



City Contract Routing Form

City Contract #: 9763-1

Section 1 – Attach Contract Documents



(multiple files can be uploaded)

Is an insurance certificate attached?

☐ Yes☒ No/Not applicable

Comments: _____

Section 2 – Fill Out Contract Details

Date: 10/3/2023 Department: Human Resources Division: Human Resources Mail Stop: 3NHRProject Administrator Name: Nicole Bruce Extension: 2124

Project Manager Name (if different than above): _____ Extension: _____

Contract Type: Consulting Services If other, please indicate: _____Contract Title: Gallagher Processional Services Amendment 1Contractor/Consultant Business Name: Arthur J. Gallagher & Co.Contract Description: Healthcare BrokerProject ID #: _____ Project Category: _____ Budget/Account #: 511.32006.00410.5137Council Approval Date: 10/5/2023 Agenda Memo #: 21-151 RFP/IFB/RFQ #: 10733-2 Procurement Category: _____☐ New Contract

Total Amount: _____

Start Date: _____ End Date: _____

Renewal Option (Y/N): _____ If yes, how many? _____

☒ Amendment/Renewal/Change Order #: 1 Original CC #: 9763New Start Date: 10/1/2023 New End Date: 9/30/2025Current Contract Amount (including all previous amendments/change orders): \$360,000 for two yearsAmount of this Amendment/Change Order (proposed increase/decrease): 0New/Cumulative Contract Amount: \$360,000 for two years

Section 3 – Route Contract for Signatures and Approvals

☒ Department Director: Cathryn Laird Date: 10/3/2023 Comments: _____
DocuSigned by: 7C0092BCC9C549B...
☐ TIS Director: _____ Date: _____ Comments: _____

☒ City Attorney: James E. Haney Date: 10/13/2023 Comments: _____
DocuSigned by: 85394CE98994B5...
☒ Risk Manager: Kelley Cochran Date: 10/18/2023 Comments: _____
DocuSigned by: 581CDD1AF985491...
☒ Mayor or Designee: Kelley Cochran (Mayor Designee) Date: 10/18/2023 Comments: _____
DocuSigned by: 5D9FC672714C4E4...
☒ City Clerk's Office: Cheryl Xanthos Date: 10/18/2023 Comments: Electronic Original - in Hummingbird
DocuSigned by: E725E589818E4E1...
☒ Purchasing: no signature required – for copy only



Amendment No. <u>1</u>		Organization and Address Arthur J. Gallagher & Co. 777 108th AVE NE, Ste 200 Bellevue, WA 98004	
Original Agreement Number 9763		Phone:	
Project Number NA	Execution Date 10/1/2023	Completion Date 9/30/2025	
Project Title Healthcare Broker		New Maximum Amount Payable \$ 360,000 for two years	
Description of Work Executing the first of two two-year renewal extensions.			

The Local Agency of City of Redmond

desires to amend the agreement entered into with Arthur J. Gallagher & Co.

and executed on 10/1/2021 and identified as Agreement No. 9763

All provisions in the basic agreement remain in effect except as expressly modified by this amendment.

The changes to the agreement are described as follows:

I

Exhibit A, SCOPE OF WORK, is hereby changed to read:

No changes to previous scope.

II

Exhibit B, PAYMENT SCHEDULE, shall be amended as follows:

Based on Scope of Services outlined in Exhibit A we propose a monthly fee of \$9,004.50 per month. Gallagher will guarantee the fee for the initial two-year agreement and two optional two-year renewal terms for a maximum total term of six years.

For Billing and COBRA administration services, Gallagher proposes continuation of the following fee schedule and will guarantee fees for full six-year agreement.

- Single Billing Services \$6.25 PEPM fee, or \$3 PEPM while Premera is the TPA, beginning 1/1/2024
- COBRA administration \$1.00 PEPM fee, or through Flex at \$.90 PEPM
- COBRA renewal fee \$40 per line of COBRA eligible coverage (billed at renewal), no longer applicable 1/1/2024 through Flex.
- COBRA general notice fee \$4 per notification

III

Exhibit C, OPTION FOR NEWEWAL, shall be amended as follows:

The City reserves the right to renew this contract for **one (1)** additional two-year renewal term, for a potential maximum total term of six (6) years, upon serving notice to Consultant within thirty (30) calendar days prior to expiration. If a renewal provision is exercised, all terms and conditions of original contract shall remain in full force and effect. A renewal will be accomplished through a separate contract with reference to the original contract. Acceptance of a renewal offer will be by mutual agreement of both parties. The Mayor or designee is authorized to exercise this renewal option.

