REQUEST FOR BOARD ACTION

ITEM NO. 13.

DATE OF MEETING: June 3, 2013

REQUESTED BY: Denise Mulhollen, HR Director

SHORT TITLE: Resolution Approving Insurance Renewal Contracts: Medical/Dental/Vision, Workers' Compensation, Life, Voluntary, Workers' Compensation, Property and Liability Insurance.

BACKGROUND: Pender County is partially self-funded for Medical and prescription drug coverage and self-insured for group dental coverage. The County recently hired a new broker from Wells Insurance to administer all benefit coverages. The plans require an administration company and excess loss coverage. For the Medical/Dental – request to change third party administration company to Corporate Benefit Services. Excess Reinsurance Underwriters would provide reinsurance coverage at a combined expected fixed cost and claims cost of $2,877,250. This is a 13% decrease compared to 2012-2013 rates. The physician provider network and premium cost to employees would remain the same as the current plan. For the Voluntary benefits – request to change to Creative Worksite Solutions, their cost being bundled within the broker fees of the total Wells Insurance package offering. Guardian Life products and costs would remain the same, as well as the Community Eye program that will remain unchanged.

*Workers Compensation – Remain with incumbent NCACC at a cost of $117,339 which is a 5.97% decrease from the previous year due mainly to a decrease in excess insurance. (Our claims did not exceed our retention).

*Liability and Property – Remain with incumbent NCACC at an estimated cost of $335,143, which reflects a multiple pool discount of $12,145.

*Life Insurance – Remain with Guardian Life Insurance - $$28.80 annual per employee cost. This is no change from FY 12/13 rates.

*Voluntary Vision Insurance – Remain with Community Eye Care. Same voluntary tier rates offered to employees if they choose to select.

*Flex Plan –switch to Evolution1 at a cost of $2.25 PEPM (per employee per month) for flexible spending debit card and administration costs. This cost is bundled within the Wells insurance package offering.

SPECIFIC ACTION REQUESTED: To consider a resolution to approve the 2013-2014 insurance contract agreements.

COUNTY MANAGER'S RECOMMENDATION

Respectfully recommend approval.

Initial

RESOLUTION

NOW, THEREFORE BE IT RESOLVED by the Pender County Board of Commissioners that:

the Board hereby authorizes the Wells brokerage offering package which includes Corporate Benefit Services to provide third party administration, for Excess Reinsurance Underwriters to provide reinsurance services, for Creative Worksite Solutions to administer voluntary products, and for Evolution1 to provide the Flexible Spending plan. Authorization also requested to remain with NCACC for our Workers' Compensation and Property & Liability Insurance, and remain with Community Eye Care and Guardian for Life Insurance. The Chairman/County Manager is authorized to execute any/all documents necessary to implement this resolution.

AMENDMENTS:

MOVED_____ SECONDED_____

APPROVED_____ DENIED_____UNANIMOUS

YEA VOTES: Brown___ McCoy ___ Tate ___ Ward ___Williams ___

_____ 6/3/13
George R. Brown, Chairman Date

_____ 6/3/13
ATTEST Date

REQUEST FOR BOARD ACTION

ITEM NO. 13.

DATE OF MEETING: April 15, 2013

REQUESTED BY: Denise Mulhollen, Human Resources Director

SHORT TITLE: Resolution Authorizing Approval of Wells Insurance to Provide Broker Insurance Services for Employee Benefits for Pender County

BACKGROUND: On March 23, 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law by President Barack Obama. Together with the Health Care and Education Reconciliation Act, it represents the most significant government expansion and regulatory overhaul of the United States healthcare system since the passage of Medicare and Medicaid in 1965. Due to the compliance issues that will need to be addressed today as well as into the future, the County will need the expertise and guidance in implementing the requirements of this Act, as well as other legislative updates pertaining to health care and employee benefits. Pender County solicited a Request for Qualifications to various insurance brokers to evaluate services such as consultation, preparation of bid specifications, analysis of proposals, contract negotiation, review of selected employee benefit packages, accuracy and completeness throughout the entire benefit process, cost effectiveness, competitiveness and plan administration. Wells Insurance was selected as the most qualified broker to administer the services we now require, as well as to provide guidance related to future regulatory insurance requirements. Harold W. Wells and Son, Inc. was established in 1920 by Harold W. Wells, Sr. who created a vision for excellence and stability. Today, the legacy of Mr. Wells continues with the Third and Fourth generations of the family managing the Agency and contributing to the same original vision. They strive to maintain the core values of strength, integrity and performance that the Agency was founded upon.

