

EM SUBMISSION NO.: EMA 0922015

PRESENTED: 3-5-15

ADOPTED: 3-11-15

**Resolution Authorizing Professional Benefits Services, Inc. to Act as Third Party
Administrator for Retiree Healthcare Billing Services**

BY THE EMERGENCY MANAGER:

The Finance Department is recommending that Professional Benefits Services, Inc. be retained as a third party administrator to provide and manage retiree healthcare billing services on behalf of the City of Flint for the period April 1, 2015 through March 31, 2016. The estimated costs for these services are not to exceed \$26,000 per year.

IT IS RESOLVED, that the appropriate City officials are authorized to enter into an agreement with Professional Benefits Services, Inc. for these services. Costs for these services are not to exceed \$26,000 per year. Funding for these services is to come from Retiree Health Insurance account #627-000.105-801.000. The Finance Department is authorized to extend this contract under the same terms and conditions for an additional three months if the need for the services continues.

APPROVED AS TO FORM:


Peter M. Bade, City Attorney


Natasha L. Henderson, City Administrator

APPROVED AS TO FINANCE:


Dawn Steele, Deputy Finance Director

EM DISPOSITION:

ENACT X

REFER TO COUNCIL _____

FAIL _____


Gerald Ambrose, Emergency Manager

DATED: 3/11/15

RESOLUTION STAFF REVIEW

15-5078

DATE: March 4, 2015

Agenda Item Title: Resolution Authorizing Professional Benefits Services, Inc.

Prepared By: V. Foster

Background/Summary of Proposed Action:

Cornerstone Municipal Consultants, the City's administrator of health benefits, has solicited bids and is recommending engaging Professional Benefits Services, Inc. to administer the City's retiree healthcare billing services. The estimated costs for these services is not to exceed \$26,000 per calendar year. This contract will run from April 1, 2015 through March 31, 2016.

Financial Implications: None

Budgeted Expenditure? n/a

Account No.: 627-000.105-801.000

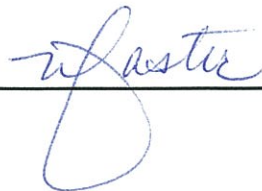
Pre-encumbered? n/a

Other Implications (i.e., collective bargaining):

None

Staff Recommendation: It is the Finance Department's recommendation that Professional Benefits Services, Inc. be retained to handle the retiree healthcare billing services on behalf of the City of Flint.

Staff Person:



Approval:



Dawn Steele, Deputy Finance Director

3/3/15

RETIREE SERVICE AGREEMENT

This Agreement is made between City of Flint ("Client") and Professional Benefits Services, Inc. of Grand Rapids, Michigan ("PBS") to become effective on April 1, 2015.

PURPOSE

1. Purpose. The Client has established a Retiree Service Agreement for its retirees and their dependents. The Client desires to have PBS provide these services as set forth herein. PBS agrees to provide such administrative services in consideration of the service fees agreed to in this Agreement.

CLIENT OBLIGATIONS

2. Client's Responsibilities. The Client shall have the following duties and obligations:
 - (a) Amendment/Termination. The Client shall make all decisions regarding amendment or termination of the Plan.
 - (b) Plan Administrator. The Client is the Plan Administrator and named fiduciary of the Benefits pursuant to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). As such, the Client's powers and duties include, but are not limited to, the following:
 - i. Plan Interpretation. The Client shall have sole discretionary authority to decide all questions of eligibility and entitlement to benefits, and determine the amount, manner, and time premium payments are to be made.
 - ii. Operational Rules. The Client shall promulgate rules and guidelines for the uniform and consistent premium charges on behalf of all participants.
 - iii. Participant Communication. The Client shall communicate to participants, with the assistance of PBS, all information concerning the Plans required by law, including a written notice informing participants of the following:
 - A. What benefits are being provided
 - B. Any changes of benefits or premium
 - (c) PBS Information. The Client shall communicate to PBS all information reasonably requested by PBS in order to perform its duties and to calculate premium fees under this Agreement.
 - i. At the earlier of the time the Plan is established or the effective date of this Agreement, to provide PBS with a complete and accurate retiree census, including current mailing address.

