

HUMAN RESOURCES DEPARTMENT
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Date: July 13, 2009

To: Board of Supervisors

From: Mary J. Thee, Human Resources Director/Asst. County Administrator

Subject: Health Care Consultant

The County issued an RFP in May to determine the costs and benefits of hiring a Health Care Consultant to assist with working with an employee committee to review plan design, issuance of an RFP for insurance, evaluation of self insured v. fully insured and implementation of any changes to the current insurance coverage. The County must remain competitive as an employer and control all benefit costs. The County Administrator, Budget Manager, Benefits Coordinator and I served as the review committee.

We evaluated 10 proposals based on qualifications, background, and prior experience in conducting similar services; project approach; references; and cost of services. We were especially interested in those with experience with public sector agencies. We interviewed 4 of the vendors. After reviewing the proposals and interviewing the vendor, we recommend the County enter into a one year agreement with Holmes Murphy and Associates for the amount of \$20,000 for review of plan design and utilization; RFP preparation, issuance and evaluation; implementation and servicing the account. They not only provided the best price but we feel comfortable that they are capable of providing the desired services. I have attached their letter of agreement for your consideration.

Holmes Murphy is a regional consultant with an office based in Davenport. They are currently under contract with the City of Rock Island where they facilitate their employee Health Care Planning Committee and provide consulting services. They also have provided consulting services to Genesis Health System with an emphasis on wellness programs focused on Metabolic Syndrome. We believe the return on investment of reviewing plan design, funding options and wellness will cover the costs of the agreement.

We intend to schedule meetings with the newly formed employee team in August and prepare for a bidding process of health care vendor this winter.

Cc: Dee F. Bruemmer, County Administrator

Scott County, IOWA

Letter of Agreement

Thank you for selecting Holmes Murphy and Associates to serve as Scott County's Benefit Consultant. As the Vice President of the Holmes Murphy Quad City Office, I agree to provide the services outlined in the Benefit Consultant Proposal we submitted on June 12, 2009. The Financial Components of that proposal are attached with the following breakdown:

Review of Plan Design & Utilization:	\$ 5,000
RFP Prep, Issue, Evaluation:	\$ 5,000
Implementation:	\$ 5,000
Servicing of Account	\$ 5,000
Total Consulting Fee:	\$20,000

Holmes Murphy will invoice its services on a monthly basis beginning in August, 2009. Additional fees are required for the Clinical Wellness Program and COBRA.

The term of the Holmes Murphy engagement is one year beginning on August 3, 2009 and commencing on July 31, 2010 unless a mutually agreed upon extension is approved. Holmes Murphy or Scott County may terminate this agreement by giving written notice to the other at any time with 60 days notice.

Scott County recognizes and acknowledges that any fees paid to Holmes Murphy for the performance of services described within the proposal are in addition to and are exclusive of any premiums paid by Scott County for benefits and/or insurance coverage procured by Holmes Murphy on behalf of Scott County. Holmes Murphy agrees not to collect commissions from any contracted benefits vendor for benefits purchased by Scott County.

Sincerely,

Jeffrey A. Scarpinato, Vice President
Holmes Murphy, Quad City Office

Accepted by: _____

Scott County Official
Printed Name

Scott County Official
Signature

Date: _____

Holmes Murphy Official
Printed Name

Holmes Murphy Official
Signature

Date: _____

Scott County, IOWA

Financial Proposal

Holmes Murphy's annual fixed fee to provide all services listed in the scope of services is:

Flat \$20,000 per year

Or

\$5,000 per milestone

One-year rate guarantee, renewable each year for the following two years.

We are proposing to provide all services listed in the scope of consulting services for the annual fixed fee quoted above.

We do not plan on outsourcing any of the services to an outside party. Any fees paid by Holmes Murphy to another vendor on Scott County's behalf will be billed to the Scott County at the actual cost. An example might be that Scott County chooses to have Holmes Murphy contract the printing of customized communications. Actual printing costs will be at Scott County's expense. All consulting and coordination services are included within the scope of our proposal.

***This offer is good for 120 days from date of receipt
by Scott County.***

Scott County, IOWA

Scope of Work

a. Review of Plan Design and Utilization

Cost: \$5,000

Plan Design

Holmes Murphy will do an extensive analysis of all Scott County's current benefit programs to include claims cost and utilization. While formulating short-term strategies may be necessary to address immediate issues, we want to work with you to develop long-range goals and programs. A long-term plan is needed to moderate the increases in health care costs, take advantage of leading-edge health care strategies, and improve information, education, and quality of service to you our client. It is important to determine where you want to be five years from now. What direction will your plans take? How does Scott County compare to other public entities or local businesses? Where are you philosophically and culturally when it comes to intervention? These are all important questions that we will help you work through. Only then can we maximize plan efficiencies and productivity.

Holmes Murphy can provide actuarial analysis of the plan design and will use advanced actuarial tools to model the impact of plan and behavior changes. We will identify areas within the plan design that have the potential to create selection issues. We will take this information and build it into our financial trend models so that we can forecast the financial impact of changes to your benefits budget.

