

**\*\*\*ATTACHMENTS\*\*\***

III

5.7

Res. No. 97 - 15 - 16. By Alderperson Donohue. November 2, 2015.

A RESOLUTION authorizing the appropriate City officials to enter into an agreement with Diversified Benefit Services, Inc. to administer the Flexible Benefit Plan for the period January 1, 2016 through December 31, 2016.

WHEREAS, the City allows employees to enroll in a flexible spending program.

RESOLVED: That the appropriate officers of the City of Sheboygan enter into a Flexible Benefit Plan Agreement for Services for the time period January 1, 2016 through December 31, 2016.

*Sal & Grew*

*Nylynn Donohue*  
\_\_\_\_\_

I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_\_\_.

Dated \_\_\_\_\_ 20\_\_\_\_, \_\_\_\_\_, City Clerk

Approved \_\_\_\_\_ 20\_\_\_\_, \_\_\_\_\_, Mayor

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**City of Sheboygan  
Flexible Benefit Plan  
Agreement for Service**

**01/01/2016 – 12/31/2016**



**DI~~V~~ERSIFIED BENEFIT SER~~V~~ICES, INC.**

*Dedicated to Excellence in Benefit Management Solutions*

This Agreement for Third Party Administration Services ("Agreement") is made and entered into between Diversified Benefit Services, Inc. hereinafter referred to as "DBS" and the Employer designated on page (4) hereinafter referred to as "Employer".

WHEREAS, Employer has engaged DBS as a Third Party Administrator ("TPA") to provide Section 125 – Flexible Benefit Plan – FSA ("Plan") services ("Services") for the Plan sponsored by the Employer;

WHEREAS, DBS is making available FSA administrative and other related services to be established by the Employer and designed to comply with Section 125 of the Internal Revenue Code (the "Code");

WHEREAS, the FSA administrative services incorporates professional material, and internally developed DBS corporate information;

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein the parties hereto agree as follows:

1. DBS agrees to make available the Flexible Benefit Plan to be used as the Employer Flexible Benefit Plan. Employer agrees not to disclose details of the Plan to other parties or copy any materials provided, except for auditors, attorneys, and others to whom disclosure is legally required, unless DBS gives permission to do so.
2. Employer retains DBS as Plan Agent for the Employer Flexible Benefit Plan and authorizes DBS to perform all functions necessary to prepare, implement, and operate the Employer Flexible Benefit Plan.
3. Employer agrees to provide data that DBS needs in communication and enrollment of the Flexible Benefit Plan. Employer also agrees to make the necessary payroll deductions and assist DBS in implementing and operating the Plan.
4. Employer recognizes that certain owners and their family members may not be eligible to participate in the Flexible Benefit Plan (including the pre-tax premium portion of the Plan). The Employer agrees to contact their legal counsel as needed to determine whether their owners and family members can participate. The Employer further agrees not to provide DBS with enrollment information on the owners and family members if it is determined said persons are ineligible to participate.
5. DBS services may include some or all of the following items (as needed): restatement of a Flexible Benefit Plan Document, Summary Plan Description, ancillary forms, employee enrollment, and claims recordkeeping. In addition, annual non-discrimination testing required under Code Section 125 may be completed only if the Employer agrees to provide all Plan contribution information to DBS, including any group insurance premium contributions and key / highly compensated employee information (including salaries). Only dependent care testing can be completed if the Employer elects not to provide group insurance premium contribution amounts to DBS. The testing will be completed only if the Employer provides timely and complete information. Other package services specified in the attached Schedule A may be provided as noted by the Employer.
6. If the Employer elects to have the employee pay the monthly ongoing administration fee and an employee terminates with a balance in an account, the Employer shall be responsible for the monthly fee from that point forward. In addition, Employer recognizes that the Plan allows employees to submit claims after Plan year end for a specified period in accordance with the Plan Document. Employer understands and agrees that during this Plan year run out period, fees will be invoiced on the same basis as the previous months of the Plan year and will be for the run out period. This will be shown as a separate line item on the invoice. In addition, a separate line item on the invoice will be for services pertaining to the new Plan year coverage period.
7. Employer agrees to pay fees for services on a timely basis to DBS as listed in the attached Schedule A which is made part of this Agreement. Terms are included on each invoice as due upon receipt. In the event that the Employer does not remit payment for an undisputed invoice within a reasonable period of time (30 days), DBS shall cease providing Services to the Employer until such time that any outstanding invoices are paid.
8. Any overpayments to employees as a result of the Employer not notifying DBS as to status changes via the DBS Status Change Notification Form or other agreed upon format by both parties as of the claim cut-off date, will be the responsibility of the Employer. DBS shall have two complete business days to respond to the Employers request on a termination change, status change or other election change. Any subsequent bank charges as a result of the aforementioned will be the responsibility of the Employer. Requests by the Employer for processing special checks (meaning checks not processed at the regular claims processing date) due to an employee filing late claim(s), (meaning claim(s) received by DBS after the claims deadline date), or for lost or stolen checks will be done for a fee of \$25 per check. If an employee or former employee



fails to retain original documentation regarding claims submitted to DBS and the employee or former employee requests copies of claims and/or documentation from DBS because of an audit by the IRS or another agency, there will be a fee of \$0.25 per copy made. This will only be authorized by the Employer and will be billed to the Employer if authorization is obtained.

