

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA:6.B.3
AGENDA DATE: July 14, 2020

SUBJECT:

Approval of the Second Amendment to the Agreement with UMR, Inc. to Provide Third Party Administrator Services for the County's Self-Insured Employee Health Insurance Program Effective January 1, 2021 through December 31, 2023

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2020-0337

On motion of Supervisor Chiesa, Seconded by Supervisor Withrow
and approved by the following vote,

Ayes: Supervisors: Chiesa, Withrow, Berryhill, DeMartini and Chairwoman Olsen

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

- 1) Approved as recommended
- 2) Denied
- 3) Approved as amended
- 4) Other:

MOTION:

ATTEST: 
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Chief Executive Office

BOARD AGENDA:6.B.3
AGENDA DATE: July 14, 2020

CONSENT:

CEO CONCURRENCE: YES

4/5 Vote Required: No

SUBJECT:

Approval of the Second Amendment to the Agreement with UMR, Inc. to Provide Third Party Administrator Services for the County's Self-Insured Employee Health Insurance Program Effective January 1, 2021 through December 31, 2023

STAFF RECOMMENDATION:

1. Approve the Second Amendment to extend the Agreement with UMR, Inc. to provide third party administrator services for the County's self-insured employee health insurance program, for a three-year term from January 1, 2021 through December 31, 2023, and add a new service component.
2. Authorize the County Purchasing Agent to sign the approved amendment and any subsequent amendments not to exceed the amended maximum agreement amount of \$6,500,000.

DISCUSSION:

The County's Self-Insured Medical Program is administered by a third party administrator. POMCO Administrators, Inc. (POMCO) was selected among five agencies that submitted proposals through a Request for Proposal (RFP) #14-38 MP as the agency scoring the highest in the RFP's comprehensive evaluation process and determined to be the best qualified third party administrator (TPA) for the County's self-insured employee health insurance program. The County entered into an agreement for TPA services with POMCO effective August 1, 2015 through June 30, 2018. The POMCO agreement contained a provision to renew the agreement for two additional one-year terms by mutual written agreement.

In December 2017, UMR, Inc. (UMR) notified the County that POMCO had assigned the County's TPA services agreement to UMR following the recent acquisition of POMCO and that effective January 1, 2018, UMR would assume all rights and obligations previously conferred to POMCO. UMR also stated its intent to enter into a mutually agreeable services agreement with the County that would better align with their business practices, and UMR would be committed to honoring the existing POMCO agreement. UMR agreed to continue to provide TPA services at the year three rate of \$16.50 per employee per month (PEPM), including retirees and COBRA (Consolidated Omnibus Budget Reconciliation Act) participants.

On May 15, 2018, the Board of Supervisors approved to extend the renewal ending date allowed in the POMCO agreement, from June 30, 2020 to December 31, 2020 to coincide with the employee medical benefits selection period and calendar year. Additionally, the Agreement between the County and UMR was approved for the period of June 1, 2018 through May 31, 2019 with automatic renewals through December 31, 2020. The Board of Supervisor’s authorization for the County’s current contract with UMR for TPA services for the County’s self-insured medical benefits program expires on December 31, 2020.

Continuity of TPA services are an important component of the County’s self-insured medical insurance model and the plan’s performance. The TPA vendor supports the delivery, management, and administration of employee medical benefits and plays a critical role in the processing and adjudicating of the County’s approximately \$50 million in self-insured annual claims costs. UMR’s TPA services include but are not limited to: member and provider services; managing enrollment and eligibility; ID card issuance; monthly billing; claim adjudication and payment; claims appeal management and reporting; subrogation services; and program regulatory compliance.

Over the past two years, UMR has developed an in-depth understanding of the County’s unique health plan, established excellent working relationships with the County and its health plan partners, HUB International and Ascendant Healthcare, and delivered outstanding customer service to plan participants. The County is pleased with the service it has received from UMR. They are responsive to the County’s needs and claim adjudication is close to 100% accurate. Given UMR’s reliability, their responsiveness to the County’s concerns, and their account team’s tenure, they have been and continue to be a very valuable partner in the successful administration of this plan.

