

**Third Amendment to the Health Care Consultant Agreement**  
**between**  
**The City of Overland Park, Kansas**  
**and**  
**Mercer Health & Benefits LLC**

This third amendment (the “Third Amendment”) is made as of June \_\_\_\_, 2012, by and between the City of Overland Park, Kansas (“City”) and Mercer Health & Benefits LLC (“Consultant”).

**WHEREAS**, City and Consultant entered into a Health Care Consultant Agreement commencing on June 1, 2007 (the “Agreement”) whereby City engaged Consultant to provide certain services to City under the terms and conditions set forth in the Agreement; and

**WHEREAS**, the City and Consultant subsequently on May 30, 2010 entered into an amendment to the original June 1, 2007 Agreement, (the “Amendment”) whereby the parties agreed to certain limitations of liability and other matters; and

**WHEREAS**, the City and Consultant subsequently on June 20, 2011 entered into a Second Amendment to the original June, 2007 Agreement and the May30, 2010 Amendment to the Health Care Consulting Agreement, (the “Second Amendment”) whereby the parties agreed to certain terms and conditions; and

**WHEREAS**, the parties now wish to amend the Agreement, the subsequent Amendment dated May 30, 2010 and the Second Amendment to the Agreement, as provided below.

**NOW, THEREFORE**, in consideration of the mutual promises and undertakings contained herein, the parties agree to be legally bound as follows:

**1. SECTION IV. RESPONSIBILITIES AND OBLIGATIONS OF CONSULTANT**

shall be amended by replacing the existing language with the following provisions:

Consultant shall provide a comprehensive review of the City’s health benefits program and will assist in the ongoing management of its self-funded health plan and insured dental programs. The Consultant will work with the City’s Human Resources Department and management staff. The consultant will also be asked to periodically prepare and make presentations at meetings of the City’s Executive Leadership Team, the City Council and/or standing committee(s) of the City Council. The following describes the services and deliverables the Consultant agrees to provide pursuant to the terms of this Agreement:

A. Evaluate current City health benefits and related financial performance and data.

- 1) Review the City’s current health and dental benefits plans, including evaluation of data on plan member demographics, claims, premiums and other data/information necessary to provide a comprehensive analysis and evaluation of the plans.
- 2) Review and evaluate the financial structure, premiums, reserves, fees, administrative and stop loss insurance related to the City health benefits plans.
- 3) Recommend alternative methods for the City’s consideration for all aspects of the health benefit plans, including (but not limited to) plan design, self insured structure,

- plan pricing, plan funding and employee/employer premium structure.
- 4) Recommend other actions or reviews that would assist in the City's understanding of the current state of the plan.

B. Plan Design and Rate Negotiation

- 1) Provide recommendations for and assist in the design of the City's health and dental plans.
- 2) Draft and distribute RFP's to carriers and/or administrators.
- 3) Evaluate responses to RFP, including funding options and cost analyses.
- 4) Present results and make recommendations to facilitate the City's plan selection.
- 5) Assist the City in negotiations with selected carrier(s) and administrator(s).

C. Medical Plan Management

- 1) Provide monthly and/or quarterly review and analysis of health and dental benefit plan expenses including an analysis of claims data and summaries of claims, administrative and stop-loss expenses.
- 2) Provide analysis and review of loss ratio and claims history, and emerging utilization trends.
- 3) Conduct annual benchmarking in terms of health benefit plan design and premium contribution of city's health plans against other comparable organizations on a national, regional, and local basis.
- 4) Evaluate plan financial performance and funding strategy.
- 5) Evaluate reserve status and requirements.
- 6) Assist in evaluating the effectiveness of the City's wellness initiatives.
- 7) Assist in evaluating the efficiency of the administrative service provider's performance and reporting and determination of ongoing reporting needs.
- 8) Provide actuarial certification for the City's COBRA rates and provide actuarial attestation for the Medicare Part D subsidy should the City make application.

D. Employee Benefit Regulatory Affairs

- 1) Review and assist the City in interpreting federal (and state if applicable) laws and regulations impacting the Health Plan.
- 2) Assist in an advisory capacity with the City's Appeals Board in reviewing and ruling on appeals from members covered by the Health Plan.
- 3) Review plan documents and provide interpretation.
- 4) Research legal and technical issues and provide information in response to legal and technical questions regarding employee benefit issues.

E. Employee Communication

- 1) Assist with planning and coordinating annual open enrollment and with other employee meetings as needed regarding the City's group health and dental plans.
- 2) Help educate employees in the effective use of plans in containing costs and assist

with development of employee communication materials.