A large percentage of our clients are in fully-funded benefit programs. We have significant experience in working with employers to design fully-funded *and* self-funded programs that work and work well. For most of our self-funded customers, we provide the actuarial support for reserve estimates and, through actuarial analysis and interactive plan modeling, propose the fully insured equivalent rates for funding and COBRA purposes.

Our work will begin by developing and confirming the short-term and long-term goals of your benefits program. Through structured sessions with your benefits leadership team, we will identify and detail your objectives, which will become the basis for the overall program strategy.

Holmes Murphy will partner with Scott County to become a World Class Organization, because helping you achieve your goal is our goal.

Data

Our primary role in reporting and analysis is to bring life to vendor data. It should not be your job to sort through potentially hundreds of pages of reports to try to figure out what is happening with the costs and why. We will provide the vendor data analysis and deliver a meaningful summary of the information providing clear answers. We will also provide claim detail summary reports.

The end result of the analytical process will not only offer observations of what is happening, but will also include recommendations and solutions that could be implemented to influence future outcomes.

Holmes Murphy conducts an annual survey of employers that includes over 450 plans across several industries. We often conduct industry specific surveys for our clients. We will enjoy supporting you in any specific survey initiatives you might have including focused surveys of other Counties.

Scott County, IOWA

b. RFP Preparation, Issuance and Evaluation

Cost: \$5,000

STEP-BY-STEP DESCRIPTION OF PROCESS FOR VENDOR RFP WITH TIMELINE

Beginning July 20, 2009 - Holmes Murphy will begin preparation for the Best-In-Class Vendor Request for Proposal (RFP). Holmes Murphy will provide assistance to Scott County with creating, issuing, and understanding the Request for Proposal for each benefit project. During this time, Holmes Murphy will collect current benefit information from Scott County to submit to the appropriate vendors. This information will include, but not be limited to, a current census, claims experience for the last three years, rates for the past three years, and a current summary (ies) of benefits. These items are necessary to receive complete proposals from the selected Vendors.

August 12, 2009 -Holmes Murphy will submit The Scott County RFP to the appropriate Vendors. The RFP will include a desired quote by Scott County and all information pertaining to the current benefit structure of the City. Holmes Murphy will ask that proposals be received no later than six weeks after the initial Request for Proposal was issued. During this time, Holmes Murphy will maintain communication with the various vendors to ensure all proposals are complete and fit the requirements of the RFP.

August 23, 2009- All Vendor finalists must meet Scott County's selection criteria in order to participate in interviews. Holmes Murphy will receive all proposals from the Vendors. Holmes Murphy will evaluate all proposals and recommend finalists to participate in interviews based on adherence to the specifics of the RFP and an ability to support the Four Cornerstone Principle quality indicators.

Week of September 7, 2009- Interviews will be conducted by Holmes Murphy with County Members present to ask questions and to gain general knowledge about the Vendors. The interviews will consist of a formal presentation conducted by the Vendor with a question and answer session at the end.

Week of September 28, 2009- After all interviews have been conducted, Holmes Murphy will prepare a Benefits Proposal for the Scott County that shows a side-by-side comparison of all vendors and their proposals. The Benefits Proposal will include rankings and final recommendations for each project. This proposal will allow members of the County's Selection Committee to review all Vendor proposals in an easy-to-compare format. Holmes Murphy will present the comparison proposal to the County and provide its recommendation. At this time, Selection Committee members will have the opportunity to deliberate over the Vendor finalist recommendation.

October 26, 2009 -Scott County will notify Holmes Murphy of the final Vendor selections.

Scott County, IOWA

c. Implementation

Cost: \$5,000

November 2, 2009 - This will begin the new Vendor implementation process. As a part of the implementation process, Holmes Murphy will coordinate all communication and flow of information with the new vendors and to employees to ensure a seamless transition. As requested, we will prepare clear communications pieces and benefit summary packets for employees to support a smooth transition process during new vendor selection and upon yearly renewals thereafter. Any specific contract language with the benefits plans and compliance regulations can be condensed in an easy-to-read format for all employees and included in the employee packets.

Holmes Murphy can conduct employee meetings to educate employees on any changes to vendors or benefit design. Effective employee communication is critical to successful wellness initiatives. Holmes Murphy specializes in organizing and conducting employee campaigns.

Representatives of Holmes Murphy currently participate on the National Advisory Boards for Aetna, CIGNA, and United Healthcare and are involved with the Blue Cross National Consortium. In addition, we have preferred broker status with several additional vendor companies.

Our participation on these boards provides Holmes Murphy and our clients additional tools and services that are not readily available in the general market. It also provides us with insight into the strategic direction of vendor companies and places us in a highly desirable position to negotiate the best possible contract terms. During the RFP process as well as during renewals, we will leverage these affiliations on behalf of Scott County, Iowa.

