

Service Agreement Between
City of Lee's Summit and Holmes Murphy & Associates LLC

Holmes Murphy needs to provide the following services as outlined in their service agreement.

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Design Strategy and Option Modeling Emerging trends (i.e. consumerism, health & wellness, etc.) will continue to have a profound impact on future plan design options and decisions. Understanding the selection patterns and how that can increase or decrease the ultimate costs is critical in designing a multi-tiered plan program. We continue to evaluate alternative funding methods, such as self-funding, annually for the City.

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Prepare and make presentations to the Mayor and City Council, Leadership and staff as requested: Our team is familiar with the staff, Council and Leadership at the City and is uniquely positioned to communicate ongoing projects to them.

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Provide City quote on separate Rx plans that would include transparency options, if requested: While the need has not yet surfaced, if self-funding becomes a viable option, we have internal and 3rd party resources that allow for effective analysis of the most cost-effective approach in a self-funded environment to source Rx fulfillment.

Scope of Work, Exhibit B

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- Analyze existing coverage and identify or develop cost-saving alternative benefit strategies and plans when increases are projected or if the benefit marketplace adjusts to where a more advantageous position may be available to the City.
- Assist in the development of long-range goals and strategies, including projections and possible savings.
- Periodic (but not less than semi-annual) written review of the City's health insurance programs and ancillary products coverage, loss data, and recommendations for modification, additional coverage/services, updating existing coverage or provide

recommendations for a change in terms, conditions, limits of coverage and cost savings based on best industry practices.

- Identify and compare alternative health insurance plan design, funding arrangements and implications for City regarding City cost, employee costs and administration cost for now and trends moving forward.
- Provide financial and performance review of self-funded or fully insured plans. Determine annually the financial impact of different funding mechanisms.
- Plan and implements quarterly meeting to present analysis of City's health programs including an analysis of claims data, administrative fees, utilization and stop loss expenses and available to provide various reports as needed (i.e. benefit changes, financial, forecasting, trend analysis and experience reports).
- Provide annual estimates of renewal rate and cost trends to assist City staff in preparation of budget/renewal at least 12 times annually.
- Provide recommendations in the area of design, funding, cost and administration.
- Conduct renewal negotiations with providers and prepare a complete detailed accounting of claims, provider fees, administrative expenses and charges.
- Recommend risk mitigation measures.

Requests:

1. Provide City quote on separate Rx plans.
2. Provide analysis of the most cost-effective approach in a self-funded environment to source Rx fulfillment.
3. Provide analysis for cost-saving alternative benefit strategies, evaluate alternative funding methods, such as self-funding, and risk mitigating measures including:
 - a. Health Reimbursement Arrangement (HRA) and spousal HRA.
 - b. Other level funded strategies such as stop loss coverage, year-end refunds.

Requests:

4. Develop cost-saving alternative benefit strategies and plans and assist in the development of long-range goals and strategies, including projections and possible savings.
5. Provide the periodic (but not less than semi-annual) written reviews of the City's health insurance programs and ancillary products coverage, loss data, and recommendations for modification, additional coverage/services, updating existing coverage or provide recommendations for a change in terms, conditions, limits of coverage and cost savings based on best industry practices.
6. Compare alternative health insurance plan design, funding arrangements and implications for City regarding City cost, employee costs and administration cost for now and trends moving forward.
7. Provide the last 12 months claims data, administrative fees, provider fees, utilization and stop loss expenses.
8. Provide the 12 different annual estimates of renewal rate and cost trends to assist City staff in preparation of budget/renewal.
9. Provide the commissions received for not only for bonuses, overrides, rebates, etc from health providers along with the current contractor fee to the Lee's Summit.

Requests:

The City of Lee's Summit to provide the following for City Council and Mayor for budgeting purposes:

1. Provide the General Fund Budget based on Expense Categories where Personnel Services is approximately 64% of the budget.
2. Provide the detailed breakout of the "Personnel Services" budget line item to show total costs of each health insurance expense such as Rx, Health, Dental, Vision, etc.
3. Prepare to speak about these costs in relation to the overall budget and in relation to the total Personnel Services line item.

4. Prepare documentation to show what best practices are with regard to this percentage of the budget.