F. Long-Range Planning

- 1) Provide ongoing review of City's group health and dental programs.
- 2) Assist in development of long-range plans and objectives for the City's health benefit plans.
- 3) Review and discuss contribution and pricing strategies.
- 4) Keep apprised of new products and trends in the health insurance industry and the Kansas City marketplace.
- 5) Provide ongoing review of existing programs; recommend changes in plan provisions, delivery systems, financing alternatives, employee/employer contributions and other areas as may be deemed appropriate by the City and the Consultant.
- 6) Provide assistance in the implementation of all new plans or changes to existing plans.

G. Feasibility study for on-site clinic.

- 1) In accordance with the Statement Of Work attached hereto as Exhibit A to this Third Amendment conduct a feasibility study for an on-site clinic operations for the City.
- 2) Using Consultant's proprietary on-site clinic feasibility projector, provide a preliminary three year projection of the possible financial impact of the City's introduction of an onsite clinic.
- 3) Quantify the three-year projected savings from the possible implementation of on-site clinic services.
- 4) Provide the deliverables more specifically set forth in Exhibit A.

2. **SECTION VI. CONSIDERATION AND PAYMENT TERMS** shall be amended by replacing the existing language with the following provisions:

Except as otherwise provided in this Section VI, City shall pay Consultant the following compensation for services provided to the City:

**June 1, 2012 to May 31, 2013**

Medical and Dental ongoing services	\$62,500.00
-------------------------------------	-------------

**June 1, 2013 to May 31, 2014 (should the City renew this Agreement)**

Medical and Dental ongoing services	\$65,600.00
Medical Marketing Project	\$20,000.00
Dental Marketing Project (if required)	\$5,000.00

**Feasibility Study for On-site Clinic**

No more than \$10,000, based on satisfactory performance of services and the submission of detailed monthly statements of services separate from the monthly statement set forth below under Payment Terms.

In addition, the parties acknowledge that the Consultant is entitled to receive the following compensation in the form of commissions on ancillary insurance coverage as indicated below:

**American Family Assurance Company (AFLAC):**

Cancer Insurance

Standard commission schedule for new policies written after 6/1/11

**Lincoln Financial:**

Basic Life & Dependent Life Insurance;

Basic AD&D;

Long Term Disability;

Optional Life;

Optional Short Term Disability;

**Commissions:**

All coverages pursuant to commission schedule

**Application Software, Inc. (ASI)**

Flex Administration

Net of commissions

**Corporate Care:**

Wellness Program

Net of commissions

**UNUM Life Insurance Company:**

Long Term Care Insurance

Commissions:

Pursuit to commission schedule

**Payment Terms**

Consultant is to remit a monthly invoice for one-twelfth (1/12) of the annual consideration as set forth in Paragraph A above, to the City's Manager, Personnel Services that records the Consultant's monthly activity and the hours expended. Payment for services rendered by Consultant are due and payable by City within 30 days of receipt of invoice from Consultant.

**Cash Basis Law**

The City is obligated only to make payments under this Agreement as may be lawfully made from funds budgeted and appropriated for the purposes as set forth in this Agreement during the City's current budget year. In the event the City does not so budget and appropriate the funds, the parties shall be relieved from all obligations, without penalty, under this Agreement.

3. **SECTION XII. TERM**, shall be amended and restated to read as follows:

The term of this Agreement shall commence on June 1, 2012 and shall continue in force through May 31, 2013, unless sooner terminated as provided in this Agreement. The parties agree that the term of this Agreement shall be considered continuous and without interruption from the date of execution by the parties through the term set forth in this Third Amendment, unless otherwise terminated as provided in this Agreement, notwithstanding this Third Amendment is executed subsequent to May 31, 2012. In addition, the parties agree that the term of this Agreement may be extended for an additional one-year term upon the mutual written agreement of the City and the Consultant.

- 4. Other Terms. All other terms and provisions of the Agreement as amended by the Amendment dated May 30, 2010 and the Second Amendment to Agreement, not otherwise amended hereby, shall remain in full force and effect. In the event of any inconsistency between the terms of this Third Amendment and the Agreement, the terms of this Third Amendment shall govern and control.
- 5. Severability. It is the intent of the parties that the provisions of this Third Amendment shall be enforced to the fullest extent permitted by applicable law. To the extent that the terms set forth in this Third Amendment or any word, phrase, clause or sentence is found to be illegal or unenforceable for any reason, such word, phrase, clause or sentence shall be modified deleted or interpreted in such a manner so as to afford the party for whose benefit it was intended the fullest benefit commensurate with making this Third Amendment as modified, enforceable and the balance of this Third Amendment shall not be affected thereby, the balance being construed as severable and independent.