9. With respect to inadvertent overpayments to participants, DBS shall make reasonable efforts to recoup such payments, including offsets to future payments, ACH withdrawals (in the case of direct deposit participants) and a written request to return such overpayments, provided that DBS is notified within sixty days of such overpayments. However, DBS will not be responsible for funding any legal action to recover such overpayments, nor will it be responsible for reimbursing such overpayments to the Employer.
10. Employer agrees to pay to DBS the agreed upon fee indicated for other services listed on attached Schedule. This agreement does not cover any possible future Government imposed costs regarding auditing of Flexible Benefit Plans. Also, it is not within the scope of this Agreement to cover possible future Government imposed costs with regard to filing fees for any Government forms, documents, or year end (5500) reports. The term "Government" shall include but not be limited to the United States Government, Internal Revenue Service, Department of Labor, or a State within the United States.
11. This Agreement shall be exclusive and remain in effect for a period of one full Plan year wherein both parties have signed and dated said Agreement ("Initial Term"), after which time it shall be renewed automatically for one Plan year period ("Renewal Terms"), unless one party notifies the other in writing at least ninety (90) days prior to the renewal date that it does not intend to renew. The renewal date shall be the end of the Plan year. Notification under Section 11 of this Agreement shall be deemed duly given if delivered by certified or registered mail with postage prepaid to DBS or the Employer.
12. Notwithstanding the preceding paragraphs, either party may terminate this Agreement for cause at any time. "Cause" shall be limited to any of the following reasons: (a) if either party fails to perform its duties hereunder and such failure is not cured within thirty days of receipt of written notice thereof; (b) if all or any portion of the Plan fails to comply with applicable provisions of the Code and regulations thereunder or state regulations; or (c) if some or all of the Plan is not legally or validly implemented.
13. If the Employer terminates the Agreement without cause during the Agreement period ("Initial Term or Renewal Term"), the Agreement must be purchased by the Employer. Such Agreement buyout shall be based upon the fees that would have been charged for the remainder of the Agreement period for such services as future enrollment, monthly administration, miscellaneous, and any package services that may apply. Such fees shall be those as set forth in the attached Schedule A of the Agreement. Payment of the final invoice shall be due upon receipt. If the final invoice is not paid as described, DBS will not process claims and/or reports until full payment is made by the Employer.
14. If the Employer is purchased by another organization and/or merges and/or affiliates with another organization, the terms of this Agreement shall remain in full force and shall be binding until the end of the term of the Agreement unless a buyout of the Agreement is agreed to. Any buyout of the Agreement shall be the fees that would have been charged for the remainder of the Agreement period. Such fees shall be based upon the attached Schedule A of the Agreement including enrollment, monthly administration, miscellaneous, and any package fees that may apply.
15. DBS shall have the right to retain, at its own cost, outside services in preparing, implementing and operating of the Plan.
16. Nothing contained herein shall obligate Employer to utilize DBS as its agent or broker in providing group benefits to employees.
17. Employer recognizes that the Plan Document is an important legal document and that it has been prepared based on the understanding of DBS of the desired provisions. To ensure that the Plan Document conforms to the Employer's situation the Employer should consult with its attorney on the legal and tax implications of the Plan. Employer recognizes that DBS is not a law firm and that DBS employees are not attorneys. Additionally, Employer recognizes that DBS is not an accounting (CPA) firm.
18. Employer recognizes that DBS shall maintain all paper records related to the administration of the Plan for a period of seven years, after which time the documents will be destroyed.
19. Employer agrees to indemnify and hold harmless DBS, its affiliates, and any of its directors, officers or employees with respect to any and all liabilities, losses, damages, or expenses, including reasonable attorneys' fees, related to third party claims incurred by reason of the failure of the Employer to carry out its obligation under this agreement on a timely and non-negligent basis, unless such failure is based upon the negligence of DBS or any of its employees.



20. DBS agrees to indemnify and hold harmless Employer, its affiliates, and any of its directors, officers or employees with respect to any and all liabilities, losses, damages, or expenses, including reasonable attorneys' fees, related to third party claims incurred by reason of the failure of DBS to carry out its obligation under this agreement on a timely and non-negligent basis, unless such failure is based upon the negligence of Employer or any of its employees.
21. This exclusive Agreement, including Schedule A, constitutes the entire understanding of the parties and may be modified only in writing executed by both parties. It shall be binding upon both parties and their successors or assigns and shall be interpreted under the laws of the State of Wisconsin.
22. Plan years covered by the "Initial Term" of this Agreement shall be 01/01/2016 - 12/31/2016.
23. The respective rights and obligations of the parties under Sections 7, 18, 19, 20, 21, and 24 shall survive the termination of this Agreement.
24. If any provision of this Agreement is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision, and this Agreement shall be construed and enforced as if such provision had not been included.
25. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. Any signature delivered by a party by facsimile transmission shall be deemed to be an original signature thereto.
26. All notices, demands, and requests that a party is required or elects to give to any other party shall be in writing and any such notice shall become effective (a) upon personal delivery thereof, including, but not limited to, delivery by a recognized overnight mail or courier service, or (b) three (3) days after it shall have been mailed by United States mail, first class, certified or registered, with postage prepaid, in each case addressed to the party to be notified as set forth in the agreement or to such other address as each party may designate for itself by like notice.
27. Notices to DBS will be sent to:

Diversified Benefit Services, Inc.  
P.O. Box 260  
Hartland, WI 53029  
Attn: Timothy G. Pederson, President

