



MEMORANDUM

TO: Scott Niehaus, Village Manager
FROM: Nicole Aranas, Assistant Village Manager
DATE: September 29, 2014
SUBJECT: **APPROVAL OF A PARTICIPATION AGREEMENT WITH
BENISTAR EMPLOYER SERVICES INSURANCE TRUST**

Attached please find information pertaining to an agreement approving the Village of Lombard as a participating employer under the Benistar Employer Services Insurance Trust. Under the Benistar program, the Village of Lombard may offer a separate employee group retiree health insurance and prescription drug plan for Medicare eligible, age post-65 retirees of the Village of Lombard. The proposed plan is a combined fully-insured group retiree medical plan and a group Medicare Part D prescription drug plan offering lower cost insurance premiums and increased coverage levels exclusively for retirees age post-65.

If offered, the Benistar program would address certain concerns raised by age post-65 retirees regarding the rising cost of health care premiums which are borne 100% by the retiree. The proposed plan offers post-65 eligible retirees lower costs for insurance premiums as well as increased levels of coverage. Some advantages of the Benistar program for Medicare retirees are:

- Elimination of network provider restrictions
- HMO office and ER co-pays reduced from \$20/\$70 to \$0
- HMO out of pocket maximum reduced from \$1,500 to \$0
- PPO deductible reduced from \$200 to \$147
- PPO coinsurance of 60-80% reduced to \$0
- PPO out of pocket maximums of \$1,500 to \$3,000 eliminated
- Prescription drug cost modifications from \$10/\$20/\$35 to \$2/\$20/\$40
- Overall premium rates reduced by 11-33% (dependent upon age)

The attached agreement approves the Village of Lombard as a participating employer under the BENISTAR Employer Services Insurance Trust for the 2015 plan year. Initial participation in the Benistar program by eligible retirees will be optional (via opt-out concurrent with open enrollment) and eligible retirees who move to the Benistar program will be offered the option to return to the standard Village medical plans in the following plan year.