City of Jacksonville, Florida

Lenny Curry, Mayor

Employee Services Department
City Hall, 117 West Duval St., Suite 150
Jacksonville, Florida 32202

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MEMORANDUM

To: Greg Pease, Chair
Professional Services Evaluation Committee

From: Bob Parr, Chief of Compensation and Benefits

Re: P-41-17: Employee benefits Consultant

Date: June 29, 2017

As a result of fee and contract negotiations with Arthur J. Gallagher & Co., it is our recommendation that the City enter into a contract with them for Employee Benefits Consulting. The contract shall begin on January 1, 2018 for an initial one-year period and will include renewal options for four additional one-year periods ending on December 31st of each year.

All other terms and conditions are according to the Scope of Services outlined in the Request for Proposal. A copy of the Gallagher scope of Services is attached to facilitate your review. Rates are guaranteed for three years. The maximum indebtedness shall not exceed $209,000 for Calendar year 2018.

There are two (2) main categories of services that Arthur J. Gallagher (AJG) performs for the City. They are:

1. Basic Consulting Services
2. Special Projects

Capitated Consulting Services

Each month, the AJG Senior Vice President meets personally with the Benefits leadership team to discuss the health of our self-funded group plan and review claims, utilization, large medical claims and pharmacy reports. Also discussed are industry trends, new regulations and laws that may affect the City. We also discuss and review dental, vision, Flex and life insurance claims and issues. Additionally, the AJG assigned actuary reviews the claims and reserves for the health plan and adjusts his future projections to assist the City with accurate forecasting.

Additional capitated services include:

- Access to our Consultant and Actuary at any time.

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- Special reports and research as needed.
- Access to the AJG Compliance Department in Chicago.
- Actuarial preparation of the Retirement Drug Subsidy (RDS) the City receives from the HHS.
- Actuarial preparation and submittal of the required filings for the Florida Department of Insurance.
- Actuarial impact studies to access the impact of certain benefit changes to our health plan. For example, adding weight loss surgery to our benefit program.
- HIPPA privacy training for City employees; 2 courses
- Meeting regularly with our vendors to make sure they are living up to their contractual obligations with the City of Jacksonville
- Evaluation of the financial aspect of the UF Health DirectCare program as well as modeling benefit plan designs.
- Provides on-line HIPAA training (2 courses) for Employee Service employees.
- Access to training and educational seminars on-line.
- Access to an on-line Benefits resource library
- Bi-Monthly newsletters that keep us abreast of new regulations, industry trends, court case summaries with impact analysis and other timely and relevant subjects.
- A dedicated account representative who works onsite with the Benefits staff during the annual open enrollment period.

Special Projects

For the items listed below, AJG makes a separate charge but only up to the annual maximum spend, currently $40,000 over and above the basic capitated rate of $120,000 annually or $160,000 annually.

- Vision RFPs
- Dental RFPs
- Flex Administrator RFPs
- Medical Administrator RFPs
- Deferred Compensation Record Keeper RFPs

RFP preparation services include pre-release information gathering meetings, assisting in the preparation of the RFP document particularly with the scope of services, revisions as necessary and conducting pre-bid required briefings with questions and answers.

The majority of the work for our Consultant begins once the RFP responses are received. AJG prepares an exhaustive side-by side comparison of all benefit and contractual provisions in the RFP along with a complete actuarial comparison of underlying assumptions, details of network provider discounts, network accessibility and the impact on the final cost. They then hold briefing meetings

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separately with each member of the scoring committee and once a final selection is made, our AJG representative leads the final negotiations in order to achieve the best financial deal possible.

Additional Services (separate charges not subject to the annual cap)

- Claims audits – electronic
- Claims audits - onsite
- Benefit communications material
- Other services as required

Attachment: Gallagher Scope of Services

12. Enrollment Documentation – Will provide all Annual enrollment documentation that is sent out to employees/retirees each year.

Two of your best opportunities to communicate how much you care about your employees' wellbeing coincide with two of the biggest jobs for your benefits administrative staff. Open enrollment and new hire orientation are key touchpoints for influencing the employee experience, so they call for a carefully considered strategic approach. Designing programs specifically for your workforce and culture will return the greatest value on the time, effort and financials you invest in these priorities.

We can help you plan and carry out the most effective approaches to open enrollment and new hire orientation based on the City's unique communication style, including:

- Enrollment strategy
- Customized communications such as announcement letters, letters from your leadership team, enrollment forms, open enrollment brochures, posters, articles for your internal newsletter and intranet, electronic information, payroll stuffers and other vehicles
- Customized presentation of open enrollment programs and open enrollment meetings
- Employee health fairs

13. Claims Review – provide periodic review and audit of medical claims processed by the health plan administrator.

Putting a strategically solid employee benefits program in place for the City is just the beginning. Using our proprietary data warehousing tools, your Gallagher team will constantly monitor each carrier's claims management results to study claims history, evaluate current costs and project future expenditures. We periodically meet with each insurer to review utilization rates, disease management effectiveness, network performance and catastrophic case management. Insurers are required to explain their claims management practices, including setting reserves and estimating incurred but not reported (IBNR) claims.