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

**City of Sheboygan - "Employer"**

By: \_\_\_\_\_ Title: \_\_\_\_\_

Attest: \_\_\_\_\_ Title: \_\_\_\_\_

\_\_\_\_\_  
Employer Address, City, State, Zip / (Notices will be sent to the above address)

**Diversified Benefit Services, Inc. - "DBS"**

By: \_\_\_\_\_ Title: President

Witness: *Steven M. Salvyjs* Title: Sales & Enrollment Coordinator



## City of Sheboygan Schedule A

### 1. Plan Implementation

Plan Design, Plan Document, Summary Plan Description, Business Associate Agreement, Privacy Practices provided as is. Client generated benefit or Plan changes that require the updating, changing, amending or restating of the Plan Document or Summary Plan Description will be billed separately. Printing of SPD booklets will be billed separately.

Fee: *No Charge for Legal Documents 'as is'*

### 2. Group Meetings

Flexible Benefit Plan group meeting materials provided to the employer for distribution to employees. Group presentation(s) or webinars include communication of the Flexible Benefit Plan and explanation of enrollment materials and how to file a claim for reimbursement.

Fee: \$90/meeting initial plan year; \$50/meeting in subsequent plan years. *(Travel/lodging/meals billed separately if applicable)*

### 3. Employee Enrollment Options & Related Services (Employer May Choose the Type of Enrollment)

- A. **Individual Employee Meetings.** Option A (1) – Comprehensive Individual Employee Meetings: Services will include individual employee enrollment sessions with DBS Benefit Enrollers with a review of the employee flexible benefit Plan worksheet/employee guide and the utilization of the prior plan year. The DBS notebook computer system may be utilized if appropriate. Also includes the completion of enrollment forms and providing employees with an expense reimbursement kit. DBS will provide the Employer with copies of completed enrollment forms if requested. Also includes establishing Plan records on the DBS flexible benefit Plan software administration system, preliminary Plan compliance, election auditing, and other related in-house Plan year setup services. Option A (2) – DBS Enrollers onsite to answer employee questions: DBS Benefit Enrollers will be available for a limited period of time to answer employee questions regarding the plan. Enroller related costs such as travel, lodging, meals may be billed separately if applicable.
- B. **Employer Self-Enrollment.** DBS will provide the Employer with enrollment forms, employee guides, and additional Plan materials for distribution to all eligible employees. An enrollment letter and Plan fact sheet will be provided as well. DBS will supply the Employer with claim forms and/or expense reporting kits as needed. This section also includes establishing Plan records on the Flexible Benefit Plan software administration system, preliminary Plan compliance, election auditing, and other related in-house Plan services. Another option allows for DBS to provide an electronic file of the enrollment materials for Employer to distribute to eligible employees. A third option allows for the employer to send an eligibility/enrollment file electronically to DBS to allow enrollment information to be downloaded into the DBS administration system.
- C. **Online Internet Enrollment.** DBS will provide the Employer with an enrollment instruction letter and Plan information letter that includes a system password for User name and PIN. This will allow employees access to the DBS Website and Online enrollment system. Employees will receive screen confirmation when submitting their election information with print capability. The Employer agrees to distribute the enrollment letter with instructions to all eligible employees. DBS will provide the Employer with copies of completed online enrollment forms if requested. This section also includes establishing Plan records on the Flexible Benefit Plan software administration system, preliminary Plan compliance, election auditing, and other related in-house Plan year setup services.

Option A Fee: (1) Comprehensive individual employee meetings with DBS enroller(s): \$10.00/eligible employee/plan year  
(Minimum fee: \$150)

(2) DBS Enrollers onsite to answer employee questions: \$300/enroller/day  
(Minimum fee: \$150)

Option B Fee: Self-Enrollment using paper packets or electronic file of materials or eligibility file sent by Employer to DBS: \$3.00/FSA participant/year  
(Minimum fee: \$100)

Option C Fee: Online Internet Enrollment: \$3.00/FSA participant/year  
(Minimum fee: \$100)



## City of Sheboygan Schedule A (continued)

### 4. Record-keeping, Claims processing, and Plan Reporting

- Process claims from Plan participants and issue reimbursements
- A.S.A.P.® Online Account Viewing (Advanced Strategic Administrative Program) package for enhanced administrative user features including claim details, advanced report options and advanced report filtering services. Also includes access to archived Plan year data for all years and related data and ASCII/Excel data format download for certain reports
- Provide employer aggregate Plan reporting for online viewing and printing
- Prepare employee statements as needed
- Process all family status changes including new hires and terminations
- Reissue lost or stolen reimbursement checks
- Provide 800 toll free telephone number for out of area participants
- Provide periodic informational notices as needed

#### Plan Year

#### Monthly Fee Schedule – (FSA Service Only)

01/01/2016 – 12/31/2016

\$4.10/participant/month for service agreement year one

The above monthly fee includes the following categories: Dependent Care Reimbursement Account, Medical Expense Reimbursement Account and/or the Independent Premium Feature. Employer reports including transaction ledger summary, payments in excess of deposits, account deposit summary, and check register are included in the online service package for the Employer.