Scott County, IOWA

d. Servicing of Account

Cost: \$5,000

Review of Renewals and Negotiation with vendors

We have a deep understanding and working knowledge of the internal mechanisms of health care plans. Jeffrey Scarpinato is a recognized industry expert in this area. Jeffrey and his team have direct experience working with health vendors. This "insider" knowledge will provide Scott County, Iowa with a distinct advantage when it comes to vendor implementation, renewals, planning, and negotiations.

Legislative and Compliance Assistance

Holmes Murphy has developed a partnership with a leading law firm in labor and employment law, Littler Mendelson, to provide legal resources as we seek to serve the compliance need of our clients, in an always-changing legal and economic environment. Littler has over 750 attorneys in 46 offices, nationwide, providing responsive client service and sophisticated employee benefit expertise.

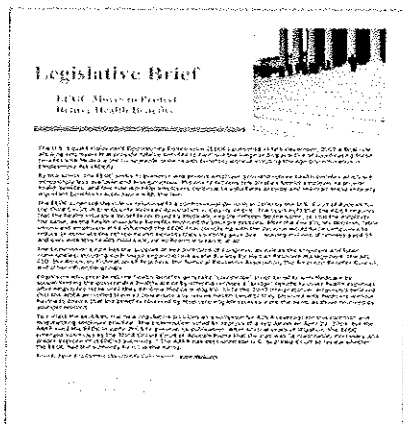
Examples of how Littler may assist Scott County:

- Compliance and operational issues arising out of ERISA, Internal Revenue Code, and state laws
- Design, administration, and operation of health, welfare and fringe benefit plans
- Corrective measures
- Contract review
- Assistance with internal compliance audits, or IRS, DOL, and HHS audits
- Selection, establishment, or review of qualified retirement plan design and administration

Our expert team will help ensure that you are meeting your compliance obligations. We stay up-to-date, and will inform you of any laws or regulations that may affect your employee benefit program. Our compliance consulting services include:

- Easy-to-read *Legislative Briefs* that summarize recent federal legislative developments in insurance and employee benefits.
- Answers to common COBRA, FMLA, HIPAA, HIPAA Privacy, Medicare Part D, Section 125 questions.
- Commonly used forms in COBRA, FMLA, HIPAA, HIPAA Privacy, Medicare Part D and Section 125 administration.
- A community of knowledgeable colleagues from all over the country to share resources and information via the Community's interactive forum.

Holmes Murphy is committed to helping you with complex plan administration and legislative compliance, using a variety of internal and external resources.



Legislative Briefs and Compliance Guides

HMA is happy to provide our clients with the exclusive *Legislative Brief* publication that summarizes recent federal legislative developments in insurance and employee benefits. These informative documents are researched and written in an easy-to-read manner by experienced benefits attorneys. The Legislative Guides give our clients an exclusive set of comprehensive guides to federal legislation. Complete guides include COBRA, HIPAA, HIPAA Privacy, Section 125, and FMLA. Within each guide, sections include Related Articles, Q&A, Forms, and Quick Reference.

Scott County, IOWA



MyWave® Portal

We extend many value-added services via a personalized MyWave Portal Web site. Access offers you time-saving tools and resources that build convenience into managing your everyday work tasks. Whether you want to collaborate with us online, access timely information and resources, or connect with peers in your industry, this is the place to be.

Seminars

Holmes Murphy is a market leader in conducting timely, informative seminars for our customers and we take great pride in the value this provides our clients. The most recent seminars conducted during the past two years focused on:

- Syndrome X – The Next Generation in Healthcare and Wellness Interventions
- Prescription Drug Trends
- Defined Contribution Healthcare
- HIPAA and COBRA Compliance
- Myths and Realities Regarding Healthcare Costs
- Condition Management Programs
- Corporate Wellness Strategies
- Overview of the recent Medicare and HSA Legislation
- Health Plan Cost Containment Strategies
- Clinic Benchmarking
- Healthcare Consumerism and Focused Interventions

Wellness & Condition Management Strategies

Holmes Murphy is the leader in helping employers understand their role in the complex world of healthcare consumerism and focused interventions. We have expanded our expertise in the area of utilization, wellness, and disease management consulting. Since that time we have developed an industry-leading clinical index and benchmarking analysis. This analysis enables us to understand what is truly influencing healthcare cost trends by insurance carrier and by product.

Sarah Trokey, serves as the Wellness Coordinator to further add to our expertise in this critical area. Sarah will help Scott County leverage the tools currently available through their vendor relationships and Holmes Murphy resources such as MyWave. If Scott County wants to pursue a Clinical Wellness Program, Holmes Murphy would assist with the implementation of this program. If Scott County decides to implement Holmes Murphy's Clinical Wellness Program, which focuses on attacking Metabolic Syndrome, there would be additional costs. Additional costs would include services such as biometric screenings, health risk assessments and structured wellness classes.

We believe that our understanding and commitment to this area is one of the greatest features that sets us apart from our competitors. Shifting costs to plan participants through "consumer-directed" plans is only part of the emerging healthcare cost control environment. Holmes Murphy is helping employers understand how this new generation of focused intervention will impact your culture and employees.