend (Illustrative)

Medical trend is the anticipated annual increase in the cost of medical claims from year to year. Medical costs generally increase every year through inflation, and there are many additional factors that determine the actual medical trend for a specific health plan.

Components of medical trend include:

Plan Design

Technology

Network

Utilization Patterns

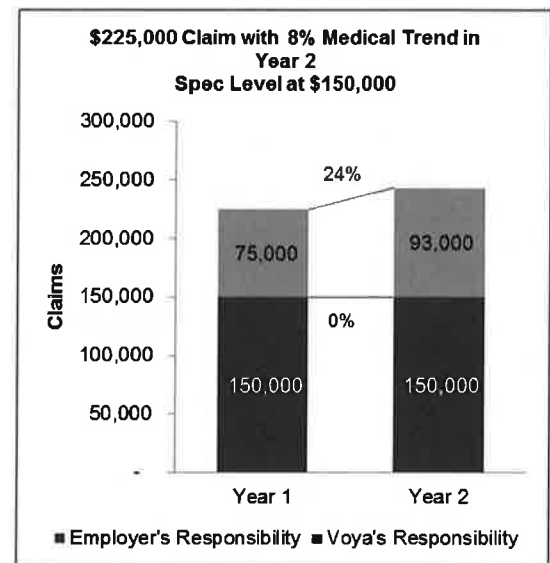
Demographics

Cost Shifting

Medical trend gets leveraged when parties responsible for medical claims do not maintain the same proportional share of the risk from year to year. Put simply, rising medical costs affect stop loss carriers differently than employers. But rather than passing our increasing risk back on to you in the form of large rate increases, we can compensate with small increases in deductibles.

Here's an example. In Year 1, the plan elects a \$150,000 individual stop loss deductible. If there is an individual claim of \$225,000, the first \$150,000 is the employer's responsibility and the remaining \$75,000 is reimbursed by the stop loss carrier.

In Year 2, assuming an 8% increase in medical costs, a claim that would have been \$225,000 in Year 1 now costs \$243,000. If the deductible doesn't change, the first \$150,000 is the employer's responsibility and the remaining \$93,000 reimbursed by the stop loss carrier. So that 8% trend produces a 24% cost increase to the stop loss carrier's claim and 0% increase to the employer.



If the stop loss deductible is left at the same dollar level year after year, the employer's risk actually decreases as a percentage of the overall claim. Conversely, the insurer's risk is increasing -- and, in response, the insurer has to increase rates well beyond medical trend.

In order to eliminate the leveraging effect, the employer should increase its individual deductible by trend each year. This essentially retains the exact same proportion of the risk.

In an effort to mitigate the effects of leveraged trend, your underwriter has included an optional quote during this year's renewal.

Excess Risk Insurance is issued by ReliaStar Life Insurance Company, a member of the Voya® family of companies.