**Minimum Monthly Group Administration Fee: \$100.00**

#### Miscellaneous Fees

- I. Postage/UPS Reimbursement: Statements/checks/direct deposit notices mailed directly to Plan participants and packages sent via UPS directly to the client.  
Fee: *First class postage and/or UPS shipping fees*
- II. Customized materials requested by the client: *To be quoted*

#### Optional Services

- I. ACH/EFT service includes account setup with client bank, direct deposit of FSA reimbursements, and transfer of claim payments via ACH from the Employer designated account to the DBS Master 125-FSA account and the mailing of checks and/or direct deposit notices directly to Plan participants.  
Fee: *First Class postage reimbursement*
- II. Annual 5500 & SAR Preparation: Includes data gathering, 5500 & SAR form preparation, answers to questions regarding the form, related W2 questions.  
Fee: *\$350/year (if required for employer)*
- III. Pre-paid stored value card service (debit cards) includes bank account and system set-up, preparation, and administration for the medical reimbursement FSA account. Employer pre-funding of the debit card bank account and additional bank fees due to insufficient funds in the Employer bank account are the responsibility of the Employer. Fees for lost or stolen cards are the responsibility of the Employer or Employee.  
Fee: *\$1.00/participant/month (minimum group fee: \$50.00)*  
*Replacement Card Fee: \$5.00*



III

5.8

Res. No. 98 - 15 - 16. By Alderperson Donohue. November 2, 2015.

A RESOLUTION authorizing the City to enter into contract for obtaining Medical Stop-Loss Insurance, with Sun Life.

RESOLVED: That the appropriate City Officials are hereby authorized to enter into contract with Sun Life for providing specific medical stop loss insurance at a cost of \$43.89 single/month, \$97.14 family/month, at an estimated annual premium of \$371,623 and aggregate insurance at an estimated annual premium of \$30,857 for the period of January 1, 2016 through December 31, 2016.

BE IT FURTHER RESOLVED: That the appropriate City Officials are hereby authorized to draw orders on the City's Insurance Fund Account Number 70411030-521500 in payment of same.

*Sal Grice*

*Thelma Donohue*

I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_\_\_.

Dated \_\_\_\_\_ 20\_\_\_\_, \_\_\_\_\_, City Clerk

Approved \_\_\_\_\_ 20\_\_\_\_, \_\_\_\_\_, Mayor

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## Summary of Partially Self-Funded Premiums for CITY OF SHEBOYGAN

<b>Anticipated Contract Period:</b>	(RENEWAL) January 1, 2016 to December 31, 2016			
<b>Administrator:</b>	UMR			
<b>Insurance Carrier:</b>	Sun Life			
<b>FINANCIAL SUMMARY</b>				
<b>Fixed Costs</b>	<b>Single</b>	<b>Family</b>	<b>Monthly</b>	<b>Annual</b>
Employee count	139	256		
Annual Administration				\$0.00
<b>Claim Administration Fee</b>				
Medical	14.59	14.59	5,763.05	69,156.60
Network Access Fee	16.87	16.87	6,663.65	79,963.80
Case Management / Utilization Review	3.35	3.35	1,323.25	15,879.00
Maternity Management	0.65	0.65	256.75	3,081.00
Optum Transplant Program	5.79	13.87	4,355.53	52,266.36
Truven Health Analytics Reporting	Included in Medical Admin Fee			
Medical and Pharmacy Integration	1.00	1.00	395.00	4,740.00
Medical Insured Carve Out Coordination Fee	0.35	0.35	138.25	1,659.00
Broker Fee	6.50	6.50	2,567.50	30,810.00
<b>Stop Loss Premiums</b>				
Specific Stop Loss (M. Rx)	43.89	97.14	30,968.55	371,622.60 * 33.00%
Deductible (PAID) \$146,000				
\$75,000 Aggregating Specific Deductible				
Aggregate Stop Loss (M. Rx)				
Basis 125% of Expected				
Claims (PAID)	6.51	6.51	2,571.45	30,857.40 *
<b>Total Fixed Costs</b>	<b>\$99.50</b>	<b>\$160.83</b>	<b>\$55,002.98</b>	<b>\$660,035.76 17.14%</b>
<b>Expected Costs</b>				
Total Fixed Cost	99.50	160.83	55,002.98	660,035.76
Expected Claims	1,235.20	1,216.80	483,193.60	5,798,323.20
<b>Total Expected Cost</b>	<b>\$1,334.70</b>	<b>\$1,377.63</b>	<b>\$538,196.58</b>	<b>\$6,458,358.96 15.54%</b>
<b>Estimated Maximum Annual Costs</b>				
Total Fixed Cost	99.50	160.83	55,002.98	660,035.76
Maximum Claims	1,544.00	1,521.00	603,992.00	7,247,904.00
<b>Total Estimated Maximum Cost</b>	<b>\$1,643.50</b>	<b>\$1,681.83</b>	<b>\$658,994.98</b>	<b>\$7,907,939.76 15.51%</b>

**Additional Plan Information:**

Preferred Provider Organization:	Choice Plus
Specific Carrier Limit of Liability:	Unlimited
Annual Plan Limit Per Member:	Unlimited
Aggregate Carrier Limit of Liability:	\$1,000,000
Prescription Drug Coverage Included:	Specific and Aggregate Coverage
Prescription Drug Management Services:	Optum Rx

Rates firm until 10/31

No Laser at Renewal with 50% Rate Cap

UBA coalition included

III

5.9

Res. No. 99 - 15 - 16. By Alderperson Donohue. November 2, 2015.

