

#060217

VILLAGE OF LOMBARD  
REQUEST FOR BOARD OF TRUSTEES ACTION

Resolution or Ordinance (Blue) \_\_\_\_\_  
Waiver of First requested \_\_\_\_\_  
Recommendations of Boards, Commissions & Committees (Green) \_\_\_\_\_  
Other Business (Pink) \_\_\_\_\_  
    X    

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: William T. Lichter, Village Manager

DATE: April 24, 2006 (B of T) Date: May 4, 2006

TITLE: A motion to approve the extension of the Contract with First Commonwealth Dental Insurance Company for one year.

SUBMITTED BY: Kathleen Dunne, Human Resource Analyst

BACKGROUND/POLICY IMPLICATIONS:

At the meeting of June 1, 1995, the Village Board of Trustees adopted a resolution authorizing the Village President to sign a Group Master contract with First Commonwealth Dental Insurance Company. A motion to extend this contract is requested. Upon approval, the contract will be effective from June 1, 2006 through May 31, 2007.

See attachment.

FISCAL IMPACT/FUNDING SOURCE:

Village Attorney \_\_\_\_\_ Date \_\_\_\_\_  
Finance Director \_\_\_\_\_ Date \_\_\_\_\_  
Village Manager \_\_\_\_\_ Date 4/25/06



April 21, 2006

Ms. Kathleen Dunne  
Human Resources Generalist  
Village of Lombard  
255 East Wilson Avenue  
Lombard, IL 60148-3931

RE: First Commonwealth  
June 2006 Renewal Confirmation

Dear Kathy:

This letter will confirm your accepted renewal for the 2006-07 plan year with First Commonwealth.

Effective June 1, 2006, Village of Lombard will not be making any elective plan changes to their benefit program with First Commonwealth.

The renewal rates you have accepted from June 1, 2006 through May 31, 2007 are as follows:

	PPO	DHMO
Single	\$33.67	\$15.71
Family	\$93.39	\$37.24

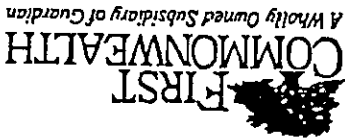
Please feel free to contact me or Tom Schaffler if you have any questions on any of these items. Thank you.

Sincerely,

*Stefanie L. Freels*

Stefanie L. Freels  
Account Manager

Stefanie L. Freels  
Account Manager  
Lockton Companies, Inc.  
525 West Monroe Street, Suite 600  
Chicago, Illinois 60661



**GROUP MASTER POLICY**

THIS CONTRACT is made and entered into this 1st day of June, 2002 by and between First Commonwealth Insurance Company (hereinafter referred to as "First Commonwealth"), and VILLAGE OF LOMBARD (hereinafter referred to as "Group").

**RECITALS:**

A. First Commonwealth is an Illinois domiciled Limited Health Services Organization licensed in accordance with the statutes and applicable provisions of the Illinois Administrative Code; Group desires to obtain the Plan Benefits described herein for and on behalf of Subscribers and their Dependents; and

C. First Commonwealth and Group agree that in consideration of the agreements by the parties and the payment of the Premium, First Commonwealth will provide Plan Benefits described herein in accordance with the terms, conditions, and provisions of this Group Master Policy to the extent that such Plan Benefits are consistent with and necessary for the diagnosis and treatment of Subscribers and their Dependents;

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties have executed this Group Master Policy.