Should the City exercise a renewal option, the City and Consultant may discuss any necessary changes to services and will confirm price/rates prior to each renewal. The Consultant has agreed to guarantee the fees for the initial two-year agreement and two optional two-year renewal terms for a maximum total term of six years for the scope of work outlined in Exhibit A. Any changes to the scope of work may result in price/rates and acceptance of such a request will be at the sole discretion of the City.

IV

Exhibi D MODIFICATIONS, shall be amended as follows:

No changes to previous modifications.

as set forth in the attached Exhibits, and by this reference made a part of this amendment.

If you concur with this amendment and agree to the changes as stated above, please sign in the appropriate spaces below and return to this office for final action.

By: Kevin Cipoletti, Area President

Kevin Cipoletti

Digitally signed by Kevin Cipoletti
Date: 2023.10.03 11:48:05 -07'00'

Consultant Signature

By: Kelley Cochran (Mayor Designee)

DocuSigned by:

Kelley Cochran (Mayor Designee)

3D9FC072714C4E4...

Approving Authority Signature

10/18/2023

Date

Exhibit A - Scope of Work

Benefit Strategy & Consulting

- Provide insurance brokerage and advisory services associated with self-insured, employee benefit plans. This includes, but is not limited to, negotiating with insurance providers, analyzing options, and making recommendations
- Contribute to the development of objectives and initiatives through strategic planning
- Advise the City regarding plan design issues, plan management, wellness, potential cost savings, and reducing health plan expenditures while retaining a competitive benefits program

Actuarial Analysis & Reporting

- Conduct annual underwriting analysis of Medical, Dental and Vision financial experience, claims experience, and future funding requirements and provide oversight of the following:
 - Data collection
 - Analysis of data and validation of trends
 - Projection of expenses for the next fiscal year
 - Recommendations regarding funding reserves
 - Determination of funding rates and COBRA rates for the following plan year
 - Calculation of prospective employee and employer contributions
 - Assist with annual report to Office of Financial Management
 - Includes actuarial review and sign-off of underwriting analysis
- Competitively market stop loss annually or other lines of coverage, as needed

Compliance & Regulatory Consulting

- Communicate information regarding changes in statutes, rules and regulations regarding our responsibility under federal and state laws, the Affordable Care Act (ACA), the management of benefits and the self-funded plan to the Mayor, an executive team, labor representatives, EBAC, employees and elected officials
- Provide legislative updates, including Technical Bulletins and Directions newsletters
- Review benefit plan documents, including summary plan descriptions, contracts, employee summaries, and policies/procedures
- Conduct periodic seminars on regulatory issues

Account Management

- Manage plan changes with vendors as necessary
- Provide leadership and management of carrier relationships
- Review, coordinate and implement Client agreed upon plan "best practices" to help limit plan liability and increase participant satisfaction
- Help identify opportunities for streamlining and improving administration procedures

Employee Education, Communications & Advocacy



- Provide custom open enrollment and new employee orientation benefit planners and/or bulletins and other communications pertaining to the health and welfare program
- Facilitate open enrollment with in-person meetings, benefits fair(s), webcasts (recorded or live)
- Build custom online self-service employee benefits portal
- Support HR, employees, and family members with employee advocacy
- Provide quarterly call log reporting of benefit advocacy center activity
- Assist with participant wellness initiatives, as directed by Client
- Provide monthly employee education flyer for distribution to employees

Employee Benefits Advisory Committee (EBAC)

- Meet with City representative and the Employee Benefits Advisory Committee (EBAC) monthly to communicate with employees and educate regarding statutory and/or legal requirements and the financial status of the program
- Collaboratively participate in agenda setting

Provide Administrative Services

- Single billing services
- COBRA Administration

Exhibit B - Payment Schedule

Based on Scope of Services outlined in Exhibit A we propose a monthly fee of \$9,004.50 per month. Gallagher will guarantee the fee for the initial two-year agreement and two optional two-year renewal terms for a maximum total term of six years.

