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PRESS RELEASE

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March 1, 2011

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UNIONS MAINTAIN STATUS QUO ON HEALTHCARE

Recommendation could mean loss of \$800,000 savings

ROCKFORD, IL. – October 4, 2010 - The members of the City of Rockford Finance and Personnel Committee were presented tonight with the final recommendation of an employee led benefits advisory committee, the Health Focus Group (HFG), to stay with current health network provider ECOH and third party administrator (TPA) UMR. The recommendation made by the HFG to maintain the status quo with ECOH was in direct contrast to the city administration's desire to net significant cost savings through a move to Blue Cross Blue Shield.

The most recent quote from Blue Cross could result in a total savings of approximately \$800,000 to the health insurance fund which could translate into a net savings of \$600,000 for the General Fund for 2011. The savings could vary depending on utilization. The savings are generated by deeper discounts that providers are willing to grant Blue Cross versus the City's present network.

The decision made by the HFG is the culmination of several weeks of discussion in 2010 between the city's benefit analysis team which consists of members from the city's Human Resource Department and Rockford Consulting and Brokerage Firm, and the Health Focus Group, which consists of representatives from the PB & PA, IAFF, AFSCME, non-union staff and retirees.

The employee group voted at their meeting on September 27, 2010 with union representatives voting to maintain the status quo with ECOH and non-union personnel voting to move to Blue Cross Blue Shield. Members of the Fire union then requested an additional week to review material before the final announcement was made at Finance and Personnel.

This is the second year in a row that the city has requested the Health Focus Group consider a move to Blue Cross Blue Shield. The initial proposal presented in the spring of 2009 included a competitive bid process which resulted in a recommendation to the HFG that a move to Blue Cross Blue Shield for the 2010 budget year would net a savings of approximately \$400,000. The group turned back the recommendation in 2009 with the suggestion that the proposal would again be studied in July of this year.

At this point the City can move ahead with non-represented personnel, but the plan savings would be substantially diminished, and perhaps negated altogether due to the reduced number of employees enrolling. Our contracts with AFSCME and IAFF 413 authorize vendor changes only if the change does not impact benefits. Such a change would at a minimum require impact bargaining.

While discussion between the Health Focus Group progressed, city HR staff began the task of analyzing the health insurance plan document and worked on predictive models to better manage the possible move to Blue Cross Blue Shield. “Thank you to Blue Cross Blue Shield of Illinois. In order to meet open enrollment deadlines, it was imperative for the city and Blue Cross to prepare for an implementation while the unions deliberated. Blue Cross was an excellent partner throughout this process,” stated Scott-Valdez.

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