The RFP allows the County to contemplate an eight-year agreement relationship – a three-year original agreement and a five-year extension. Based on the RFP provisions and UMR’s excellent performance stated above, it is recommended to extend the Agreement for the remaining three years. This will provide continuity and consistency of services to the County’s health plan participants and partners without disruption, especially during this challenging time with the impacts of COVID-19. The recommended Amendment extends the term of the agreement with UMR for the period of January 1, 2021 through December 31, 2023 and includes updated renewal pricing. UMR’s proposed renewal costs by year are as follows:

YEAR	PROPOSED RATE (PEPM)
2021	\$19.50
2022	\$20.50
2023	\$21.50

As a result of UMR agreeing to honor POMCO's contracted rates for the remainder of the original agreement, UMR's administration fee has remained the same for the last three years providing a savings to the medical self-insurance budget. Based on the current market of TPA administration fees, the above rates proposed by UMR are still under the current market average. UMR currently provides:

- Medical claims adjudication
- External proprietary network interface (Health Partners of Northern California)
- External stop loss interface
- United Healthcare network access for out-of-area participants
- External pharmacy benefit manager interface
- Medical and pharmacy integration
- Claim fiduciary
- Plan advisor and plan document generation
- External telehealth interface
- On-site customer service rep

In addition to third party administrator services, UMR has provided an integrated COBRA solution for the County at \$1.05 PEPM which is far below the market for standalone COBRA administration. COBRA is designed to help participants and their families maintain health insurance when they lose access to employer-sponsored coverage as a result of certain qualifying events. COBRA administration is currently handled by County benefits staff. Because COBRA administration is complex and administratively burdensome and the legal requirements are laden with details and deadlines, properly administering COBRA requires extensive knowledge to ensure compliance with everchanging laws and to reduce potential liability. The County intends to take advantage of this additional service included in the RFP Scope of Work and outsource COBRA administration to UMR with implementation to occur in the second half of 2021. Utilizing specialized experts in COBRA administration who are familiar with the County's plan will reduce risk and allow County staff more time to dedicate to key initiatives like wellness and benefit communications.

UMR also provides access to the UnitedHealthcare Choice Plus medical provider network, utilization management, and case management services for the County's approximately 315 out-of-area network participants and their families. The network access fee, utilization management fee, and case management fee for these participants remain unchanged for the duration of the extended three-year agreement.

POLICY ISSUE:

Government Code sections 23005 and 25502.5 and current County policy require Board of Supervisors' approval for all contracts exceeding \$200,000.

FISCAL IMPACT:

While the 2021 rate of \$19.50 is an increase of 18% over the current rate, it is only a 3% increase over the year-five rate in the RFP pricing proposal. Based on the current subscriber count of approximately 3,700, this is an increase in cost of approximately \$133,200 in 2021. Rates in 2022 and 2023 both have an increase of approximately 5% with a total cost increase of \$44,400 annually. The total increase in costs for the three-year extended term is approximately \$222,000.

The UMR rates for access to the UnitedHealthcare Choice Plus network, utilization management, and case management fees for participants enrolled in the out-of-area network remain unchanged for the extended three year term and are \$20.82 PEPM, for an estimated cost of \$79,000 per year, or approximately \$237,000 for all three years.

The estimated cost for COBRA administration is \$47,000 per year. The UMR, Inc. agreement also includes provisions to compensate UMR for: recovery fees for subrogation/third party services and credit balances; more than one amendment to the Summary of Benefits and Coverage documents; Federal External Reviews in excess of five reviews; ad-hoc reports after ten hours per year; a reasonable per claim charge; and \$1,000 per audit for more than one audit per calendar year and any audit not completed within five business days, plus extraordinary expenses UMR, Inc. incurs in connection with the audit. The total maximum amount to be paid by the County for services provided in the agreement with UMR, Inc. shall not exceed \$6.5 million for the full term of the agreement, June 1, 2018 through December 31, 2023.

BOARD OF SUPERVISORS' PRIORITY:

Approval of the Amendment supports the Board's priority of *Supporting Community Health*, and *Delivering Efficient Public Services and Community Infrastructure* by delivering third party administrator services to manage employee, retiree, and COBRA participants' medical claims processing and payments in a skilled and cost-effective manner, and providing the UnitedHealthcare Choice Plus medical plan network access, utilization management, and case management services to all out-of-area participants.

STAFFING IMPACT:

There is no staffing impact associated with this request. Staff from the Chief Executive Office, County Counsel, and General Services Agency departments will continue to work closely with contracted medical plan consultants and associated vendors to provide ongoing management and oversight of the County's health insurance programs.

CONTACT PERSON:

Tamara Thomas, Human Resources Director. Telephone (209) 525-6341.

ATTACHMENT(S):

1. UMR, Inc. Second Amendment

**SECOND AMENDMENT TO UMR, INC.
PROFESSIONAL SERVICES
AGREEMENT**

Reference is made to the Agreement for Professional Services (“Agreement”), effective June 1, 2018, by and between, the County of Stanislaus (“County” or “Customer”) and UMR, Inc. (“Consultant” or “UMR”) for services involving health benefit plan claim processing, eligibility and member services.