14. Services

Services	Included
Day to Day	
Administrative reviews	✓
Quality of Care initiatives	✓
Eligibility	✓
Billing issues	✓
Claims resolution	✓

Services	Included
Benefit questions	✓
Carrier/Administrator liaison	✓
Benefit Committee meetings	✓
City meetings	✓
Meeting with vendors	✓
Compliance Consulting	
Annual compliance consultation and checklist review	✓
Review administrative procedures: i.e., COBRA, ERISA, FMLA, HIPAA, ADA, etc.	✓
Reduce claim disputes by reviewing the plan documents for consistency and clarity	✓
Review insurance contracts for accuracy with negotiations	✓
Provide discrimination testing	✓
Confirm plan design compliance with state and federal regulations	✓
Review and audit benefit plan documents	✓
Conduct a review of Summary Plan Descriptions, contracts, employee summaries, and policies/ procedures to outline variances and inconsistencies	✓
Provide access to technical consultants for advice and direction on legislative issues	✓
Compliance Training	
National Healthcare Reform	✓
HIPAA – Privacy, Security and EDI	✓
HIPAA – Nondiscrimination	✓
COBRA Basics	✓
Regulatory Overview	✓
Family Medical Leave Act (FMLA)	✓
State requirements for non-Federal governmental entities	✓
RFP Process	
Strategic planning sessions with the client	✓
Establish timelines for the RFP process	✓
One on one meeting with the insurance carriers or Administrator	✓
Develop benefit goals and objectives of the RFP	✓
Develop financial goals and objectives "Benefit to Budget"	✓
Discuss funding methodologies	✓

Services	Included
Develop selection criteria	✓
Develop RFP benefit design parameters	✓
Develop administrative requirements	✓
Develop provider network parameters	✓
Write and develop hardcopy and electronic copies of RFP	✓
Conduct RFP mandatory meeting with the vendors	✓
Answer potential proposer questions	✓
Perform a complete RFP response analysis and summary	✓
Complete a financial and actuarial analysis of the proposal responses	✓
Selection criteria analysis and process	✓
Write and develop a summary binder of all proposal responses and distribute to the Selection Committee	✓
RFP finalist selection	✓
Finalist rate and pricing negotiations	✓
Finalist contract negotiations	✓
Plan implementation timetable	✓
Plan implementation	✓
RFP process review	✓
Renewal Process	
Strategic planning sessions with the client	✓
Perform a complete renewal analysis	✓
Establish timelines for the renewal process	✓
Develop renewal benefit design parameters	✓
One on one meeting with the renewal carriers or Administrators	✓
Develop benefit goals and objectives	✓
Develop financial goals and objectives "Benefit to Budget"	✓
Discuss funding methodologies	✓
Renewal alternatives	✓
Review administrative requirements	✓
Review provider network parameters	✓
Renewal rate and pricing negotiations	✓

Services	Included
Renewal contract negotiations	✓
Renewal plan implementation timetable	✓
Negotiate optimum renewal position for the City	✓
Negotiate multiple year rate guarantees where appropriate	✓
Actuarial Consulting	
Benefit pricing	✓
Risk analysis	✓
Annual actuarial report filing and assistance in dealing with external audits	✓
Annual report on self-insured projections	✓
Actuarial estimate of how many claims exceeding a given threshold should be expected in an average year	✓
Extensive actuarial input on GASB issues	✓
Outside review of the self-funded plan's IBNR estimate at renewal time	✓
Medical management	✓
Actuarial models showing a range of possible outcomes, allowing you to see the best case, worst case, and most likely results for each flex plan alternative	✓
Medical and disease management outreach and compliance	✓
Rate base (administrative fees, claims projections)	✓
Employee contribution models	✓
Employee engagement tools and usage (incentive models)	✓
Benefit modeling and relationships	✓
Provider network reimbursement levels	✓
Centers of Excellence and provider designation programs	✓
Trend used by carriers or other entities	✓
Administrative efficiencies and employee communication outreach success	✓
Predictive modeling	✓
Population/demographic review	✓
GASB Reporting	✓
Medicare Part D Evaluation (RDS)	✓
ERRP	✓
Cost Forecasting and Budgeting	

Services	Included
Pre-renewal – a report provided 9 months before renewal	✓
Renewal – a report provided 8 months before renewal	✓
Plan funding methodology	✓
Claims experience	✓
Rate setting recommendations	✓
Trend analysis	✓
Medical utilization analysis	✓
Reinsurance coverage analysis	✓
Reserve calculations	✓
Plan design changes	✓
Retention	✓
Profile adjustment	✓
Trend factors	✓
Reporting	
Monthly Reports • Summary of plan costs • Tracking of large claims • IBNR Analysis	✓
Quarterly Reports • Comparison of plan costs to projections • Identification of services provided • Identification of plan costs by specific line of coverage (i.e. medical, dental, pharmacy, etc.) • Utilization review • Tracking of large claims • Comparisons to prior claims periods • Plan trends	✓
Annual Reports • Executive summary of program expenses • Comparison of current costs to renewal costs • Renewal alternatives • Incurred but not reported (IBNR) dollar projections • Overview of specific stop loss projections • Future plan cost projections • Dollars saved by contract negotiation • Percent of benefit dollars paid by employee • Claims by size • Physician visit details • Benefits paid by type of service • Plan funding/budget comparison • Fixed cost comparison • Actuarial filing with the Florida Office of Insurance Regulation	✓
Client Education and Information	

Services	Included
Technical Bulletins – focuses on new and pending legislation	✓
Training on administrative processes needed for compliance	✓
Webinars/Seminars	✓

15. The Consultant will be directly responsible to the City Compensation and Benefits Chief located at, 117 W. Duval Street, Suite 150, Jacksonville, Florida 32202. The effective date shall be January 1, 2018. The consultant shall have an office in Jacksonville and be available at short notice to assist the City with any issues for which it is retained.

Confirmed.