Group

By: \_\_\_\_\_

(Type or print name below signature)

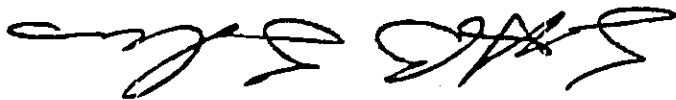
Title

Group

First Commonwealth Insurance Company

Scott B. Sanders  
President

Scott B. Sanders  
President



First Commonwealth Insurance Company

Group

Title

(type or print name below signature)

By: \_\_\_\_\_

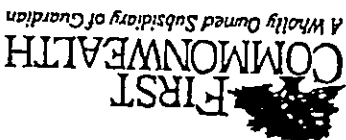
Group

- A. First Commonwealth is an Illinois domiciled Life, Accident and Health Insurance Company licensed in accordance with the statutes and applicable provisions of the Illinois Administrative Code;
- B. Group desires to obtain the Plan Benefits described herein for and on behalf of Subscribers and their Dependents; and
- C. First Commonwealth and Group agree that in consideration of the agreements by the parties and the payment of the Premium, First Commonwealth will provide Plan Benefits described herein in accordance with the terms, conditions, and provisions of this Group Master Policy to the extent that such Plan Benefits are consistent with and necessary for the diagnosis and treatment of Subscribers and their Dependents;

**RECITALS:**

THIS CONTRACT is made and entered into this 1st day of June, 2002 by and between First Commonwealth Insurance Company (hereinafter referred to as "First Commonwealth"), and VILLAGE OF LOMBARD (hereinafter referred to as "Group").

**GROUP MASTER POLICY**



**ARTICLE I - REFERENCE TO EXHIBITS**

Various parts of this Contract refer to Schedules, Subscription Certificates, Schedule of Benefits and the Group Application which are incorporated by reference herein as if fully set forth herein (the "Attachments"). Each such Attachment sets forth in detail the matters referenced herein which constitute additional provisions of this Contract.

**ARTICLE II - DEFINITIONS**

2.1 **Contract:** shall mean this Group Master Policy issued to the Group by First Commonwealth, including the Group Application and Subscription Certificate(s) with the associated Schedule(s) of Benefits, and any Attachments thereto.

2.2 **Contract Commencement Date:** shall mean the date that his Contract commences, as defined on the attached Contract Schedule A.

2.3 **Dependent:** shall mean the Dependent(s) of the Subscriber as defined in the attached Subscription Certificate and Group Application.

2.4 **Due Date:** shall mean the fifteenth (15th) day of the month prior to the coverage period.

2.5 **Group:** shall mean an employer, labor union, trust fund, association, partnership, or other organization to which a Group Master Policy is issued, who is responsible for the Premium payments, and through which Members become entitled to Plan Benefits described herein.

2.6 **Group Application:** shall mean the form completed by the Group which defines Subscribers and Dependent(s), provides Group contact information, and is made a part of this Contract.

2.7 **Member:** shall mean a Subscriber or Dependent who is actually enrolled in this Plan.

2.8 **Open Enrollment:** shall mean the enrollment period for the Group as mutually determined by the Group and First Commonwealth, during which an employee, Member, or beneficiary of the Group may enroll in, change, or terminate their or their Dependent's coverage hereunder.

2.9 **Plan:** means the dental benefits Plan administered by First Commonwealth pursuant to this Contract.

2.10 **Plan Benefits:** shall mean the coverage that is provided under this Plan as specified in the Subscription Certificate(s) and associated Schedule(s) of Benefits, including Limitations and Exclusions, attached and made a part of this Contract.

2.11 **Premium:** shall mean the subscription rate for each Subscriber enrolled in the Plan under the Contract during each month this Contract is in effect, as set forth on Contract Schedule A.

2.12 **Provider:** shall mean any duly licensed dentist and include any hygienists and technicians recognized by the dental profession who act with and assist the dentist.

2.13 **Subscriber:** shall mean an employee, Member, or beneficiary of the Group whom the Group has reported to First Commonwealth as eligible for Plan Benefits and is enrolled hereunder.

**ARTICLE III - CONTRACT TERMS**

3.1 **Premium:** As set forth in Contract Schedule A, the Group shall remit to First Commonwealth on or before the Due Date the applicable total Premium for each Member. Any required contribution to be paid by the Subscriber shall be collected by payroll deduction or otherwise by the Group. In all cases, the Group shall be responsible for all such Premium payments. Payment of Premium after receipt of this Group Master Policy constitutes acceptance of contract terms.