WHEREAS, Section 17 of the Agreement provides for the amendment of the Agreement by mutual consent of the parties; and

WHEREAS, County has a need to extend services involving health benefit plan claim processing, eligibility and member services, and add COBRA services through December 31, 2023, and Consultant has agreed to provide such services; and

WHEREAS, the parties agree that additional compensation is due to Consultant for services provided in the extended term; and

NOW THEREFORE, the parties hereby agree to amend the Agreement as follows:

1. Section 3.1 of the Agreement is replaced with the following:

“3.1 The term of this Agreement shall be from June 1, 2018 through December 31, 2023 unless terminated pursuant to sections 3.2, 3.3 and 3.4 of this Agreement.”

2. Exhibit A Scope of Work - Schedule of Services is amended by adding table “E. COBRA Services” to read as follows:

“E. COBRA SERVICES

Service	Comments
<p>Specific to COBRA (the federal Consolidated Omnibus Budget Reconciliation Act of 1985, and all rules and regulations promulgated thereunder), UMR is not a “Named Fiduciary” of the Plan as defined by the IRC. For Section 1 Definitions, the term “Plan” will include health benefits which are subject to the continuation requirements of COBRA. In addition, the following sections of the Agreement do not apply to the COBRA Program services:</p> <ul style="list-style-type: none"> • Claim Recovery Services and Third Party Liability Recovery • Fraud and Abuse Management • Benefit Determinations and Appeals • Service Auditor Reports <p>Any reference to Summary Plan Description (SPD) assistance does not apply.</p>	
<p>General Responsibilities of the Customer.</p> <ul style="list-style-type: none"> • The Customer shall be responsible for the administration of COBRA, except to the extent expressly delegated to UMR through this Addendum. • Providing UMR with COBRA premium information and due dates at least two (2) 	

Service	Comments
<p>weeks prior to the effective date of the change, and for complying with the COBRA regulations governing the twelve (12) month determination period.</p> <ul style="list-style-type: none"> • Determining if a Qualifying Event occurs and such determination shall be binding upon UMR. Within thirty (30) calendar days following notification of the Qualifying Event, Customer shall notify UMR of the Qualifying Event by either submitting a completed COBRA Action Form or submitting information via the COBRA Online Web Notification system, or by utilizing another format that is mutually agreed upon. • Notifying UMR in a timely manner if Customer determines or has reason to believe that the Qualified Beneficiary is not entitled to COBRA. 	
<p>General Responsibilities of the UMR.</p> <ul style="list-style-type: none"> • Providing the initial (general) COBRA written notice to newly hired employees, to those enrolling due to a change in status (special enrollment), and to new spouses, for the fee as stated on the Fee Schedule. • Upon notification from Customer of a Qualifying Event via the COBRA Action form or another acceptable means of written communication, UMR shall send a letter to the Qualified Beneficiaries advising them of their rights to continue coverage under federal COBRA including enrollment and payment information. • Upon receipt of a completed enrollment form and appropriate payment, send a letter of confirmation to the COBRA Enrollee acknowledging such receipt. • Collecting COBRA monthly payments from enrollees and provide Customer with a monthly accounting of payments. All such payments shall be retained by UMR until the month end and then shall be returned to Customer in a mutually agreed upon manner. • In the event that a COBRA Enrollee's coverage terminates prior to the end of the maximum COBRA coverage period, UMR shall provide the COBRA Enrollee with a written notice of early termination in 	

Service	Comments
<p>accordance with applicable federal COBRA regulations.</p> <ul style="list-style-type: none"> • Sending a Notice of Unavailability to a Qualified Beneficiary if it is determined by the Customer or UMR that the Qualified Beneficiary is not entitled to COBRA coverage in accordance with applicable federal COBRA regulations. 	
<p>COBRA services for Qualified Beneficiaries who are enrolled in a benefit plan with Customer's outside carrier(s).</p> <ul style="list-style-type: none"> • Upon notification from the Customer that a Qualifying Event has occurred, UMR will send a letter to the Qualified Beneficiaries advising them of their rights to continue coverage under federal COBRA including enrollment and payment information. • UMR will consider a Qualified Beneficiary's election and payments to be timely if the election form and monthly payments are received by UMR or postmarked by the due date or within the thirty day grace period. UMR assumes no liability if the outside carrier does not consider these timely, or if there are conflicts with the insurance policy. 	<p>Customer is fully and solely responsible for ensuring that its insurance policies or contracts with outside carriers are in compliance with COBRA regulations.</p> <p>Customer is responsible for notifying the outside carriers that all COBRA election forms and premium payments will be sent directly to UMR.</p> <p>UMR assumes no liability for meeting state insurance regulations for the outside carriers or Customer.</p> <p>The outside carriers that the Customer contracts with are fully and solely responsible for meeting all applicable insurance regulations.”</p>

3. “Exhibit B Service Fees is hereby replaced by Exhibit B Service Fees attached hereto and, by this reference made a part thereof.”