- ii. Provide PBS with a written list of persons beginning participation in each benefit plan and of persons terminating participation.
- iii. Indemnification of PBS. The Client agrees that the obligations shall apply throughout the term of this Agreement and after termination of this Agreement.
- (d) Reliance. The Client understands and agrees that, in order for PBS to fulfill its duties as stated in this Agreement, PBS will need to rely on the oral or written representations of the Client's officers and employees, participants, fiduciaries, and any agents, insurers, and providers of service to retirees. The Client agrees to hold harmless PBS and its directors, officers and employees for any loss or damage to the Client, or to PBS due to PBS's good faith reliance on these oral or written representations, unless such loss or damage was the result of PBS's breach of its standard of duty hereunder.
- (e) Indemnity. The Client agrees to indemnify and hold harmless PBS and its directors, officers, and employees against any and all claims, lawsuits, settlements, judgments, costs, penalties, and expenses, including attorney fees, resulting from or arising out of or in connection with any function or action of PBS under this Agreement or in connection with the collection of premiums, at any time, unless it is determined that the liability was the direct consequence of PBS's breach of its standard of duty hereunder.
- (f) Records Availability. The Client shall make available to PBS upon ten days written notice all books and records pertaining to the services for a period of seven years after termination or expiration of this Agreement.

PBS OBLIGATIONS

- 3. Administrative Services. During the initial term of this Agreement (the "Initial Contract Year") and any renewal term ("Subsequent Contract Year"), PBS shall provide the Client and the Plan with the following services:
 - (a) Billing – PBS will issue monthly statements to retirees as designated by the client. The client will provide the specific premium sharing amount due from each designated retiree. PBS will provide pertinent information concerning the funds collected and remit all monies to the client on a timely basis, or offset the balance due on fully insured benefits being offered to retirees as instructed by the client. The following services are included with the billing service:
 - I. Postage
 - II. Late Payment Notification(s)
 - III. Call Center Services
 - (b) Account Reconciliation – PBS will provide monthly account reconciliation

- (c) Special Services. PBS shall provide the Client with other special services as the parties agree to in writing. The Client shall pay PBS a special fee for such services pursuant to Section 6.
 - (d) Confidentiality. PBS shall maintain as confidential all reports, and other information furnished, obtained or developed in regard to its services under this Agreement unless the person to whom such information pertains consents in writing to disclosure or disclosure is permitted by law.
 - (e) Indemnification of the Client. PBS will indemnify the Client and hold it harmless against any and all loss, damage, and expense with respect to this Agreement resulting from or arising out of PBS's breach of its standard of duty hereunder. PBS shall maintain fidelity bond coverage to protect against dishonest, fraudulent or criminal acts by its employees.
 - (f) Legal Action. PBS shall notify the Client as promptly as possible after PBS actually knows of any legal action involving billing the Client or PBS due to PBS's role in the operation of the billing services. Such prompt and immediate notice shall be followed up by notice in writing which PBS shall have delivered to the Client no later than three (3) days after PBS actually knows of any legal action. PBS shall provide all records requested by the Client and cooperate fully with the Client in defense of any such legal action.
 - (g) Return of Records. Within ninety days after termination of this Agreement, at the Client's request, PBS shall furnish to the Client any books, files, and records maintained by PBS pertaining to their services. The Client shall at all times be permitted reasonable access to any such books, files, and records.
4. Limitations on Services. PBS does not assume any obligations other than the duties and responsibilities expressly stated in this Agreement or in a subsequent writing signed by both PBS and the Client. In particular, PBS does not have the following obligations:
- (a) Not Fiduciary. PBS is not the Plan Administrator, as defined in ERISA Section 3(16), the trustee of any assets associated with the Plan, or a fiduciary of the Plan as defined in Section 3(21) of ERISA.
 - (b) Not Benefit Guarantor. PBS does not guarantee payment of any benefits due, does not provide insurance for any such benefits, or control or influence any insurer.
 - (c) Compliance. Although PBS may assist the Client, PBS does not assume responsibility for operating the benefits in compliance with applicable laws.

FEES

5. Administrative Services Fee. The Client agrees to pay PBS a fee for the following services.

- (a) Monthly Fee. During the Contract Year of April 1, 2015 through March 31, 2016 the Client shall pay PBS a fee of \$5.00 Per Retiree for Direct retiree billing and \$4.00 Per Retiree for ACH retiree billing. The first monthly payment shall be due 30 days prior to the effective of this agreement. Each subsequent monthly installment shall be due on the fourth of the month for which service is to be provided.
- (b) Subsequent Contract Years. PBS shall have the right to change the administrative service fee at the beginning of each Subsequent Contract Year. In the event that PBS wishes to change the fee for a Subsequent Contract Year, PBS shall notify the Client in writing of the new fee at least 30 days prior to the start of the Subsequent Contract Year. At such time PBS shall also notify the Client of the number of retirees upon which such fee is based. If the Client objects to such fee change, the Client must notify PBS in writing within ten days of the receipt of the fee change notice. If the parties do not reach agreement on the fee within fifteen days after the date of the Client's objection, this Agreement shall automatically terminate at the end of the current Contract Year.
- (c) Other Change in Fee. In addition, PBS shall have the right to change the administrative fee, upon thirty days written notice to the Client, as of the effective date, material change in the billing operation, or request for service by the Client that alters the normal services required to be provided by PBS under this Agreement. If the Client objects to such fee change, the Client must notify PBS in writing within ten days of the receipt of the fee change notice. If the parties do not reach agreement on the fee within fifteen days after the date of the Client's objection, this Agreement shall automatically terminate at the end of the current month.

