



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 14-079, **Version:** 1

- a. Approve and authorize the Contracts/Purchasing Officer to execute a consultant Agreement with Mercer Health & Benefits, LLC to commence on January 29, 2014, for the provision of consultant services regarding employee medical benefits options in an amount not to exceed \$25,000;
- b. Accept non-standard contract provisions as recommended by the County Administrative Office; and
- c. Authorize the Contracts/Purchasing Officer to sign amendments to the Agreement not to exceed 10% of the current contract amount under the same or similar terms as needed. (ADDED VIA ADDENDUM)

RECOMMENDATIONS:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer to execute a consultant Agreement with Mercer Health & Benefits, LLC to commence on January 29, 2014, for the provision of consultant services regarding employee medical benefits options in an amount not to exceed \$25,000;
- b. Accept non-standard contract provisions as recommended by the County Administrative Office; and
- c. Authorize the Contracts/Purchasing Officer to sign amendments to the Agreement not to exceed 10% of the current contract amount under the same or similar terms as needed.

SUMMARY/DISCUSSION:

Mercer Health and Benefits, LLC, will perform the following scope of work for possible self-insured program:

- Research the demographic of County employees and retiree databases, and develop actuarial estimate of future annual health costs projected over last 10 year horizon (5 years historical and 5 years projected) - or equivalent method to estimate insurance level requirements.
- Evaluate all PERS Health Insurance offerings reviewed as PERS offers many various programs not exclusive to Anthem.
- Project costs of PERS/Anthem for County insurance costs over the 5 year horizon, and compare to generally available market insurance rates in region.
- Advise on availability of Covered California and other products offered to large public sector employees, and if available, comparative quality and value to PERS/Anthem product.
- Recommend self-insurance programs that County could develop independently, and associated cost savings (if any) that could be realized in comparison to conventional insurance products.

The County Administrative Office recommends utilizing Mercer Health and Benefits, LLC to perform this work because of the familiarity with Monterey County's employee book of business at it relates to the benefits. They have the staff experience and expertise to complete this work expeditiously. Mercer Health & Benefits, LLC requires the County to utilize their agreement form in order to proceed with the desired services. The approval of the vendor's Agreement is necessary to proceed with the important and time sensitive evaluation.

OTHER AGENCY INVOLVEMENT:

The Agreement was not approved by County Counsel and/or Risk Management due to the presence of the following non-standard and unacceptable terms/conditions in the Agreement: undisclosed costs, nonstandard and limited indemnification/liability, non-conforming insurance types and amounts, as-is/no warranty, and jurisdiction in New York.

Natividad Medical Center has agreed to fund this effort.

FINANCING:

There is no impact to the General Fund. The source of the funding for the Mercer Health & Benefits, LLC Agreement is from Natividad Medical Center (NMC) [451-9600-8421-NMC001-6613]

Approved by:

Manuel T. González
Assistant County Administrative Officer

Dated: January 22, 2014

Attachments: Mercer Engagement Letter Agreement (11/17/13)
Mercer Statement of Work for Self Insured Feasibility Study (11/17/13)

cc: Dewayne Woods, Assistant County Administrative Officer