3.2 **Contract Term:** The initial Contract Term and each successive Contract Term shall be for one-year periods. This contract shall become effective on the Contract Commencement Date as specified on Contract Schedule A attached hereto.

3.3 **Renewal:** This Contract shall automatically renew for successive one year Contract Terms unless either party provides sixty (60) days written notice of non-renewal prior to the end of a one year Contract Term.

**ARTICLE IV - ELIGIBILITY**

4.1 **Eligibility Administration:** Group shall send an eligibility list to First Commonwealth, in accordance with First Commonwealth policies, procedures, and forms, specifying the names and other identifying data for each Member to be covered for the succeeding month. The Group shall specifically identify those Members:

- a. Who are newly eligible to receive Plan Benefits and the effective date of coverage.
  - b. Who are no longer eligible to receive Plan Benefits and the effective date of termination coverage.
- The Group shall provide the above to First Commonwealth no later than the fifteenth (15th) day of the preceding month, for the month in which coverage will become effective or be terminated.

4.2 **Determination of Eligibility:** The determination of who is eligible to participate is determined by the Group and specified on the Group Application. First Commonwealth shall have the right to rely upon that determination. Any disputes or inquiries regarding eligibility, including rights regarding renewal, reinstatement, and the like, if any, shall be referred by First Commonwealth to the Group. The Group will then advise First Commonwealth of its determination. Dependent(s) shall include those persons who are defined in the attached Subscription Certificate(s).

4.3 **Termination of Eligibility:** Should a Member be terminated or leave the Group or be certified by the Group as being no longer eligible for Plan Benefits provided for herein, the Member shall continue to be eligible to receive services, and First Commonwealth shall be entitled to the Premium for the Member until such time as First Commonwealth is notified in writing of the Member's termination date, and the Member is removed from the eligibility list specified above. Should First Commonwealth be notified of a Member's termination after the eligibility list is provided by the Group to First Commonwealth, coverage for the Member shall continue until the end of the applicable monthly period and First Commonwealth shall retain or must be paid the applicable Premium to the end of the monthly period for the Member. Should the Group fail to notify First Commonwealth of a Member's termination on a timely basis, First Commonwealth will not adjust Premiums for that Member retroactively.

4.4 **Subscriber Information:** Subscribers shall complete and submit to First Commonwealth such applications, or other forms of statements as First Commonwealth may reasonably request.

**ARTICLE V - ADMINISTRATION**

5.1 **Notices to Members:** Whenever First Commonwealth is obligated to give any notice to Members with regard to any matters covered by this Contract, it shall be sufficient to give such notice to the Group representative or its designee. The Group shall then be obligated to give that notice to the Subscribers in its next regular communication.

5.2 **Distribution of Plan Materials:** With respect to the distribution of all material, it shall be sufficient for First Commonwealth to deliver the materials for distribution to the Group representative. The Group shall be responsible to distribute such materials to the Subscribers and/or employees, Members, or beneficiaries of the Group.

5.3 **Complaint Resolution Procedures:** First Commonwealth agrees, subject to its Complaint Resolution Procedures, to duly investigate and endeavor to resolve any and all complaints and/or grievances received from Members. Any inquiries, complaints, grievances, or the like, shall be made to First Commonwealth in writing or by calling First Commonwealth at the address indicated in Paragraph 10.3. The Complaint Resolution Procedures are set forth in the Subscription Certificate(s).

5.4 **Subscriber Materials:** First Commonwealth shall issue an identification card to all Subscribers, identifying the Subscriber and their enrolled Dependent(s) as eligible for Plan Benefits pursuant to this Contract. Subscribers will receive their identification card along with their Subscription Certificate and Schedule of Benefits within thirty (30) days of the Contract Commencement Date or First Commonwealth's receipt of the Subscriber's identifying information.