- 6. Special Service Fee. If, during the term of this Agreement, the parties agree that PBS shall provide a special service for the Client, the Client shall pay PBS a special fee for such service. The Client and PBS shall agree to the charge for any such special service at the time the special service is agreed upon.

TERMINATION

- 7. Term of Agreement. This Agreement shall be effective as of the date indicated at the beginning of this Agreement and the Initial Contract Year shall expire at the end of the day preceding the anniversary of that date. The Agreement shall thereafter automatically renew for successive periods of one (1) Contract Year each, unless terminated in accordance with Sections 5 or 8.
- 8. Termination. Termination of this Agreement shall not terminate the rights or obligations of either party arising out of a period prior to such termination. This Agreement shall be terminated at the earliest date specified below:
 - (a) Plan Termination. As of the date of termination of the Plan, as specified by the Client to PBS.

- (b) Mutual Agreement. As of any date mutually agreed upon between the parties.
- (c) End of Contract Year. As of the last day of a Contract Year, upon written notice by either party to the other, at least thirty (30) days prior to the last day of the Contract Year.
- (d) Disagreement Regarding Fee Change. Pursuant to Subsections 5(c), at such time as the parties cannot agree to a new level of fees for administrative services.
- (e) Non-Payment of Fees. Without prior notice by PBS, as of any date the Client is sixty days late in payment of any administration fee, fee for service, or other Plan expense, or as of any date the Client is generally unable to pay its debts as they become due, the Client makes an assignment for the benefit of creditors or a petition under bankruptcy laws is filed by or against the Client.
- (f) Termination by Advanced Written Notice: The Client may terminate the agreement by ninety (90) days advanced written notice delivered upon PBS.

MISCELLANEOUS

9. Notices. All notices, requests, and other communications shall be in writing and mailed, postage prepaid, to the other party at the following address or such other address as may be specified by notice:

City of Flint
Attention: City Attorney
1101 S. Saginaw Street
Flint MI 48502

Professional Benefits Services, Inc.
2959 Lucerne SE, Suite 205
Grand Rapids, Michigan 49546

All notices pursuant to this Agreement shall be effective upon the earlier of actual receipt by an officer of the party to whom the notice is addressed or three days after the notice is mailed by certified mail, return receipt requested.

10. Assignment. PBS shall not assign its rights or obligations hereunder without the prior written consent of the Client, except that PBS may assign the Agreement to any successor in a corporate reorganization or restructuring including the purchaser of substantially all of PBS's assets, or joint ventures.
11. Waiver. Failure to enforce any provision of this Agreement does not alter or waive the provision or affect the future enforceability of the provision.

12. Governing Law. This Agreement shall be construed and governed in accordance with ERISA and the laws of the State of Michigan.
13. Paragraph Headings. Paragraph headings have been inserted for convenient reference only and shall not modify the express terms and provisions of the Agreement.
14. Entire Agreement. This Agreement contains the entire agreement between the parties and may be amended only by a writing signed by both parties.
15. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Such counterparts shall constitute but one and the same instrument.

DISCLOSURE OF FEES

Client : City of Flint

Contract Period: April 1, 2015 - March 31, 2016

Administration Fees:

	<u>Billed</u>	<u>PBS</u>	<u>Agent</u>
Retiree Servicing Per Retiree Per Month (Direct Billing)*	\$5.00	\$5.00	\$0.00
Retiree Servicing Per Retiree Per Month (ACH Billing)*	\$4.00	\$4.00	\$0.00

*Minimum of \$75.00 Per Month


CITY OF FLINT

Signature:

Print:

Title:

Date:



Gerald Ambrose

Emergency Manager

PROFESSIONAL BENEFITS SERVICES, INC.

Signature:

Print:

Title:

Date:

ACCEPTANCE OF FACSIMILE AND SCANNED SIGNATURES. The parties agree that this Agreement, agreements ancillary to this Agreement, and related documents to be entered into in

connection with this Agreement will be considered signed when the signature of a party is delivered by facsimile transmission or delivered by scanned image (e.g. .pdf or .tiff file extension name) as an attachment to electronic mail (email). Such facsimile or scanned signature must be treated in all respects as having the same effect as an original signature.