4. All other terms and conditions of the Agreement shall remain in full force and effect.

(Signatures are on the next page)

IN WITNESS WHEREOF, the parties or their duly authorized representatives have executed this Second Amendment on this _____ day of _____ 2020.

COUNTY OF STANISLAUS

UMR, INC.

By: _____
Raul L. Mendez, Assistant Executive Officer,
Interim GSA Director/Purchasing Agent

By:  _____
Adeline A. Murray, Regional Contract
Manager – UMR Contracts

"County"

"Consultant"

APPROVED: BOS Resolution # _____

APPROVED AS TO CONTENT:
Chief Executive Office

By:  _____
Tamara Thomas, Human Resources Director

APPROVED AS TO FORM:

By:  _____
Thomas E. Boze, County Counsel

EXHIBIT B – SERVICE FEES

This exhibit lists the fees Customer must pay UMR for UMR’s services during the term of the Agreement. Unless otherwise noted, these fees apply for the period from January 1, 2018 through December 31, 2023. Customer acknowledges that the amounts paid for administrative services are reasonable.

All fees shown as per employee per month (PEPM) unless otherwise noted

Administration and access fees	Renewal Fees 1/1/2018	Renewal Fees 1/1/2019	Renewal Fees 1/1/2020	Renewal Fees 1/1/2021	Renewal Fees 1/1/2022	Renewal Fees 1/1/2023
Medical claims	\$16.50	\$16.50	\$16.50	\$19.50	\$20.50	\$21.50
Medical client advisor commission	Net	Net	Net	Net	Net	Net
Required stop loss interface fee	Included	Included	Included	Included	Included	Included
UnitedHealthcare Choice Plus® network access fee Out-of Area Only	\$16.87	\$16.87	\$16.87	\$16.87	\$16.87	\$16.87
Utilization Management (UM) and Case Management (CM) Out of Area Only	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95
NurseLine (NL)	Included	Included	Included	Included	Included	Included
IP Review - per claim	Included	Included	Included	Included	Included	Included
External Pharmacy Benefit Manager (PBM) Interface	Included	Included	Included	Included	Included	Included
Medical and pharmacy integration	Included	Included	Included	Included	Included	Included
Claim Fiduciary	Included	Included	Included	Included	Included	Included
Plan Advisor	Included	Included	Included	Included	Included	Included
AmWell interface	Included	Included	Included	Included	Included	Included
COBRA Services*	N/A	N/A	N/A	\$1.05*	\$1.05*	\$1.05*

*Upon future start date at the discretion of the Customer

Non-preferred vendor surcharge: An additional stop loss interface surcharge of \$2.90 PEPM applies if stop loss coverage is not placed with a UMR preferred vendor. This fee is in addition to the “Required stop loss interface fee” which applies for all groups.

External PBM vendors are subject to prior approval and may require additional fees.

Service Code	ITEM	FEE and BASIS
	Medical Fees	
0001	Base Medical Fee	Refer to table above
	ID Card Services	
0200	Mail ID Cards to Employee’s Home	Included in Base Fee
	Banking Services	
0307	Custodial Banking Maintenance Charges	No Charge
0321	Pre-authorized Check Release	No Charge
	Reporting/Special Data Services	
0402	Development of Production Custom Reports/File Feeds	No Charge
0417	Custom Ad-Hoc Reports – Request System	\$100/hr. after 10 hours per year
0418	Creditable/Non-Creditable Coverage Disclosure Notices for Medicare Part D (if requested)	\$1.35 per Notice, subject to a \$100 minimum
1203	New York Surcharge – Filing and Administration	Included in Base Fee

