



**DATE:** May 27, 2021

**MEMO TO:** Julie Simpson, Chair  
Finance Committee

**FROM:** Mary E. Kann  
Director of Administration

**RECOMMENDATION:** Provide policy direction regarding separation from the County's employee insurance benefits programs, and further investigation of joining the Intergovernmental Personnel Benefit Cooperative (IPBC) insurance collective in the 2022 calendar year. The County programs that the District participates in include Medical, Dental, Vision and Life Insurance, Flexible Spending and Health Savings Accounts and the Employee Assistance Program.

**STRATEGIC DIRECTION SUPPORTED:** Organizational Sustainability

**FINANCIAL DATA:** Final cost will be determined after further discussion with the selected vendor, and their review of additional claims data. If the District moves forward, a contract for approval would be presented in September.

**BACKGROUND:** For many years, the District has purchased their employee benefit plans from Lake County. While preparing for the 2021 open enrollment period, there was discussion at various County meetings regarding the proposed premium increases, resulting in the County HR staff being directed to look for insurance options other than self-funding, prior to the 2022 open enrollment period. As there was uncertainty as to what those changes would be and if the District would be included, staff began a preliminary look at alternatives to the County benefit plans.

When looking at options for the District, it was determined that, due to the number of eligible District staff members, the most cost effective option would be to participate in a cooperative or pool, rather than the commercial insurance market. District staff located three available cooperative/pool insurance vendors. Information on plan options, design and estimated costs was requested from each of these vendors. During one of these discussions, the District learned that the County was also speaking to one of the same vendors. This vendor stated that it would be more advantageous for the District to separate from the County rather than remain in their plan.

Based on the District's specific claims experience, it appears the District may be able to receive premium rates lower than Lake County. In addition, the District has the potential to receive subsidies should actual claim experience be lower than anticipated. It is likely that the County received these subsidies in the past; however, the District never directly benefited from the lower claims experience. Finally, this will allow the District to direct its future plan options and designs; whereas, as a participant in Lake County's program, the District had little say in plan design changes.

After discussing plan options and estimated costs of the three vendors, District staff would like to continue discussions with the IPBC. With the IPBC, the District would be able to port many of its existing plans, which will cause the least amount of provider and service disruption to the participants.

The IPBC is an entity created under Illinois state law, which allows local government groups to band together cooperatively for the purposes of administering employee insurance benefits. It was established in 1979 and includes 130 entities as members. The IPBC provides economies of scale and risk pooling that allows members more financial stability than offered by the commercial insurance market. Members retain the right to create and change their plan design.

If the District were to move forward with an agreement with IPBC, the District would explore working with IPBC's broker, Gallagher, to offer benefit plans in addition to the standard insurance plans. These plans include Flexible Spending and Health Savings Accounts as well as an Employee Assistance Program. The District would bring COBRA Administration in-house and evaluate what options would be available for the AFLAC benefits.

A possible recommendation for implementation, including final costs and a contract, would be presented at the September Finance Committee and Board meetings.

**REVIEW BY OTHERS:** Chief Operations Officer, Director of Finance, Manager of Human Resources & Risk, Corporate Counsel.