



Robert P. Astorino
County Executive

Department of Finance

Ann Marie Berg
Commissioner

59958

Date December 11, 2017

To: Board of Acquisition and Contract

From: Ann Marie Berg
Commissioner of Finance

Re: Authorization to exempt from the Westchester County Procurement Policy and Procedures the procurement of Health Plan Administrative Services with regard to the County's Employee Health Benefit Plans in order to extend the term of the Agreement with POMCO, Inc. for the period January 1, 2019 through December 31, 2019.

On December 15, 2011 your Honorable Board authorized the County of Westchester ("County") to enter into an agreement with POMCO for the provision of health plan administrative services and Preferred Provider Organization Network Services in connection with the County's Employee and Retiree Benefit Plans ("Original Agreement") for a three (3) year term expiring on December 31, 2014. The resolution also provided the County with the sole option to extend the agreement for two (2) additional two (2) year terms. The Agreement was duly executed on or about February 8, 2012.

By Resolution dated November 13, 2014 your Honorable Board authorized the County to exercise the first of its two renewal options with POMCO on the same terms and conditions for a term commencing January 1, 2015 and expiring December 31, 2016. This agreement was duly executed on or about November 25, 2014. ("First Amendment").

Thereafter by Resolution dated October 13, 2016 your Honorable Board authorized the County to exercise the last of its two renewal options with POMCO on the same terms and conditions, for a term commencing January 1, 2017 and expiring December 31, 2018. This agreement was duly executed on or about December 19, 2016. ("Second Amendment").

As you may be aware, in March of 2017, POMCO was acquired by UMR Inc. ("UMR"). As such it is necessary to amend the Original Agreement, as amended, to recognize the acquisition of POMCO by UMR. The change in ownership will be effective July 1, 2018.

In addition, due to this acquisition, the POMCO health management system, which the County is currently using, is being converted to the UMR health management system. The County has been advised that this conversion is targeted to officially occur on July 1, 2018. Due to timing of this conversion, and the number of Department staff and data resources required to undertake the conversion with UMR, the Finance department will not have enough time in 2018 to issue a Request for Proposal for the provision of health plan administrative services and Preferred Provider Organization Network Services in connection with the County's Employee and Retiree Benefit Plans for the subsequent contract period beginning January 1, 2019. Accordingly, it is requested that the Original Agreement, as amended, be extended by one (1) year through December 31, 2019. This will allow for a proper conversion and give the Finance Department sufficient time to issue a new Request for Proposals.

It should be noted that the price offered for the one (1) year extension period, is a reduction of approximately \$45,000 over the 2018 previously agreed to pricing. UMR has also reduced the 2018 previously agreed to pricing by approximately \$45,000.

By separate resolution submitted simultaneously herewith, authorization is being sought to:

- (i) amend the Agreement to recognize the change in ownership from POMCO, Inc. to UMR Inc.;
- (ii) reduce the contract not-to-exceed amount for 2018 by \$45,000 and (iii) extend the term of the Agreement for one (1) year commencing January 1, 2019 and expiring December 31, 2019, in an amount not-to-exceed \$4,455,000 for the one (1) year period. The contract amount not-to-exceed for the Original Agreement, First Amendment, Second Amendment and the proposed Third Amendment will increase from \$31,314,698 to \$35,724,698.

This administrative fee is based on the pricing proposed and the number of eligible employees and retirees (the "census") provided by the County. These amounts may fluctuate based on the monthly census; however, the price proposal will remain the same over the term of the extended agreement. If there is an increase or decrease in the yearly amount indicated above, the change will be due to fluctuations in the census.

All other terms and conditions of the Agreement, as amended, will remain unchanged and in full force and effect.

Therefore, 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 interest of the County. Based on the reasons described above, it is proposed that the best interest of the County would be served by exempting the procurement of the extension of the term of the Agreement with POMCO for the provision of health plan administrative services and Preferred Provider Organization Network Services in connection with the County's Employee and Retiree Benefit Plans for one (1) year commencing January 1, 2019 and expiring December 31, 2019, as further set forth above.

Accordingly, the attached Resolution is submitted for your consideration.

AMB/DCK/TSA

RESOLUTION

Upon a communication from the Commissioner of Finance, 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 not in the best interest of the County in connection with the extension of the term of the Agreement with POMCO for the provision of health plan administrative services and Preferred Provider Organization Network Services in connection with the County's Employee and Retiree Benefit Plans for one (1) year commencing January 1, 2019 and expiring December 31, 2019, in an amount not-to-exceed \$4,455,000.

APPROVED BOARD OF ACQUISITION & CONTRACT - 12/21/2017 - LISA MARIJAS, SECRETARY