IN WITNESS WHEREOF, the parties, through their authorized representatives, have accepted, agreed and executed this Third Amendment in triplicate this \_\_\_\_ day of June, 2012.

ATTEST:

CITY

\_\_\_\_\_

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

APPROVED AS TO FORM:

\_\_\_\_\_  
Michael R. Santos  
City Attorney

Mercer Health and Benefits LLC

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

ATTEST:

\_\_\_\_\_  
Asst. Secretary

CORPORATE ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

BE IT REMEMBERED That on this \_\_\_\_\_ day of \_\_\_\_\_, 2012, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came \_\_\_\_\_, \_\_\_\_\_ of Mercer Health and Benefits LLC, a corporation duly organized, incorporated, and existing under and by virtue of the laws of \_\_\_\_\_, who is personally known to me to be such officer and who is personally known to me to be the same person who executed as such officer the above instrument on behalf of said Corporation, and such person duly acknowledged the execution of the same to be the act and deed of said Corporation.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Appointment Expires

\_\_\_\_\_



**Marian R. Govreau**  
Principal

2405 Grand Boulevard, Suite 900  
Kansas City, MO 64108-2519  
816 556 4867  
marian.govreau@mercer.com  
www.mercer.com

## Exhibit A

Mr. Mike Russo  
Manager, Employee Benefits  
City of Overland Park, Kansas  
8400 Santa Fe Drive  
Overland Park, KS 66212

June 7, 2012

## Statement of Work (“SOW”) – On-site Clinic Project

Dear Mike:

Thank you very much for the opportunity to present this proposal to conduct a feasibility study for on-site clinic operations for the City of Overland Park. Please contact me at your convenience for any questions or change requests that you might have.

The objective of this Statement of Work (“SOW”) is to confirm the scope of our work and the compensation for this engagement. This SOW is subject to the terms and conditions contained in our original agreement executed May 21, 2007, and the subsequent amendment executed May 30, 2010.

### **Project Details: Onsite Clinic Feasibility Projection**

Using Mercer’s proprietary on-site clinic feasibility projector, we will provide a preliminary three year projection of the possible financial impact of the City of Overland Park’s introduction of an onsite clinic.

The projector does the following:

- Analyzes average health plan paid medical claims for the City of Overland Park region MSA, based on the Mercer national claims database.
- Determines the likely amount of basic primary care services that could be delivered onsite for the City of Overland Park over time.
- Estimates the three-year costs of operating a clinic assuming projected cost and utilization trends. This will include such expenses as:
  - a. Staffing (clinical and non-clinical): salaries/benefits, recruiting, certifications, licensure, training, etc.
  - b. Medical equipment and supplies: start-up and ongoing routine and emergency
  - c. Facility expense: initial build-out, furnishings, equipment (incl. amortization schedule) and rent, as applicable

Page 2  
 June 7, 2012  
 Mr. Mike Russo  
 City of Overland Park, Kansas

- d. Systems and data management: clinic administration systems, electronic medical record (EMR), hardware/software and IT security
- Quantifies the three-year projected savings from the clinic services in terms of:
  1. Avoided health plan costs from:
    - i. Replacing outside care (e.g. ER visits of questionable appropriateness) with potentially more cost-effective care onsite
    - ii. Better health management (screening/prevention, care support, wellness, etc.)
  2. Improved productivity and reduced lost time from fewer intermittent absences for outside medical care during work hours and disabilities.

Once we have completed our analysis, we will meet with the City of Overland Park to review the results and the assumptions made.

**Deliverable:** Presentation of Three-Year Clinic Feasibility Estimate

*Key Features:* three-year savings estimates, detailed operational cost projections, ROI estimate (both direct and indirect savings), detailed explanation of assumptions and methodology, summary of risk and legal implications of recommended model, industry benchmarks (based on most recent Mercer survey data)

**Timeframe**

Below is our preliminary estimate of the timing for the key project steps.

Primary Tasks/ Deliverables	Timeframe	Responsible Parties	
<b>Opportunity and Cost/Benefit Analyses – Clinic Calculator</b>	<b>3 Weeks</b>	<b>City of Overland Park</b>	<b>Mercer</b>
Request data inputs	Week 1		√
Receive data inputs	Week 2	√	√
Load projector inputs and regional MSA data	Week 2		√
Prepare report, draft final recommendations and business case presentation	Week 2		√
Present final report	Week 3	√	√



Page 3  
 June 7, 2012  
 Mr. Mike Russo  
 City of Overland Park, Kansas

**2. Description of client responsibilities:**

The City of Overland Park is expected to assist Mercer in providing the necessary information for assessment purposes.