A RESOLUTION authorizing the City to enter into contract with Sun Life Stop Loss Insurance Coverage effective January 1, 2016. Coverage in 2016 will be \$145,000 per unit.

RESOLVED: That the appropriate City Officials are hereby authorized to enter into contract accepting a supplemental Stop Loss Insurance Plan to include a separate plan for Transplant Coverage, Optum's Managed Transplant Program.

BE IT RESOLVED: That the appropriate City Officials are hereby authorized to draw orders on the City's Insurance Fund Account Number 70411030-540206 in payment of same.

*Sal & Grien*

*M. Lynne Donohue*  
\_\_\_\_\_

I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_\_\_.

Dated \_\_\_\_\_ 20\_\_\_\_. \_\_\_\_\_, City Clerk

Approved \_\_\_\_\_ 20\_\_\_\_. \_\_\_\_\_, Mayor



Kenneth Mohr  
9100 Shelbyville Road  
Louisville, KY 40222  
502-318-1743 Telephone  
[ken.mohr@optum.com](mailto:ken.mohr@optum.com)

Attention: Joanne Frye, UMR [joanne.frye@umr.com](mailto:joanne.frye@umr.com)  
Cc: [UMR-StopLossMarketin@umr.com](mailto:UMR-StopLossMarketin@umr.com)

[www.optum.com](http://www.optum.com)

Policyholder: City of Sheboygan  
828 Center Avenue  
Sheboygan, WI 53081

Policy Date: January 1, 2016 to December 31, 2016

Policy Number: 1000467

Premium Due Date: January 1, 2016

The Policyholder has selected the following critical care benefits plan: Optum Managed Transplant Program

Premium Rates: \$5.79 Single  
\$13.87 Family

Commissions: 10%

Please notify Optum if you have any changes in your Third Party Administrator, Case Management or Agent of Record. This will allow Optum to continue to administer the Managed Transplant Program without disruption.

By signing this document I agree to renew the Managed Transplant Program policy for City of Sheboygan

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

III

5.10

Res. No. 100 - 15 - 16. By Alderperson Donohue. November 2, 2015.

A RESOLUTION authorizing the appropriate City officials to enter into contract with United Health Care (UMR) to provide administration services for the City's medical health benefit plan for calendar year 2016.

RESOLVED: That the appropriate City officials are hereby authorized to enter into contract with United Health Care (UMR) for the administration services for the City's medical health benefit plan for the period January 1, 2016 through December 31, 2016, a copy of which is attached hereto.

BE IT FURTHER RESOLVED: That the appropriate officers of the City of Sheboygan be, and they hereby are, authorized to draw on the Insurance Administration Services Account, Account No. 70411030-521500, in payment same.

*Sam Green*

*Nylynn Donohue*  
\_\_\_\_\_

I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Dated \_\_\_\_\_ 20\_\_\_\_. \_\_\_\_\_, City Clerk

Approved \_\_\_\_\_ 20\_\_\_\_. \_\_\_\_\_, Mayor



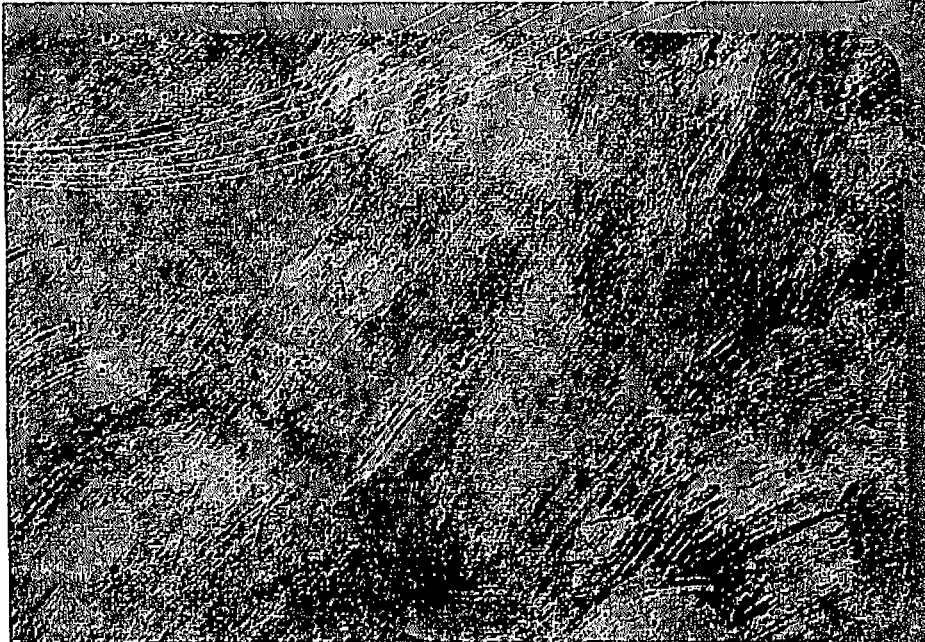
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**A renewal presentation for:**  
**City of Sheboygan**

**Presented to Diversified Insurance Solutions**  
*by Dena Zezulka*

August 2015



**UMR**

A UnitedHealthcare Company

# Renewal Services

Customer Name : City of Sheboygan  
Plan Renewal Date : 1/1/2016

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

Proposed renewal fees assume all existing products and services written with UMR will be retained throughout the renewal period. New products and services may be added however proposed fees are subject to change and/or and/or additional fees may apply if any existing products or services are discontinued.