**ARTICLE VI - PROFESSIONAL DOCTOR-PATIENT RELATIONSHIP**

6.1 **MEMBER/PROVIDER RELATIONSHIP:** It is expressly understood that the relationship between the Member and the Provider rendering services or treatment shall be subject to the rules, limitations, and privileges incident to the professional relationship. The Provider shall be solely responsible to the Member for all services or treatment within the professional relationship. It is understood and agreed that the operation and maintenance of the Provider's facilities, equipment, and the rendition of all professional services shall be solely and exclusively under the control and supervision of the Provider, including all authority and control over the selection of staff, supervision of personnel, and operation of the professional practice, and/or the rendition of any particular professional service or treatment.

**ARTICLE VII - BENEFITS TO BE PROVIDED**

7.1 **Plan Benefits:** First Commonwealth and the Group agree that this Contract provides solely for the Plan Benefits to be provided to Members under this Plan as set forth in the Subscription Certificate(s).  
7.2 **Member Out-of-Pocket Expenses:** The Member and not First Commonwealth nor Group shall be solely responsible for payment of all non-covered dental services and for the Member's portion of covered dental services as specified in the Subscription Certificate(s).

**ARTICLE VIII - SUBROGATION**

8.1 **Subrogation:** If a Member is injured by an act or omission of a third party, services and supplies covered under this Contract will be furnished to the Member for such injuries. In such case, the Member will:

(1) reimburse insurer from any damages collected, to the extent of the reasonable cash value of the services and supplies furnished under this Contract for such injuries, immediately upon collection of damages with respect to such Member, whether by action at law, settlement or otherwise, but only to the extent that such settlement or judgement includes a like amount for such services and supplies; and  
(2) provide First Commonwealth with a lien, to the extent of the cash value of the services and supplies. The lien may be filed with the person whose act caused the injuries, his agent or a court having jurisdiction in the matter.

*All Options*

**ARTICLE IX - COORDINATION OF BENEFITS**

9.1

**Coordination of Benefits:** All the Plan Benefits provided under this Contract are subject to these provisions. In the case of duplicate coverage, First Commonwealth may recover from the Member's other Group insurance program proceeds consisting of benefits payable to, or on behalf of, the Member respecting the same covered services, up to the amount of First Commonwealth's cost or obligation under this Contract. Any benefits hereunder shall be coordinated with the benefits that are available to the Member under such Other Plan, whether or not a claim is made for the same.

A. An Other Plan is any Group insurance coverage, no-fault automobile insurance coverage, prepayment plans, coverage under Union Welfare plans, or other plans growing out of employer/employee relationship, and benefits under any statutory plan.  
B. Allowable Expenses means any necessary, reasonable, and customary item of expense at least a portion of which is covered under at least one of the Other Plans covering the Member for whom the claim is made. When an Other Plan provides benefits in the form of services rather than cash payment, the reasonable cash value of each service rendered shall be deemed to be both an allowable expense and a benefit paid.  
C. Claim Determination Period means the annual term of the Contract. The order of benefit determination between this Contract and any Other Plan covering the Member on whose behalf a claim is made is established as follows:

1. Whenever one Other Plan does not contain a Coordination of Benefits provision, that Other Plan must be primary; the primary Other Plan must pay benefits before the secondary Plan

(d) When this provision operates to reduce the total amount of money otherwise payable as benefits to a person covered under this Plan during any Claim Determination amount does not exceed the benefits payable under the Plan in the absence of duplicate coverage.

(c) The Primary Plan calculates its benefits as though duplicate coverage did not exist. The Other Plan, in order as determined by Section C above, will then reimburse the claimant for all Allowable Expenses not covered by the other carrier, provided this amount does not exceed the benefits payable under the Plan in the absence of duplicate coverage.

(b) If either Plan does not have a provision regarding laid-off or retired employees, and as a result, each Plan determines its benefits after the other, then the provisions of subparagraph (a) of this paragraph do not apply.

