



Westchester Community College

State University of New York

52915

October 11, 2016

To: Board of Acquisition and Contract

From: Belinda S. Miles
President

Re: Resolution to exempt from the Operation of the Westchester County Procurement Policy an Agreement with POMCO, Inc. for third party administrator (“TPA”) services and preferred provider organization (“PPO”) network services in connection with the College’s Employee Benefit Plans

Westchester Community College (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, 2016.

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 healthcare marketplace has been experiencing tremendous volatility over the last few years due to many factors, including effects of the Affordable Care Act and numerous consolidations of healthcare providers. Going forward, at least in the short-term, it is expected that this volatility will continue. In general, healthcare costs have dramatically increased during the last several years. POMCO has been an effective partner in helping the College manage its healthcare costs over this period. That being said, the College would like to preserve its flexibility as the marketplace changes in the next few years in the event that an opportunity presents itself to further control healthcare costs. The College is evaluating whether it would be cost effective to move from its existing self-funded health plan to a traditional health insurance plan. If the College ultimately decides to purchase health insurance and discontinue its self-funded plan, it is expected that the transition would be lengthy and complicated.

POMCO has offered to keep their administrative fee at the same level as 2016 if the College will extend the Agreement for an additional two years. Because the College's experience with POMCO has been so good and to avoid the time, expense and complexity involved in issuing a request for proposals ("RFP") for TPA services, the College would like to continue with POMCO, which would allow the College to thoroughly explore and investigate the models available to it. Given the past performance of POMCO and their familiarity with the College, it is proposed that it would be in the best interest of the College to enter into a new two-year agreement with POMCO, with the provision that the College could terminate the agreement upon 60 days notice.

The term of the proposed agreement will be two (2) years, commencing January 1, 2017 and terminating December 31, 2018. The amount payable to POMCO as an administrative fee shall not exceed \$790,000.

Pursuant to Section 3(a)xxi, the Westchester County Procurement Policy and Procedures are not applicable to any procurement for which this Honorable Board determines, by resolution passed prior to commencing such procurement, that compliance with the policy would not be in the best interests of the County. Accordingly, a resolution to exempt the procurement with POMCO is hereby submitted for your consideration.

BSM:me
Attachment

RESOLUTION

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

RESOLVED, that pursuant to Section 3(a)(xxi) of the Westchester County Procurement Policy and Procedures, it is hereby determined that application of the procedural requirements contained therein, including the necessity of soliciting proposals, is neither cost effective nor expedient, and accordingly, not in the best interests of the County in connection with the procurement of an agreement with POMCO, Inc. for third party administrator (“TPA”) services and preferred provider organization (“PPO”) network services in connection with Westchester Community College’s Employee Benefit Plans

APPROVED BOARD OF ACQUISITION & CONTRACT - 11/03/2016 - SUPERVISOR, SECRETARY