For Billing and COBRA administration services, Gallagher proposes continuation of the following fee schedule and will guarantee fees for full six-year agreement.

- Single Billing Services \$6.25 PEPM fee, or \$3 PEPM while Premera is the TPA beginning 1/1/2024
- COBRA administration \$1.00 PEPM fee, or through Flex at \$.90 PEPM
- COBRA renewal fee \$40 per line of COBRA eligible coverage (billed at renewal), no longer applicable 1/1/2024 through Flex.
- COBRA general notice fee \$4 per notification



Exhibit C - Option for Renewal

The City reserves the right to renew this contract for one (1) additional two-year renewal terms, for a potential maximum total term of six (6) years, upon serving notice to Consultant within thirty (30) calendar days prior to expiration. If a renewal provision is exercised, all terms and conditions of original contract shall remain in full force and effect. A renewal will be accomplished through a separate contract with reference to the original contract. Acceptance of a renewal offer will be by mutual agreement of both parties. The Mayor or designee is authorized to exercise this renewal option.

Should the City exercise a renewal option, the City and Consultant may discuss any necessary changes to services and will confirm price/rates prior to each renewal. The Consultant has agreed to guarantee the fees for the initial two-year agreement and two optional two-year renewal terms for a maximum total term of six years for the scope of work outlined in Exhibit A. Any changes to the scope of work may result in price/rates and acceptance of such a request will be at the sole discretion of the City.



Exhibit D - Modifications

Consulting Services Agreement

Page 4, Section 6 'Ownership of Work Product' which reads "Any and all documents, drawings, reports, and other work product produced by the CONSULTANT under this agreement shall become the property of the CITY upon payment of the CONSULTANT'S fees and charges therefore. The CITY shall have the complete right to use and re-use such work product in any manner deemed appropriate by the CITY, provided, that use on any project other than that for which the work product is prepared shall be at the CITY'S risk unless such use is agreed to by the CONSULTANT" is amended read: "Gallagher will retain sole and exclusive ownership of all right, title and interest in and to its intellectual property and derivatives thereof which no data or confidential information of City was used to create and which was developed entirely using Gallagher's own resources. To the extent Gallagher's intellectual property is necessary for City to use the services provided, Gallagher will grant to City a non-exclusive, royalty-free license to Gallagher's intellectual property solely for City's use of such services."

Page 5, Section 9 'Insurance,' which reads "Excepting the professional liability insurance, the City will be named on all insurance as additional insured" is amended to read: "Gallagher will name the City as primary non-contributory additional insured on its Commercial General Liability Policy (not Worker's Compensation and Employer's Liability) and it will be via Certificate of Insurance, not an endorsement."

Page 5, Section 9 'Insurance' - Insurance amounts for both general public liability & property damage, and professional liability insurance shall be increased from \$2,000,000 each to \$5,000,000 each.

Page 5, Section 9 'Insurance,' which reads "No cancellation, reduction or modification of the foregoing policies shall be effective without thirty (30) days prior written notice to the City" is amended to read: "Gallagher's insurers are not required to provide advance notice of cancellation/non-renewal via the terms of the policies. Therefore, Gallagher will not provide 30 days prior notice to its clients of changes in policy. Rather, any cancelled or non-renewed policy will be replaced with no coverage gap and a current Certificate of Insurance will be provided to the City."

Redmond Business Associate Agreement

Page 2, Section 2.4(b) 'Reporting Non-Permitted Use, Disclosure, or Breach.' - The agreement will constitute notice of unsuccessful security incident.

Page 2, Section 2.4(c) 'Reporting Non-Permitted Use, Disclosure, or Breach' - The term "potential breach" in this section, which reads "Business Associate shall report to Covered Entity a Breach or potential Breach of Unsecured PHI without unreasonable delay..." shall be removed.

Page 6, Section 6.4 'Insurance' incorporates the following changes:

- Gallagher can only agree to name the City as primary non-contributory additional insured on its Commercial General Liability policy.
- Gallagher will not provide clients with copies of actual policies. It will evidence via Certificates of Insurance.



- Gallagher's insures are not required to provide advance notice of cancellation/non-renewal via the terms of the policies, so Gallagher cannot agree to provide two (2) days prior notice to its clients. Rather, any cancelled or non-renewed policy will be replaced with no coverage gap and a current Certificate of Insurance will be provided to the City.