(a) The benefits of a Plan covering the person on whose expenses the claim is based as a laid-off or retired employee or as the Dependent of such person shall be determined after the benefits of any Other Plan covering such person as an employee other than as a laid-off or retired employee or a Dependent of such person; and

- (vi) When the foregoing rules do not establish an Order of Benefit Determination, the benefits of a Plan which has covered the person for the longer period of time shall be determined before the benefits of a Plan which has covered such person the shorter period of time, except that:
  - (v) Notwithstanding the foregoing, if there is a court decree which would otherwise establish financial responsibility for the dental expenses with respect to the child, the benefits of a Plan which covers the child as a Dependent of the parent with such financial responsibility shall be determined before the benefits of any other Plan which covers the child as a Dependent child.
- (iv) If the patterns are divorced and the parent with custody of the child has remarried, the benefits of the Plan which covers the child as a Dependent of the parent with custody shall be determined before the benefits of a Plan which covers the child as a Dependent of the step-parent, and the benefits of a Plan which covers the child as a Dependent of the step-parent will be determined before the benefits of a Plan which covers that child as a Dependent of the parent without custody.
- (iii) If the parents are separated or divorced and the parent with custody of the child has not remarried, the benefits of a Plan which covers the child as a Dependent of the parent with custody of the child will be determined before the benefits of a Plan which covers the child as a Dependent of the parent without custody.
- (ii) The benefits of a Plan which covers the person on whose expense the claim is based as a Dependent of a person whose date of birth, excluding year of birth, occurs earlier in a calendar year, shall be determined before the benefits of a Plan which covers such a person as a Dependent of a person whose date of birth, excluding year of birth, occurs later in a calendar year. If either Plan does not have the provisions of this paragraph regarding Dependents, which results either in each Plan determining its benefits before the other, the provisions of this paragraph shall not apply, and the rule set forth in the Plan which does not have the provision of this paragraph shall determine the order of benefits.
- (i) The Plan covering the patient as an employee pays before the Plan covering the patient as a Dependent.

When two or more Plans contain Coordination of Benefits clauses, the Plan that pays first is by the primary Plan. The Plan that pays additional benefits for Allowable Expenses not covered by the primary carrier, but not to exceed 100% of total Allowable Expenses, is the Secondary Plan. The sequence of payments is as follows:

pays.



Period, each monetary amount that would be payable in the absence of this provision shall be reduced proportionately, and such reduced amount shall be charged against any applicable benefit limits of this Plan.

**ARTICLE X - GENERAL PROVISIONS**

10.1 **Indemnity.** First Commonwealth shall defend, indemnify, and hold the Group harmless from and against any and all injuries, claims, demands, liabilities, suits at law or in equity, or judgments of any nature whatsoever, which the Group, its employees, representatives, agents, or third parties may sustain or incur by reason of any act, neglect, default, alleged malpractice, or inadequate care or services rendered to the Member by any Provider. Group agrees to defend, indemnify, and hold First Commonwealth harmless for and against any and all injuries, claims, demands, liabilities, suits at law or in equity, or judgments of any nature whatsoever, which they or their employees, representatives, agents, administrators, or third parties may sustain or incur by reason of any act, neglect, default, or lack of due care caused or alleged to have been caused by the Group or any of its employees or agents in the performance of the services, duties and obligations of the Group under this Contract.

10.2 **Waiver.** The waiver by either party of one or more defaults, if any, under this Contract shall not be construed to operate as a waiver of any other of future default, either in the same condition or covenant or any other condition or covenant contained within this Contract. No agent or other person, except an officer of First Commonwealth, has authority to waive any conditions or restrictions of this Contract, to extend the time for making payment, or to bind by making any promise to representation or by giving or receiving any information. No change in this Contract shall be valid unless evidenced by an endorsement on it signed by one of the aforesaid officers.

