

HUMAN RESOURCES DEPARTMENT

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Date: July 23, 2013
To: Dee F. Bruemmer, County Administrator
From: Mary J. Thee, Human Resources Director/Asst. County Administrator
Subject: Inmate and Mental Health Medical Administrative Services

In 2010 we entered into an agreement through Holmes Murphy, with United Health Care to provide administrative review of medical claims as a way to reduce health care costs of inmates. UHC provides the administrative review and processing of all inmate medical procedures, that are not provided for by Health Department staff, through United Health Care's network of providers. By utilizing the UHC network the County achieves the network discounts.

The agreement with UHC has the parties sharing in the cost savings realized by the County. The administrative fee to UHC is equal to thirty percent (30%) of the first \$150,000 in total savings by month, plus twenty-five percent (25%) of any total savings per month over \$150,000. During FY13 we saved \$104,322.58 in medical charges and paid \$31,296.77 in administrative costs. The attached agreement renews this arrangement for another year.

FINANCIAL RENEWAL AND TERMS AMENDMENT

This Financial Renewal and Terms Amendment is effective for the period beginning on 01 July 2013 and ending on 30 June 2014 unless otherwise specified. The parties, by signing below, agree to amend the agreements contained within Exhibit A herein.

In this Amendment, any capitalized terms used in this Amendment have the meanings shown in the governing agreements and/or policies. These terms may or may not have been capitalized in prior contractual documents between the parties but will have the same meaning as if capitalized.

Additional terms and conditions of the arrangements under which we are providing services to you are provided in the agreements specified within Exhibit A.

The agreements that are being amended include any and all amendments, if any, that are effective prior to the effective date of this Amendment.

Nothing shown in this Amendment alters, varies or affects any of the terms, provisions or conditions of the agreements other than as stated herein.

Scott County

UnitedHealthcare Services Company of the River Valley, Inc.

By _____
Authorized Signature

By _____
Authorized Signature

Print Name _____

Print Name _____

Print Title _____

Print Title _____

Date _____

Date 6/10/2013

EXHIBIT A

THE AMENDED FINANCIAL TERMS ARE AS FOLLOWS:

This Exhibit A shall not alter, vary, or affect any previously agreed to financial terms that are not amended by this Exhibit A.

Administrative Services Agreement for the Scott County under Contract No. 0RWM issued by UnitedHealthcare Services Company of the River Valley, Inc. effective 01 July 2013. The following financial terms are effective for the period 01 July 2013 to 30 June 2014.

Adjustments to Fees

Medical: V30856POS

Pharmacy:

Network: 0074

Chiropractic:

Vision:

Dental:

Hearing:

Administrative Fees and Stop Loss Expenses: Group agrees to pay the following Administrative Fees in accordance with Section 10.1 of the Agreement and Stop Loss expenses in accordance with Section 4:

\$00.00 PEPM Administrative Fees
\$00.00 PEPM Specific Stop Loss*
\$00.00 PEPM Aggregate Stop Loss*
\$00.00 PEPM Stop Loss Administrative Charge
\$00.00 Total costs PEPM

Administrative Fees: Group agrees to pay Administrative Fees in accordance with Section 10.1 of the Addendum. The Administrative Fee shall be calculated as follows: UnitedHealthcare will identify total Savings by month by subtracting the paid claims charges per month from the total billed claims charges per month, excluding individual claims where paid charges exceed billed charges, under this Addendum. The administrative fee shall be equal to thirty percent (30%) of the first \$150,000 in total Savings by month, plus twenty-five percent (25%) of any total Savings per month over \$150,000.

For Example: If total Savings for a month are \$200,000, the administrative fee will be equal to thirty percent (30%) of the first \$150,000 in total Savings and twenty-five (25%) of the remaining total Savings for the month, which is equal to \$45,000 plus \$12,500 which is equal to \$57,500.

Claims Expenses: Group agrees to pay UnitedHealthcare weekly for the total dollar amount of the Claims Expenses processed and paid by UnitedHealthcare, as well as all associated capitations, in accordance with Section 10.2 of the Agreement.

Claims Processing: UnitedHealthcare will process the claims received from a Network Pharmacy in accordance with the Summary Plan Description, as well as the pricing and other terms of the Network Pharmacy's participation agreement. UnitedHealthcare will retain the difference between what UnitedHealthcare reimburses the home delivery Network Pharmacy and Group's payment for a generic prescription drug product.

