

Human Resources Committee Meeting Douglas County, Nebraska

Monday, May 18, 2015

The meeting convened at 2:01 p.m. in Room 903 of the Omaha-Douglas Civic Center, 1819 Farnam Street, Omaha, NE 68183. A copy of the Open Meetings Act is located on the wall near the entrance of the room. A notice of the meeting was published in the May 11, 2015 issue of The Daily Record. County Commissioners present at the meeting were Mary Ann Borgeson, Mike Boyle, James Cavanaugh, Marc Kraft, and Chris Rodgers. Others present at the start of the meeting were Patrick Bloomingdale, Joe Lorenz, Diane Carlson, Catherine Hall, Marcos San Martin, Jan Johnson, and Karen Cole of Administration; Karen Buche, Tim McNally, and Kathy Adair of Human Resources/Civil Service Commissioner (HR); Dan Esch of the Clerk/Comptroller's office; Tracy Krause of Aon; and Cara Kirsch of SilverStone. Commissioner Borgeson conducted the meeting.

1. Discussion on Benefits Consultant RFP

IT Coordinator Dianne Wallace entered the meeting during this item. Speaking during this item were Mr. Bloomingdale, Commissioner Boyle, Commissioner Cavanaugh, Commissioner Borgeson, Commissioner Kraft, Ms. Kirsch, Ms. Krause, Mr. Lorenz, Ms. Carlson, Ms. Adair, Ms. Buche, and Commissioner Rodgers. Highlights from the discussion included the following:

- Mr. Bloomingdale said the County is currently in its fourth year of using Aon as its benefits consultant.
 - Mr. Bloomingdale said the County pays Aon about \$35,000/year.
 - Mr. Bloomingdale said Aon's contract expires on June 14, 2015.
- Mr. Bloomingdale said the County Board decided to do an RFP for a benefits consultant.
 - Ms. Carlson said the RFP was for a three-year bid.
- Mr. Bloomingdale said the RFP received responses from three companies:
 - Aon
 - SilverStone
 - The Creel Group
- Mr. Bloomingdale provided a handout with information about the proposals received from Aon, SilverStone, and The Creel Group (see Attachment #1).
 - This handout included these companies' proposed fees, names of some of their staff members who'd work on the County's account, and a list of some of their clients.
- Mr. Bloomingdale said a review committee was set up consisting of himself, Ms. Carlson, Mr. Lorenz, Ms. Buche, and Ms. Adair.
- Mr. Bloomingdale said the review committee interviewed Aon and SilverStone.
 - Mr. Bloomingdale said Aon and SilverStone both did a great job interviewing.

- The proposed fees from Aon and SilverStone were the following:
 - Year One
 - Aon: \$37,000
 - SilverStone: \$30,000
 - Year Two
 - Aon: \$38,110
 - SilverStone: \$30,900
 - Year Three
 - Aon: \$40,000
 - SilverStone: \$31,800
- Mr. Bloomingdale said the staff recommends selecting Aon.
 - Mr. Bloomingdale said the County would save between \$7,000 - \$8,000 per year with SilverStone, but in staff's mind that wasn't enough to propose changing companies.
 - Mr. Bloomingdale said Ms. Krause (of Aon) has done a great job for the County.
 - Mr. Bloomingdale said in his time, this is the first time an RFP was done after the first go around with a company the County Board was happy with.
 - Commissioner Borgeson said she's inclined to go along with staff's recommendation because there wasn't an issue with being unhappy with Aon's services.
- Commissioner Boyle said he believes the County Board ought to make a change.
 - Commissioner Boyle said the purpose in going out for a bid was to see if the County could get a better price.
 - Commissioner Boyle said both companies are professional, extremely competent, and do the kind of work the County needs, but SilverStone gave the County a better price.
 - Commissioner Boyle said the County Board ought to take advantage of the chance to save money.
 - Commissioner Kraft said he agreed with Commissioner Boyle.
- Mr. Bloomingdale said there is a comfort level with Aon, and he doesn't think the County wants to lose that, particularly since there is work needed to be done with premium equivalencies in about two months.
- Mr. Lorenz said what he gets worried about is the learning curve.
 - Mr. Lorenz said if there's something that isn't learned or communicated, the savings from a lower bid can go in a heartbeat.
 - Mr. Lorenz said the County has some major projects going on and is in midstream on a lot of things.
 - Mr. Lorenz said when decisions are made, it usually involves looking at things that can save the County at least six figures, sometimes seven figures.
 - Mr. Lorenz said when looking at the total perspective, he gets very concerned about what could happen in midstream on a transition, and it could end up costing the County.

- Mr. Lorenz said his recommendation could be different if the County was at the starting line, but it's the fact of where the County is and what the County has going on.
 - Commissioner Boyle said he doesn't think there is a learning curve.
 - Commissioner Boyle said both companies have the depth and are competent.
- Ms. Krause said in Aon's RFP, Aon did agree to negotiate a performance guarantee on their proposed fees.
- Ms. Kirsch said SilverStone's RFP included the names of the rest of their team the County would have access to.
 - Mr. Bloomingdale said Aon's did as well.
 - Commissioner Boyle said he'd like to see the other names listed by Aon and SilverStone.
- Commissioner Cavanaugh said he'd like to reach out to some of the companies served by Aon and SilverStone before making a decision.
 - Commissioner Cavanaugh said he's inclined to go along with staff's recommendation, but he'd like to have the opportunity to make those contacts.
 - Commissioner Cavanaugh asked Ms. Krause and Ms. Kirsch to provide Mr. Bloomingdale with contact information for their clients.
 - Commissioner Borgeson said she liked Commissioner Cavanaugh's idea.
 - Commissioner Borgeson said Mr. Bloomingdale can contact those other clients, and then report back to the County Board with what his findings are.