10.3 **Notices.** Whenever it becomes necessary for either party to serve notice on the other with respect to this Contract, such notice shall be in writing and shall be served certified mail, return receipt requested, addressed as indicated:

- A. If directed to First Commonwealth, it shall be addressed as follows: First Commonwealth, Inc., 444 N. Wells Street, Suite 600, Chicago, Illinois 60610, ATTN: President, 312/644-1800.
- B. If directed to Group, it shall be addressed as indicated in Contract Schedule A.

10.4 **Terms.** Throughout this Contract, the singular shall include the plural and the plural the singular; the masculine shall include the neuter and feminine; and the neuter shall include the masculine and feminine.

10.5 **Invalidity.** If any provision of this Contract is held to be illegal or invalid for any reason, such determination shall not affect the validity of the remaining provisions of this Contract, and such remaining provisions shall continue in full force and effect unless the illegality and/or invalidity prevents the accomplishment of the objectives and purposes of this Contract.

10.6 **Assignment.** The Group covenants and agrees that it will not sell, assign, or transfer this Contract without the specific written consent of First Commonwealth and any such sale, assignment, or transfer shall be null and void and shall act as a default of this Contract. Consent to any one sale, assignment, or transfer shall not waive any right with respect to declining to consent to any other sale, assignment, or transfer. This Contract shall not be assigned, transferred, or set over, either voluntarily or involuntarily, or by operation of law, or otherwise, including but not limited to any proceeding initiated under the Bankruptcy Act of the laws of the United States, and/or the appointment of a trustee or receiver, whether by state or federal court, or otherwise. As an exception to the provisions of this paragraph, either party may sell assign, and transfer its rights and delegate its duties hereunder to any entity into which it is merged, or which acquires substantially all of its assets.

10.7 **ERISA.** In the event the Group is regulated under the Employee Retirement Income Security Act of 1974 (ERISA), Group covenants and agrees that Group and not First Commonwealth shall be responsible for meeting all requirements of ERISA. First Commonwealth will cooperate with the Group in supplying it with any information within its possession to aid Group in meeting any ERISA reporting requirements. First Commonwealth is not and shall not be designated the administrator or fiduciary of the Group's Plan for the purpose of meeting any ERISA requirements.

- 10.8 **Relationship of the Parties.** First Commonwealth shall have the discretionary authority to construe any uncertain terms of this Contract with respect to the provision of Plan Benefits and to determine the rights of Members to Plan Benefits under this Contract in accordance with its terms in a reasonable and nondiscriminatory manner. Subject to applicable law, any decision on any matter within the discretion of First Commonwealth made by it in good faith will be binding on all persons.
- None of the provisions of this Contract is intended to create nor shall be deemed or construed to create any relationship between the parties hereto other than that of independent entities contracting with each other hereunder solely for the purpose of effecting the provisions of this Contract.
- 10.9 **Workers' Compensation.** This Contract is not in lieu of and does not affect any requirement for coverage by Workers' Compensation.
- 10.10 **Amendment.** Except as provided herein, modifications or alterations must be mutually agreed to in writing, signed by the parties, and attached hereto.
- 10.11 **Acknowledgement.** Each of the parties acknowledges that it has read this Contract, understands its contents, and executes this Contract voluntarily.
- 10.12 **Authority.** Group represents that the Group has the authority under the applicable law and its charter instrument to execute this Contract and has passed all necessary resolutions giving it the authority to do so.
- 10.13 **Entire Contract; Changes.** This Contract, including the attached Contract Schedule A, the attached Subscription Certificate(s) and Schedule(s) of Benefits, and a completed Group Application constitutes the entire Contract. No change in this policy shall be valid until approved in writing by an executive officer of First Commonwealth and unless such approval be endorsed hereon or attached hereto. No agent has authority to change this policy or to waive any of its provisions. All statements made by the employer, or the executive officer or trustee, or by the individual employees or Members, shall, in the absence of fraud, be deemed representations and not warranties, and shall not be used in defense of a claim under this policy, unless they are contained in a written application.
- 10.14 **Governing Law.** This contract shall be governed by the laws of the State of Illinois.