



Robert P. Astorino
County Executive

Department of Finance

Ann Marie Berg
Commissioner

60168

Date December 11, 2017

To: Board of Acquisition and Contract

From: Ann Marie Berg
Commissioner of Finance

Re: Authority to amend the Agreement with POMCO, Inc. in order to change their name to UMR Inc., a United Healthcare Company effective on July 1, 2018 and to extend the provision of health plan administrative services in connection with the County's Employee Health Benefit Plans 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.

The attached Resolution seeks authority 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, shall remain unchanged and in full force and effect.

Authority to exempt this amendment to the agreement from the requirements of the Westchester County Procurement Policy and Procedures pursuant to Section 3 (a) xxi thereof, has been submitted to your Honorable Board in accordance with a separate resolution submitted of even date herewith.

The goals and objectives of this contract extension are to continue to administer the health plan services in a fiscally responsible manner, and also, due to the conversion to a new health

management system, the least disruptive manner to the participants in the County's Employee and Retiree Benefit Plans.

Based upon the foregoing goals and objectives being in the best interest of the County, I recommend approval of the attached resolution authorizing the County 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.

AMB/DCK/TSA

APPROVED BOARD OF ACQUISITION & CONTRACT - 12/21/2017 - LIS/MB/DCK/SECRETARY

RESOLUTION

Upon a communication from the Commissioner of Finance, be it hereby

RESOLVED, that the County of Westchester (“County”) is hereby authorized to: (i) amend the Agreement dated February 8, 2012 with POMCO, Inc., to recognize the change in ownership from POMCO, Inc. to UMR Inc., a United Healthcare Company (“UMR”)(formerly POMCO, 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, increasing the total contract amount not-to-exceed from \$31,314,698 to \$35,724,698; and be it further

RESOLVED, that all other terms and conditions of the Agreement, as amended, shall remain unchanged and in full force and effect; 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 duly authorized designee is hereby authorized to execute and deliver any and all documents and to take all action necessary and appropriate to effectuate the purposes hereof.

<u>Agreement #</u>	
Original Agreement	\$ 13,467,798
1 st Amendment	8,896,900
2 nd Amendment	8,950,000
3 rd Amendment for previously agreed to 2018 period	(45,000)
3 rd Amendment for extended 2019 period	4,455,000
<u>TOTAL</u>	<u>\$ 35,724,698</u>

Account to be Charged/(credited)

Fund	Dept.	Major Program, Program & Phase Or Unit	Object/ Sub Object	Trust Account	Dollars
2018	617	61	0010	1680	(\$ 45,000)
2019	617	61	0010	1680	\$4,455,000

Budget Funding Year(s) 2018 & 2019 Start Date 1/1/18 End Date 12/31/19

Funding Source Tax Dollars \$ 4,410,000

State Aid _____

\$4,410,000 Federal Aid _____

(must match resolution) Other _____

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