Administration and access fees	Subscribers	Current Fees	Renewal Fees 1/1/2016	Renewal Fees 1/1/2017	Renewal Fees 1/1/2018
Medical claims	397	\$13.75	\$14.59	\$14.88	\$15.33
Medical client advisor commission	397	\$6.50	\$6.50	\$6.50	\$6.50
Required stop loss interface fee	397	Included	Included	Included	Included
UnitedHealthcare Choice Plus network- access fee	393	\$16.87	\$16.87	\$16.87	\$16.87
First Health Network - access fee	4	30% of savings	30% of savings	30% of savings	30% of savings
Utilization and case management	397	\$3.35	\$3.35	\$3.42	\$3.52
Maternity management (MM)	393	\$0.65	\$0.65	\$0.66	\$0.68
Truven Health Analytics reporting – three licenses included	397	Included	Included	Included	Included
Medical and pharmacy integration - per participating employee per month	261	No charge	\$1.00	\$1.00	\$1.00
Cost reduction and savings program - large bill review/fee negotiation and secondary/travel network - % of savings	397	30%	30%	30%	30%
Medical Insured Carve Out Coordination Fee	397	\$0.35	\$0.35	\$0.35	\$0.35

Non-preferred vendor surcharge: An additional stop loss interface fee surcharge of \$5.00 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. Consult your UMR representative for a list of preferred vendors.

UnitedHealthcare Choice Plus assumes that the benefit plans will meet the steerage requirements of the networks proposed or will be changed to meet the requirements, including but not limited to: deductible, out-of-pocket, coinsurance and plan limitations. Usage of the Choice Plus network requires employer participation in Value Based Contracting payment methodologies.

# Additional Services

Customer Name : City of Sheboygan  
Plan Effective Date : 1/1/2016

All renewal fees are good for one year and are shown as per employee per month (PEPM) unless otherwise noted

Plan Administration	Current Fees	Renewal fees 1/1/2016
SPD printing	Cost plus postage	Cost plus postage
Actuarially certified reserve estimate - per report and per additional breakdown	Pricing available upon request	Pricing available upon request
ID card mailing charge - employee residence	Included with medical administration	Included with medical administration
New York surcharge filing and administration - annual fee	No charge	No charge
Claim reprocessing - per claim	\$25.00	\$25.00
Subrogation - percent of recoveries	33%	33%
Federal external review for appeals - for non-grandfathered plans for adverse benefit determinations that involve medical judgment or a rescission of coverage.	Up to 5 included, then \$500.00 per review	Up to 5 included, then \$500.00 per review
Full/Partial Summary of Benefits and Coverage (SBC) creation with data UMR has on file (includes initial SBC plus one amendment, electronic version only provided to employer)	Included with medical administration	Included with medical administration
Translation of SBC into non-English text	Cost of translation	Cost of translation
Print and ship SBCs to employer at open enrollment (approval required)	Cost plus postage	Cost plus postage
Inclusion of outside vendor data in SBC in UMR standard format, e.g. carved out benefits (approval required)	\$1,000 per SBC per benefit plan	\$1,000 per SBC per benefit plan
Two or more SBC requests per year	\$500.00 per SBC per benefit plan	\$500.00 per SBC per benefit plan
<b>Reporting</b>		
Ad hoc reports and analysis - per hour (two hours included with medical administration)	\$100.00	\$100.00

# Fixed Fee Pharmacy Pricing

Customer Name : City of Sheboygan  
Plan Effective Date : 1/1/2016

Pharmacy benefits provided through OptumRx™. The following fees apply to all retail network pharmacies with the exception of pharmacies located in states that may elect to participate on a state-fee schedule. Retail discounts and fees illustrated below are based on the OptumRx™ book-of-business average. Actual retail discounts may vary.

	Published AWP
Electronic claim adjudication - per claim <sup>1</sup>	\$2.60
<b>Retail</b>	
Brand discount, plus dispensing fee	Pass-through
Net effective generic discount, plus dispensing fee	Pass-through
<b>Mail Order</b>	
Brand discount, plus dispensing fee	Pass-through
Net effective generic discount, plus dispensing fee	Pass-through
<b>Retail 90 Rx (Optional)</b>	
Brand discount, plus dispensing fee	Pass-through
Net effective generic discount, plus dispensing fee	Pass-through
<b>Rebate Share</b>	
100% Pass-Through Minimum Guarantee per Paid Claim	\$4.25
100% Pass-Through Minimum Guarantee per Paid Claim Mail	\$15.00
<b>Additional Programs</b>	
Prior authorizations - per clinical prior authorization	Included

Specialty drugs are priced on an individual drug basis at the market competitive rate, most commonly around 12.5%.

Compound Drug Claim Pricing: AWP less Standard Contracted Discount + \$7.50 Dispensing fee

<sup>1</sup> An additional \$1.75 per claim applies to the electronic per claim fee for paper claims. Per claim rate guaranteed first year only.

# Fixed Fee Pharmacy Pricing

## Pharmacy Conditions

Fees proposed assume the use of OptumRx™ as the pharmacy benefits manager.

Retail and mail order guarantees are reconciled in the aggregate.