2. Discussion on Workers Compensation RFP

Speaking during this item were Mr. Bloomingdale, Commissioner Borgeson, Mr. Lorenz, Commissioner Boyle, Ms. Johnson, Commissioner Cavanaugh, Ms. Wallace, Ms. Buche, and Commissioner Kraft. Highlights from the discussion included the following:

- Mr. Bloomingdale said the decision was made to go with a third party administrator for workers' compensation.
 - Ms. Johnson, current Workers' Compensation Coordinator, will be retiring sometime in the near future.
 - Mr. Bloomingdale said if the County hired someone to replace Ms. Johnson, the County would have to purchase a software program, which would be in the high six figures.
- Mr. Bloomingdale said the County did an RFP for a third party administrator and received proposals from:
 - Creative Risk Services
 - EMC Risk Services
 - NRMA, Inc.
- Mr. Bloomingdale provided a handout with information about the proposals received (see Attachment #2).

- The quotes received for annual claims costs were the following:
 - Creative Risk Services: \$71,000 (\$39,000 for indemnity, \$32,000 for medical only).
 - EMC Risk Services: \$71,000 (\$51,000 for indemnity, \$20,000 for medical only).
 - NRMA: \$93,000 (\$60,000 for indemnity, \$33,000 for medical only).
- Mr. Bloomingdale said the three vendors have either an annual administration fee or a set up fee, as well.
 - Mr. Bloomingdale said there is an annual administration fee proposed by EMC Risk Services of \$2,750, and the County would pay that every year.
 - Mr. Bloomingdale said this includes reports, user access, and a licensing fee.
 - Mr. Bloomingdale said Creative Risk Services is proposing a one-time set up fee of \$10,000.
 - Mr. Bloomingdale said this fee basically serves the same purpose as EMC Risk Services' annual administration fee.
 - If the County did a contract with Creative Risk Services and that contract was extended, Mr. Bloomingdale said there would not be a re-imposition of the \$10,000 fee.
 - NRMA had set up fees, but the fees were provided in hourly rates.
- Mr. Bloomingdale said all three companies provided demonstrations of their software systems and they were all impressive.
- Mr. Bloomingdale said in addition to NRMA's costs being considerably more, the backup for all of the electronic data is done at a NRMA employee's house.
 - Mr. Bloomingdale said this was revealed during the interview process.
- Ms. Wallace said Creative Risk Services and EMC Risk Services were solid in their data processing practices.
 - Ms. Wallace also said both companies have been on their software for a long time, and they're very experienced with their software.
- Mr. Bloomingdale said the recommendation is to go with EMC Risk Services.
 - Mr. Bloomingdale said he relied heavily on Ms. Johnson, and Ms. Johnson recommends EMC Risk Services.
 - Ms. Johnson said EMC Risk Services' president is very available to talk at any time.
 - Mr. Bloomingdale said EMC Risk Services' software is more updated and they also have a hospital as a client.
- Ms. Wallace said the County will not have to buy any hardware, the third party administrator would take care of that.
- Mr. Bloomingdale as soon as the third party administrator could be put in place, Ms. Johnson would go part-time.
 - Mr. Bloomingdale said every third party administrator requires having somebody in-house that can act as an access between them and the employees.
 - Ms. Wallace said the third party administrator will provide training and provide Ms. Johnson access to their data.

- Mr. Bloomingdale said once Ms. Johnson has been working part-time for a while, it'll be known how much work this will actually entail.
 - Mr. Bloomingdale said there will likely be a request to hire a part-time person, unless it's not very much work, then it could be assigned to someone with the County already.
- Ms. Johnson said the third party administrator will not make a determination of compensability.
 - Mr. Bloomingdale said the third party administrator can make a recommendation to the County, but the ultimately it's the County who decides.
- Ms. Johnson said all indemnity payments are going to have to be made from the County.
- Ms. Johnson said the County will process current claims, and the third party administrator will handle all new claims.
 - Ms. Johnson said on the date the third party administrator starts, the third party administrator will take claims from then on.
 - Ms. Johnson said the County has three pending PTSD claims from Corrections.
- Commissioner Cavanaugh said he'd like to reach out to some of the references listed by the vendors and see if those references would indicate how much they pay per claim on indemnity or medical only.
 - Ms. Johnson said she did call references and the people she spoke to didn't want to share that information.
- Mr. Bloomingdale said a contract with EMC Risk Services could be presented for the County Board's consideration.
 - As far as the terms of the proposed contract, Mr. Bloomingdale said it could be for as long as the County Board decides.
 - Mr. Bloomingdale said generally the County Board does three-year terms.
 - Commissioner Cavanaugh said he would like to review some more information before formally revisiting this item.

3. Other business.

Speaking during this item were Commissioner Boyle, Ms. Kirsch, Ms. Krause, Mr. Bloomingdale, Commissioner Borgeson, Commissioner Kraft, Ms. Buche, and Ms. Adair. Highlights from the discussion included the following:

- Ms. Adair gave an update on the dependent audit and the social security dependents.
 - Ms. Adair said there are two employees who have not complied with the social security numbers for their dependent.
 - Ms. Adair said there were at least five notifications sent out.
 - Ms. Adair said those dependents will be terminated off the coverage.
 - Ms. Adair said regarding the dependent audit, around 300-plus dependents had not been verified as of the end of the previous week.
 - Ms. Adair said at least five notifications have gone out from Aon.
 - Ms. Adair said on May 20th, she will receive a list of those who have failed to comply.

- Ms. Adair said HR will send out a letter to those employees notifying them that their dependents will be removed from coverage on May 31st unless the appropriate documents are received by then.

The meeting adjourned at 3:12 p.m.