

Mayor and Council Communication

DATE: 06/23/20

M&C FILE NUMBER: M&C 20-0444

LOG NAME: 13P 20-0109 MEDICAL TPA/ASO, EAP AND PC-DM SERVICES HR JPB

SUBJECT

Authorize Execution of Agreements with Meritain Health, Inc., for the Medical Third Party Administrator/Administrative Services Only Services in the Amount Up to \$1,475,000.00 Annually, Aetna Behavioral Health, LLC for the Employee Assistance Program in the Amount Up to \$157,000.00 Annually and Accolade, Inc., for the Plan Concierge-Disease Management Services in the Amount Up to \$1,550,000.00 Annually with an Additional Implementation Fee Up to \$98,600.00 in the First Year, for a Three-year Initial Term with Option to Renew Up to an Additional Two Year Term at the City's Sole Discretion (ALL COUNCIL DISTRICTS)

RECOMMENDATION:

It is recommended that the City Council authorize the execution of agreements with Meritain Health, Inc., for the Medical Third Party Administrator/Administrative Services Only Services in the amount up to \$1,475,000.00 annually, Aetna Behavioral Health, LLC, for the Employee Assistance Program in the amount up to \$157,000.00 annually and Accolade, Inc., for the Plan Concierge-Disease Management Services in the amount up to \$1,550,000.00 annually, with an additional implementation fee up to \$98,600.00 in the first year, for a three-year initial term with option to renew up to an additional two year term at the City's sole discretion.

DISCUSSION:

The Human Resources Department (HRD) approached the Purchasing Division to secure agreements for the Medical Third Party Administrator (TPA)/Administrative Services Only (ASO) Services, the Employee Assistance Program (EAP) and the Plan Concierge-Disease Management (PC-DM) Services.

The City's Medical and Disease Management Programs are self-funded and utilize a third party administrator to process claims. The United Healthcare Services, Inc. has been providing these services since January 1, 2016 under its previous Agreement (City Secretary Contract (CSC) No. 47393; Mayor and Council communication (M&C) C-27347 & C-28386) with the City. This agreement expires on December 31, 2020.

The EAP services are a minimum of six face-to-face visits to assist employees in addressing personal issues, make referrals to qualified professionals for specialized issues such as mental health and stress, parenting, midlife and retirement, disability, financial issues, addictive behaviors, education, caring for older adults, health and wellness, and legal issues. Welcome packets for all new employees and unlimited 24/7/365 telephonic support services are included. Aetna Behavioral Health, LLC has been providing administration of the City's Employee Assistance Program under its previous Agreement (CSC 47547; M&C C-27334) with the City. This agreement expires on December 31, 2020.

Staff determined it would be in the City's best interest to ensure it was getting the best overall product and price by going out to the market and giving all providers the opportunity to compete for the City's business and issuing a Request for Proposals (RFP) that consisted of detailed scope of services. The RFP was designed to solicit proposals for the following services individually or in combination with each other: (1) Medical TPA/ASO Services; (2) EAP; and (3) PC-DM Services. The RFP was advertised in the Fort Worth Star-Telegram every Wednesday starting on March 18, 2020 through April 22, 2020. Sixteen vendors were solicited from the purchasing database; eleven responses were received.

The proposals were evaluated separately for Medical TPA/ASO Services, EAP and PC-DM Services. The evaluation team was provided with resources and assistance by the City's benefits consultant, Holmes Murphy.

(1) Medical TPA/ASO Services:

An Evaluation team consisting of staff from the different departments and a retiree evaluated proposals received for Medical TPA/ASO Services. The evaluation team ranked the proposals based on pre-defined factors. Finalists were selected for presentations. Following the presentations, the evaluation team determined Meritain Health, Inc. provides the best overall solution for the TPA/ASO Services and recommended that the City Council authorize the execution of agreement for an initial three year period term with option to renew up to an additional two year term at the City's sole discretion.

The associated cost and fees for Medical TPA/ASO Services is \$926.20 per month per employee and non-medicare eligible retirees. The benefit plan operates on a plan calendar year basis and the expected overall total administrative costs are \$1,475,000.00 for Calendar Year 2021. Prices will remain flat for the base three years of the Agreement. The estimated medical claims for Calendar Year 2020 are \$64,000,000.00 and anticipated to trend at about a 1 percent increase in years two to five. Trend projections may vary depending on Calendar Year 2020 claims experience. It is anticipated that Staff will make a recommendation to the City Manager on premium contribution rates and plan design. Open enrollment for the 2021 medical plan is scheduled to begin on October 2020.

(2) EAP:

An Evaluation team consisting of staff from the Human Resources Department evaluated proposals received for EAP. The evaluation team ranked the proposals based on pre-defined factors and determined Aetna Behavioral Health, LLC provides the best overall solution for EAP and

recommended that the City Council authorize the execution of agreement for an initial three year period term with option to renew up to an additional two year term at the City's sole discretion. The associated cost and fee is \$1.59 per month per employee (PEPM) for the 1st year, \$1.69 PEPM for the 2nd year, \$1.79 PEPM for the 3rd year, and \$1.89 PEPM for the 4th & 5th years. The annual cost (Calendar Year) is \$132,000.00 for year 1, \$140,000.00 for year 2, \$149,000 for year 3, and \$157,000.00 for year 4 and year 5.

(3) PC-DM Services:

An Evaluation team consisting of staff from the different departments and a retiree evaluated proposals received for PC-DM Services. The evaluation team ranked the proposals based on pre-defined factors. Finalists were selected for presentations. Following the presentations, the evaluation team determined Accolade, Inc. provides the best overall solution for the PC-DM Services and recommended that the City Council authorize the execution of agreement for an initial three year period term with option to renew up to an additional two year term at the City's sole discretion.

The associated cost and fee is up to \$1,550,000.00 per year for PM-DC Services with an additional implementation fee up to \$98,600.00 in the first year.

An administrative change order or increase may be made by the City Manager up to the amount allowed by relevant law and the Fort Worth City Code and does not require specific City Council approval as long as sufficient funds have been appropriated.

A waiver of the goal for MBE/SBE subcontracting requirements was requested by the Department and approved by the M/WBE Office, in accordance with the BDE Ordinance, because the purchase of goods or services from source(s) where subcontracting or supplier opportunities are negligible.

Upon City Council approval, the three-year term of this contracts shall begin on January 1, 2021 and expire on December 31, 2023. The contract may be renewed for up to one successive two-year term at the City's option. This action does not require specific City Council approval, provided that the City has appropriated sufficient funds to satisfy the City's obligations during the renewal term. The contract will include a standard fiscal funding out clause that would comply with state law requirements by allowing the City to terminate the Agreement without penalty, if in the future, the Council elects not to appropriate funds for contracted services.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of this recommendation, funds are available within existing appropriations in the current operating budget of the Group Health Insurance and Retiree Healthcare Trust Funds and anticipates, upon adoption of the Fiscal Year 2021 Budget by the City Council, to include the recommended payments mandated by state statutes, the funds will be available in the Fiscal Year 2021 budget, as appropriated. Prior to any expenditure being incurred, the Human Resources Department has the responsibility to validate the availability of funds.

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