Rates exclude compound and Direct Member Reimbursement claims. (ie: Paper Claims)

Administrator may change pricing (a) any time City of Sheboygan initiated changes are made to the Benefit Plan, Formulary, Pharmacy Network, or a utilization management program, that adversely impact Administrator's compensation, cost to provide services or ability to satisfy a guarantee (b) when there are changes in Laws and Regulations after the date this quote was provided that affect or are related to the services outlined in this cost proposal (c) when City of Sheboygan asks and Administrator agrees to perform any service in addition to the services outlined in this cost proposal; or (d) if there is a change in market conditions or utilization or the total number of Members decreases by 10% or more after the date this quote was provided. Any change in the pricing required by the changes will be effective as of the date the changes occur, even if the date is retroactive.

All rates, fees and guarantees are contingent upon OptumRx serving as City of Sheboygan's exclusive provider of core prescription drug benefit plan, Mail Order Pharmacy, and specialty pharmacy services from OptumRx's specialty pharmacies or any participating pharmacy in OptumRx's retail pharmacy network. Additional fees apply if another mail provider is selected.

Medicare eligible retirees are only eligible for fixed fee pharmacy pricing.

Groups with in-house pharmacies utilizing 340B or GPO pricing are required to use Fixed Fee pricing.

Rebate guarantees and generic AWP discounts may be adjusted proportional to the impact of unexpected releases of generic products to market, or the withdrawal/recall of existing branded products.

Generic discount and dispensing fee guarantees cover Multi-Source products only. A Multi-Source product is defined as one that is manufactured by more than two generic manufacturers. The brand discount and dispensing fee guarantees apply to non-Multi-Source products.

Discounts and dispensing fees exclude Specialty Drugs and certain non-specialty injectable products.

Deductible integration of prescription drug and medical claims requires daily connectivity between the pharmacy benefits manager and the plan administrator, additional coordination fees apply. External vendors are subject to prior approval.

## Rebate Management Terms

Rebates and Rebate guarantee contingencies are subject to City of Sheboygan's adoption of OptumRx's formulary, formulary management, and utilization management.

Incentivized plan designs are two-tier closed or three-tier with a minimum of \$10.00 difference in copayment or 10% difference in coinsurance between preferred and non-preferred Branded Drugs.

Rebate claims exclude ineligible claims, such as Prescription Claims with invalid service provider identification or prescription numbers; where, after meeting the deductible, the Member's Cost-Sharing Amount under the applicable Benefit Plan requires the Member to pay more than 50% of the Prescription Claim; that are manufacturer negotiated fee products not listed on City of Sheboygan's Formulary for devices without a Prescription Drug component; that are re-packaged NDCs; from 340B which typically receive a discount or rebate directly from Drug Manufacturers under section 340B of the Public Health Service Act, or entities eligible for federal supply schedule prices (e.g., Department of Veterans Affairs, U.S. Public Health Service, Department of Defense); or that are not for Prescription Drugs (except for insulin or diabetic supplies).

If City of Sheboygan makes any change to its Formulary, not initiated by OptumRx, or Benefit Plan, or adopts any formulary or utilization management program other than one of the options offered by Administrator under its formulary or utilization management programs, Administrator may adjust the Rebate guarantees, effective the date of the change.

Unrestricted access to 90 days supply prescriptions in retail.

# Fixed Fee Pharmacy Pricing

"AWP" means the average wholesale price, as reflected on the Pricing Source, of a Prescription Drug or other pharmaceutical products or supplies based on the NDC of the Drug dispensed. Administrator will rely on the Pricing Source as updated by Administrator no less frequently than every seven days to determine AWP for purposes of establishing the pricing provided to City of Sheboygan under this agreement. Administrator will not establish AWP, and Administrator will have no liability to City of Sheboygan arising from use of the Pricing Source. If Administrator decides to use a pricing benchmark other than AWP or is required to do so because the Pricing Source discontinues publication of AWP and the change would materially affect City of Sheboygan's economic benefit under this agreement, then Administrator will provide City of Sheboygan with modified pricing terms at least 30 days before the effective date of the change. If the parties fail to agree upon the modified pricing terms before the effective date of the modified pricing terms, then Administrator's proposed modified pricing terms will apply until the parties otherwise agree. If the parties are unable to agree to modified pricing terms, then either party may terminate this agreement upon 60 days prior notice to the other party.

# Conditions

**Customer Name : City of Sheboygan  
Plan Effective Date : 1/1/2016**

This renewal proposal is valid until 30 days before the effective date and does not bind coverage or obligate UMR.

The information contained in this response to the request for proposal is considered confidential and proprietary. We are providing this information with the understanding that it will not be used for any purpose other than to evaluate our capabilities to provide the services requested. In addition, this information will not be disclosed to person(s) or entity(s) other than those who are involved in the process of evaluating our response. Written permission must be obtained from UMR prior to any exceptions of these obligations in order to maintain the confidentiality of our responses.

All quoted product fees assume UMR administers the medical plan.

UMR assumes all services provided will be handled according to our standard format and procedures, unless otherwise specifically addressed within this proposal. Specialized services will be priced as necessary.

Fees proposed are based on the plan of benefits as submitted but does not assume duplication of benefits or provisions. Fees proposed assume a standard PPO plan design with no referral administration and no primary care physician tracking. Proposal assumes that the benefit plans will meet the steerage requirements of the networks proposed or will be changed to meet the requirements, including but not limited to; deductible, out of pocket, coinsurance and plan limitations. Plan design changes may impact a Grandfathered Health Plan status. Usage of the Choice Plus network requires employer participation in Value Based Contracting payment methodologies. Please review any changes with your advisor.