Minimum Employer Contribution Requirement: Group must contribute a minimum of 50% of the employee only premium. If UnitedHealthcare is offered along with competing carriers, employee contributions to UnitedHealthcare Plan cannot exceed those of any competing plan(s).

Employee Participation Requirement: A minimum employee participation level of 75% is required.

- If Group purchases stop loss coverage through UnitedHealthcare Insurance Company of the River Valley, Inc., these expenses shall be invoiced as a stop loss expense and are listed here for illustrative purposes only.

THE AMENDED NON-FINANCIAL TERMS ARE AS FOLLOWS:

The Administrative Services Agreement (“Agreement”) under Contract No. 0RWM issued by UnitedHealthcare Services Company of the River Valley, Inc. effective 01 July 2013 is amended on 01 July 2013 as follows:

I. The Agreement is amended with respect to Section 2.11 Audits by deleting the language in Section 2.11.1 in its entirety from the Agreement as follows:

UnitedHealthcare shall retain Certified Public Accountants to perform an annual SAS-70 Type-2 Report of at least the following processes for UnitedHealthcare: enrollment, eligibility, plan building, claims handling and adjudication, claims payment, and financial settlement reports. Group agrees to accept UnitedHealthcare’s most recent SAS-70 Type-2 Report as evidence of UnitedHealthcare’s performance of its obligations under this Agreement.

Section 2.11.1 shall now read as follows:

2.11 Audits.

2.11.1 During the term of the Agreement, and at any time within twelve (12) months following its termination, UnitedHealthcare shall allow Group or a mutually agreeable entity, in accordance with the below specified conditions, to audit UnitedHealthcare once each calendar year to determine whether UnitedHealthcare is fulfilling the terms of this Agreement.

2.11.1.1 Prior to the commencement of this audit, UnitedHealthcare must receive a signed, mutually agreeable confidentiality agreement. Such confidentiality agreement must give UnitedHealthcare’s PBS subcontractor third party beneficiary rights to enforce the confidentiality requirements with respect to UnitedHealthcare’s PBS subcontractor’s confidential information.

2.11.1.2 Without limiting the foregoing, with respect to audits regarding the payment of Rebates by pharmaceutical manufacturers, the audit must be conducted solely by a "big four" public accounting firm that maintains a separate and stand-alone audit department and is not providing support in conjunction with any litigation pending against UnitedHealthcare’s PBS subcontractor or UnitedHealthcare. However, if no “big four” public accounting firm is qualified to perform the audit due to the above requirements, another mutually agreeable firm meeting such requirements may be used.

2.11.1.3 Group must advise UnitedHealthcare in writing of Group’s intent to audit. The place, time, type, duration, and frequency of all audits must be reasonable and agreed to by UnitedHealthcare. All audits will be limited to information relating to the calendar year in which the audit is conducted, and/or the immediately preceding calendar year. With respect to UnitedHealthcare’s transaction processing services, the audit scope and methodology will be consistent with generally acceptable auditing standards, including a statistically valid random sample or other acceptable audit technique as approved by UnitedHealthcare (“Scope”).

- 2.11.1.4 Group will pay any expenses that Group incurs in connection with the audit. In addition, Group will be charged a reasonable per claim charge and a \$1,000 charge per day for audits outside of the following parameters: (1) more than one audit per calendar year; (2) any on-site audit visit that is not completed within five (5) business days; or up to ten (10) business days if warranted by the size of the Scope and agreed to by UnitedHealthcare prior to the audit; (3) sample sizes exceeding the Scope specified above; or (4) any audit initiated after this Agreement has terminated. The additional fees cover the additional resources, facility fees, and other incremental costs associated with an audit that exceeds the Scope.
- 2.11.1.5 In addition to Group's expenses and any applicable fees, Group will also pay any extraordinary expenses UnitedHealthcare incurs in connection with the audit. For any audit initiated after this Agreement is terminated, Group will pay all expenses incurred by UnitedHealthcare.
- 2.11.1.6 Group will provide UnitedHealthcare with a copy of any audit reports within thirty (30) days after Group receives the audit report(s) from the auditor.

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

August 1, 2013

APPROVING AGREEMENT WITH UNITED HEALTH CARE FOR
ADMINISTRATIVE SERVICES RELATED TO INMATES MEDICAL CARE

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

Section 1. That the agreement from United Health Care to provide services related to review and processing of medical claims for inmates is hereby accepted and approved. The administrative fee to UHC is equal to thirty percent (30%) of the first \$150,000 in total savings by month, plus twenty-five percent (25%) of any total savings per month over \$150,000.

Section 2. This resolution shall take effect immediately.