To load the projector, Mercer requests the following information

<ul style="list-style-type: none"> <li>• # eligible clinic employees (Plan/Non-plan)</li> <li>• # eligible clinic dependents (Plan/Non-plan)</li> <li>• Expected annual population growth</li> <li>• Current Health Plan design</li> <li>• Average age</li> <li>• Average Salary</li> <li>• Typical employee hours</li> <li>• Available square feet of space for clinic</li> <li>• List of current health management vendors</li> <li>• Average employee commute time</li> </ul>	<ul style="list-style-type: none"> <li>• Current OV co-pay</li> <li>• Total Inpatient paid (recent 12 months)</li> <li>• Total Outpatient paid (recent 12 months)</li> <li>• ER Visits per year</li> <li>• Inpatient Admissions per year</li> <li>• Average cost per inpatient day</li> <li>• Average Length of Stay</li> <li>• Employee Benefit Load</li> <li>• %Male/Female</li> <li>• Most recent annual health plan report</li> </ul>
--	---

**3. Estimated period of time over which work will be performed:**

Mercer estimates a 3 week timeline for completion of all activities related to this project. We suggest a results presentation meeting approximately three weeks after project initiation.

**Staffing**

Consultant	Role/Expertise
<b>Bruce Hochstadt, MD</b>	Project leader Expertise in site-based health management services
<b>David Keyt, MS</b>	Total Health Management senior associate Day-to-day project coordination and analysis



Page 4  
June 7, 2012  
Mr. Mike Russo  
City of Overland Park, Kansas

**Fees**

Our professional fees are estimated at \$10,000 for this project. If the scope of services or staffing requirement changes, the project timing and professional fees will be adjusted in advance by mutual agreement.

We also bill for project related expenses (travel, etc.) at cost. We invoice monthly.

**Mercer (US), Inc.**

**Mercer Health & Benefits LLC**

By: Marian R. Govreau

Name: Marian R. Govreau  
(Please Print)

Date: June 7, 2012

Title: Principal

**ACCEPTED AND AGREED**  
**City of Overland Park, Kansas**

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

Name: \_\_\_\_\_  
(Please Print)

Date: \_\_\_\_\_

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

Page 5  
June 7, 2012  
Mr. Mike Russo  
City of Overland Park, Kansas

## Select Consulting Biographies

### **Bruce Hochstadt, MD**

Bruce manages Mercer's national consulting practice addressing employer worksite (on-site/near-site) clinics. He is a Chicago-based consultant in Mercer's Total Health Management Practice with experience in the medical management and delivery side of health care.

Prior to joining Mercer, Bruce was the National Health Management Practice Leader at another major health benefits consulting firm where he established an active practice advising employer clients on worksite health facilities. Bruce has consulted on numerous worksite clinics to public and private-sector employer groups ranging from 500 to over 500,000 covered lives.

Bruce has helped to develop analytics for modeling potential worksite clinic utilization, savings (direct medical expense and lost time reduction) and clinical outcomes improvement. He has applied objective metrics to the ongoing measurement and evaluation of on-site clinics financially and clinically, as well as subjective ones to gauge employee perceptions, adoptions rates and satisfaction levels.

Bruce holds a bachelor's degree in biochemistry from Harvard University, a medical degree from Boston University and a master's degree in business administration from The Wharton School of the University of Pennsylvania in healthcare management.

Page 6  
June 7, 2012  
Mr. Mike Russo  
City of Overland Park, Kansas

### **David Keyt, MS**

David has been a consultant in the Health & Benefits practice in Mercer's Chicago office and a member of the National Total Health Management (THM) Group since 2005. His role as a Senior Associate is to provide consulting services to various clients as it relates to their clinic related health management programs/strategies by developing, implementing, and evaluating onsite health programs.

David has worked as a consultant on 50+ clients and 100+ projects. His onsite health work at Mercer includes: development of conceptual frameworks, financial feasibility modeling, vendor evaluation and selection, contract negotiations, implementation, auditing, development and monitoring of performance standards, incentive strategy and program measurement and evaluation.

Through his experience he has gained working knowledge of and established relationships with best-in-class vendors for programs across the health care continuum. David collaborates with Mercer's Health & Benefits practice in areas such as RFP analysis, renewal process, network evaluation, data analysis, and benchmarking.

David holds a bachelor's degree in economics from Colgate University and a master's degree in applied health from the University of Illinois. David currently holds his Group Benefits Associate (GBA) designation and is studying for a CEBS designation.