The Plan or its sponsor is responsible for state or federal surcharges, assessments, or similar taxes or fees imposed by governmental entities or agencies on the Plan, Plan Sponsor, or us, including but not limited to those imposed pursuant to the Patient Protection and Affordable Care Act of 2010 (PPACA), as amended from time to time. This includes responsibility for determining the amount due, funding, and remitting the PPACA PCORI reinsurance fee which is remitted to the government (federal and/or state).

The fees quoted do not include state or federal surcharges, assessments, or similar taxes/fees imposed by governmental entities or agencies on the Plan, Plan Sponsor, or UnitedHealthcare. We reserve the right to adjust the rates (i) in the event of any changes in federal, state or other applicable legislation or regulation; (ii) in the event of any changes in plan design or procedures required by the applicable regulatory authority or by the sponsor; (iii) any taxes, surcharges, assessments or similar changes being imposed by a governmental entity on the Plan or UnitedHealthcare; or, (iv) as otherwise permitted in our Administrative Service Agreement.

UMR reserves the right to adjust fees in the event of (i) any changes in federal, state or other applicable law or rules; (ii) changes in plan design required by the applicable regulatory authority (e.g. mandated benefits) or by the customer; or (iii) any taxes, surcharges, assessments or similar charges being imposed by a governmental entity on the plan or UMR.

To comply with the Department of Labor's (DOL) claims regulations, we encourage pre-notification of at least 60 calendar days prior to the effective date of this contract. In the event that a 60-day notice is not feasible, UMR does not guarantee, but will make every reasonable effort, to have new plan(s) programmed quickly so claims can be processed within the required DOL timelines.

Fees proposed assume one billing, reporting, eligibility feed, stop loss and banking arrangement.

Do not cancel in-force plan(s) and/or policy(ies) until final approval is received.

UMR is not bound by any typographical errors and/or omissions contained herein.

Fees proposed assume utilization and case management services are provided through UMR in order to access UnitedHealthcare Networks.

Fees proposed are subject to change if a division, subsidiary or affiliated company is added or deleted from the plan, or if the number of covered employees changes by 15% or more from this proposal.

Claim reprocessing due to situations, such as retroactive benefit or eligibility changes, may require additional fees.

# Conditions

UMR will share raw claims and eligibility data, however, we reserve the right to exclude data elements deemed proprietary by our organization.

Fees proposed assume the cost reduction and savings program is selected. If this program is not selected, the medical administration fee will increase by \$3.50 PEPM

UMR provides an ERISA DOL appeals process. UMR does not participate in Grievance Review Panel Hearings.

UMR requires that all qualified high-deductible plan designs meet federal regulatory requirements. Our coordination of benefits (COB) process will meet the requirements for Preservation COB processing.

Administration of plans requiring integrated deductible and out of pocket to comply with the Essential Health Benefits provision of Health Care Reform, qualified high deductible health plan or the like, assumes the use of service providers (pharmacy benefits manager (PBM), dental, vision, etc.) that are currently integrated with UMR. Utilizing these service providers may require additional fees. Please refer to your representative to identify integrated service providers.

UMR cannot support the drug data requirements for Medicare Part D subsidy submission of plans where the pharmacy claims are paid under the medical plan. We recommend these pharmacy benefits be provided by a pharmacy benefits manager.

III

5.11

Res. No. 101- 15 - 16. By Alderperson Donohue. November 2, 2015.

A RESOLUTION authorizing the appropriate City officials to enter into contract with Delta Dental to administer dental benefit plan services for the City for calendar year 2016.

RESOLVED: That the appropriate City officials are hereby authorized to enter into contract with Delta Dental to administer dental benefit plan services for the City for the period January 1, 2016 through December 31, 2016, a copy of which is attached hereto.

BE IT FURTHER RESOLVED: That the appropriate officers of the City of Sheboygan be, and they hereby are, authorized to draw on the Insurance Administration Services Account, Account No. 70411030-521500, in payment same.

*Sal & Grew*

*Mylyme Donohue*  
\_\_\_\_\_

I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Dated \_\_\_\_\_ 20\_\_\_\_. \_\_\_\_\_, City Clerk

Approved \_\_\_\_\_ 20\_\_\_\_. \_\_\_\_\_, Mayor

III

101

11.11.11

**COBRA Rate Establishment**

City Of Sheboygan  
90811 - 0 - 08072015

As a service to you, Delta has calculated rates that can be used for your Plan's COBRA enrollees.

These rates reflect only the anticipated claims expenses for those enrollees and Delta's administrative fees. No other administrative fees have been included:

Single Coverage (employee, 1 Party)	\$45.24
Family Coverage (employee and spouse, 2 Party)	\$128.60
Family Coverage (employee and child(ren))	\$128.60
Family Coverage (full family, 3+ Party)	\$128.60

**SCHEDULE 6.1**

**SCHEDULE OF ADMINISTRATIVE FEES**

90811 - 0 - 08072015

To be attached to, and made part of, the Third-Party Administrative Agreement, Article VI – Administrative Fees.

IT IS HEREBY AGREED, that the Administrative Fees, payable on a monthly basis from City Of Sheboygan to Delta Dental of Wisconsin, shall be the following, and shall be valid starting on January 1, 2016, and ending on December 31, 2017.

Monthly Administrative Fee:

Per Employee

\$3.93