Service Code	ITEM	FEE and BASIS
	Network/Managed Care – Out of Area Subscribers only	
1406	Network Access Fees • UnitedHealthcare Choice Plus PPO - Out of Area Subscribers only	Refer to table above
	Care Management and Outreach Services	
0701	Stand-alone Case Management (Individual case management services will be provided to Participants who meet the criteria for case management including complex treatment plans, catastrophic events, trauma, chronic illness, behavioral health and substance abuse disorder. If Medicare is the primary payer for a claim, these services will be provided after Medicare funds have been exhausted.) - Out of Area Subscribers only	Refer to table above
0702	Stand-alone Utilization Management (Examination of medical services for medical necessity and appropriateness of care prior to services being provided. Certification/notification for hospital inpatient/outpatient services, durable medical equipment, home health care, behavioral health and other services in accordance with Customer's SPD. Also includes concurrent review, discharge planning, retrospective review, case management screening and independent medical reviews needed for these services when appropriate. If Medicare is the primary payer for a claim, these services will be provided after Medicare funds have been exhausted.) - Out of Area Subscribers only	Refer to table above
0838	External Telemedicine Claim Processing Fee	Refer to table above
0175	Plan Advisor for Members with IVR (Model 1)	Included in Base Fee
9918	NurseLine SM - provides 24-hour access to registered nurses - Out of Area Subscribers only	Refer to table above
	Billing	
0804	Outside Vendor Payments	No Charge
	Claim Services	
0105	Subrogation Services	Included in Base Fee
0174	Credit Balance Recovery	20% of recoveries
0136	Preferred Stop Loss Interface Fee	Included in Base Fee
0140	Claim Reprocessing	\$Fee Waived
	Other Fees	
0146	IP Review	Refer to table above
0832	Inbound Pharmacy Reporting - With existing PBM	No Charge
2130	Federal External Reviews	\$500 per review after five reviews
0926	Full/Partial Summary of Benefits and Coverage (SBC) creation with data UMR has on file for the Plan. Includes initial SBC plus one amendment per year; electronic version only provided to Customer.	No Charge
0927	Two or more Summary of Benefits and Coverage (SBC) amendments requested by Customer per year	\$500 Per SBC Per Benefit Plan
0928	Inclusion of outside vendor data in Summary of Benefits and Coverage (SBC) document, in UMR's standard format.	Included in Base Fee
0929	Print and Ship Summary of Benefits and Coverage (SBC) to Employee at open enrollment	Cost plus Postage
1014	Support for Integrated Rx-Medical Accumulators	Included in Base Fee
1501	Assume Claims Fiduciary Responsibility	Included in Base Fee
1002	External Pharmacy Manager (PBM) Interface	Included in Base Fee
N/A	COBRA Services – start date to be determined in 2021	\$1.05 PEPM upon implementation
N/A	COBRA – billing for outside vendors	\$0.05 PEPM for each additional vendor
N/A	COBRA – additional UMR lines of coverage	\$0.05 PEPM for each additional line

PEPM means Per Employee Per Month (covered employee, retiree or COBRA participant.)

The above fees do not include state or federal surcharges, assessments, or similar taxes imposed by governmental entities or agencies on the Plan or UMR, including but not limited to those imposed pursuant to The Patient Protection and Affordable Care Act of 2010, as amended from time to time as these are the responsibility of the Plan.

The parties hereto acknowledge the maximum amount to be paid by the County for services as noted in Exhibit B provided under this Agreement shall not exceed \$6,500,000, including, without limitation, the cost of any subcontractors, consultants, experts or investigators retained by the Consultant to perform or to assist in the performance of its work under this Agreement. Should additional services be requested, beyond the scope of those listed in Exhibit B, and/or enrollment assumptions change by 15%, UMR reserves the right to reassess this administrative fee cap. If such change occurs in this administrative fee cap, the parties will agree in good faith to negotiate an amendment.

UMR may receive direct or indirect compensation from third parties in the course of administering Customer's Plan(s), such as commissions paid to UMR for the placement of stop loss policies or being the third party administrator of record. All third party compensation received is taken into account by UMR when it prices the administrative fees that it charges Customer for services under this Agreement to the extent reasonably possible, it being understood that certain compensation relates to UMR's total book of business rather than to any single customer.

Rebates on Medical Drug Claims

UMR will follow its established process to submit medical drug claims for rebate payment as part of UMR's efforts to bring cost effective solutions to Customer. Using internal solutions, UMR is able to identify a designated list of J Code drugs that qualify for rebate payments from pharmaceutical manufacturers. Customer's medical rebate payments with UMR will be paid to Customer at 80% of the Medical Benefit Drug Rebates UMR receives, regardless of Customer's pharmacy benefits manager (PBM). UMR will retain the balance of such Medical Benefit Drug Rebates as part of UMR's compensation.

A stop loss interface fee surcharge applies if stop loss coverage is not placed with a UMR preferred market. Customer acknowledges that the election of any stop loss insurance carrier is at the discretion of Customer, and the applicable policy must be specifically accepted by Customer. Customer may have elected to utilize the services of stop loss insurance carrier that has neither been placed nor specifically endorsed by UMR.