



Westchester Community College

State University of New York

23561

December 1, 2011

To: Board of Acquisition and Contract

From: Joseph N. Hankin
President

Re: Authority to enter into an agreement with POMCO, Inc. for the provision of health plan administrative services in connection with the College's Employee Benefit Plan for the period January 1, 2012 through December 31, 2013 in an amount not to exceed \$690,000

Westchester Community College's (the "College") currently has an agreement with POMCO, Inc. ("POMCO") whereby POMCO provides third party administrator ("TPA") services and preferred provider organization ("PPO") network services in connection with the College's Employee Benefit Plans. This agreement expires on December 31, 2011.

The College has utilized POMCO's TPA services and PPO network for over 20 years, going back to when the College was a part of the Westchester County Employee Benefit Plan. During this period, POMCO's PPO network has grown to over 13,000 providers and facility locations utilized by the College's employees/retirees. This network not only provides great access, but also allows POMCO to negotiate the lowest reimbursement rates among those providers when compared to area insurers.

The term of the proposed agreement will be two (2) years, commencing January 1, 2012 and terminating December 31, 2013. POMCO will charge the College at the same rates as it is charging the County. In addition, POMCO will waive one month's administrative fee during the first year of the agreement, resulting in a savings of approximately \$29,000. As an additional incentive, in the second year of the agreement, POMCO will make available to the College its Disease Management Program and will waive the fee for this service, saving the College approximately \$32,000. The amount payable to POMCO as an administrative fee shall not exceed \$330,000 during the first year of the agreement and \$360,000 during the second year, for a total not to exceed amount for the two year agreement of \$690,000, which is less than any two year period of the existing agreement.

The public purpose of the proposed Agreement is that it enables the College to ensure the provision of high quality and cost effective health care for employees, retirees and their respective families, in accordance with the College's health benefit plan.

Since health care expenses for employees and retirees are a significant cost to the College the goals and objectives will be measured by the College's Business Office and Health Benefits Office via on-going monitoring of the costs associated with the services provided.

Accordingly, I recommend to your Honorable Board that the County of Westchester acting by and through Westchester Community College enter into an agreement with POMCO for the provision of health plan administrative services in connection with the College's Employee Benefit Plans for the period January 1, 2012 through December 31, 2013.

A resolution of even date exempting this procurement from the operation of the Westchester County Procurement Policy is also before your Honorable Board and must be adopted prior to adoption of this resolution.

JNH:lz
Attachment

RESOLUTION

Upon a communication from the President, Westchester Community College, be it hereby

RESOLVED, that the County of Westchester acting by and through Westchester Community College is hereby authorized to enter into an agreement with POMCO, Inc. (“POMCO”) for the provision of health plan administrative services in connection with the College’s Employee Benefit Plan for the period January 1, 2012 through December 31, 2013; and be it further

RESOLVED, that pursuant to the agreement, the amounts payable to POMCO as an administrative fee shall not exceed \$330,000 (net of the one-month waiver of the administrative fee) during the first year of the agreement and \$360,000 (net of the waiver of the fee for Disease Control) during the second year, for a total not to exceed amount for the two year agreement of \$690,000, payable based on a per employee/retiree rate; and be it further

RESOLVED, that this Agreement is subject to County appropriations; and be it further

RESOLVED, that this Agreement is also subject to further financial analysis of the impact of any New York State Budget (the “State Budget”) proposed and adopted during the term of this Agreement. The County shall retain the right, upon the occurrence of any release by the Governor of a proposed State Budget and/or the adoption of a State Budget or any amendments thereto, and for a reasonable period of time after such release(s) or adoption(s), to conduct an analysis of the impacts of any such State Budget on County finances. After such analysis, the County shall retain the right to either terminate this Agreement or to renegotiate the amounts and rates approved herein. If the County subsequently offers to pay a reduced amount to the Contractor, then the Contractor shall have the right to terminate this Agreement upon reasonable prior written notice; and be it further

RESOLVED, that the County Executive or his authorized designee is hereby authorized to execute all instruments and take all actions reasonably necessary to implement this Resolution.

Account to be Charged/Credited	Fund	Dept.	Major Program, Program & Phase Or Unit	Object/ Sub Object	Trust Account	Dollars
	705			27070		\$690,000

Budget Funding Year(s) 2011/12 – 2013/14 Start Date: 1/1/12 End Date: 12/31/13
(must match resolution)

Funding Source: Tax Dollars \$186,300
 State Aid \$158,700
\$690,000 Federal Aid
(must match resolution) Other \$345,000

APPROVED BOARD OF ACQUISITION & CONTRACT - 12/22/2011 - HONARY WEIR SECRETARY