Steve Sims, the selected broker from Wells, has been a licensed broker in the State of North Carolina for over 34 years. His career began with Pilot Life Insurance Company in 1979. He expanded his knowledge of the insurance industry by assisting with self-funded group plans. Due to this expanded knowledge, Steve's experience is unique to the field and will be a welcome addition to the services that the County requires. Wells will present the County with solid, cost effective options for selection. They will also work to negotiate optimal contract terms and provide information and guidance on Health Reform and other Legislative notifications. They will present cutting edge products and solutions that facilitate cost savings for the County. They pledge to be available to our staff 24/7 and provide excellent customer service to all employees of the County.

SPECIFIC ACTION REQUESTED: To consider a resolution authorizing Wells Insurance to provide broker insurance consulting services for employee benefits for Pender County.

COUNTY MANAGER'S RECOMMENDATION

Respectfully recommend approval.

Initial

RESOLUTION

NOW, THEREFORE BE IT RESOLVED by the Pender County Board of Commissioners that:

the Board hereby authorizes Wells Insurance to provide Broker Insurance Services for employee benefits for Pender County. The Chairman/County Manager is authorized to execute any/all documents necessary to implement this resolution.

AMENDMENTS:

MOVED Tate SECONDED Williams

APPROVED X DENIED _____ UNANIMOUS

YEA VOTES: Brown___ Tate ___ McCoy ___ Ward___ Williams ___

George R. Brown, Chairman 4/15/13 Date

ATTEST 4/15/13 Date

THIRD PARTY ADMINISTRATION AGREEMENT

This agreement effective the 1st day of July, 2013 between Pender County Government ("Employer") and CORPORATE BENEFITS SERVICE, INC., an independent Third Party Administrator ("TPA").

WITNESSETH:

SECTION I.

THE PLAN

1.1 Adoption of Plan by Employer. Employer has adopted an employee welfare benefit plan (the "Plan") providing means by which eligible employees of the Employer can secure the benefits set forth in the Plan.

1.2 Administrator. The Administrator (as defined by Employee Retirement Income Security Act of 1974) of the Plan is the Employer.

1.3 Deposit of Contributions. All contributions to the Plan shall be deposited in the name of the Plan with a bank designated by the Employer subject to withdrawal upon the signature of any duly authorized agent of the Employer.

SECTION II.

THIRD PARTY ADMINISTRATOR ("TPA")

2.1 General. The TPA, within the scope of its professional ability and its employment under this Agreement, shall provide such services as are necessary to the administration of the Plan.

2.2 Authorization. The TPA is authorized to do all things which are reasonably necessary to carry out the terms and purposes of the Agreement, including the execution of documents in the name of the Plan.

2.3 Approval and Payment of Benefits. The TPA shall have the full responsibility for approval of claims in accordance with the Plan Document and for arranging the payment thereof from funds available to the Plan by issuing a check or draft upon the Plan bank account. The TPA shall honor any assignment of benefits of a person eligible for benefits under the Plan ("Covered Person") to any person or institution which is a proper and qualified assignee under the terms of the Plan.

2.4 Insured Benefits. The TPA will negotiate directly with the underwriter providing individual stop loss insurance for any claim reaching the insured excess risk attachment point.

2.5 Fidelity Bond. The TPA shall maintain a fidelity bond in favor of the Plan in the amount of not less than the greater of (1) fifty-thousand Dollars ($50,000) and (2) the amount required by Section 412 of the Employee Retirement Income Security Act of 1974 covering the TPA and any of his agents or employees who may collect, disburse or otherwise handle or have possession of any funds of the Plan or who may have the authority to authorize or order disbursements or payments in behalf of the Plan.

SECTION III.

PROCEDURE FOR THE MAKING AND PAYMENT OF CLAIMS FOR BENEFITS FROM THE FUND

3.1 Application for Benefits. Any Covered Person may make application for benefits from the Plan as provided by the Plan under the forms provided by the TPA and/or the Employer.

The applicant shall fully and truthfully complete such application for benefits and the applicant shall supply such pertinent information from personal and professional sources as may be required by the TPA.

The Employer (or its appointed representative shall provide the TPA any current additional information that may be requested in connection with the application for benefits.

3.2 Approval or Denial of Claims. The TPA shall accept any application for benefits made in the appropriate manner, and after due investigation and certification of the statements contained in the claim form, determine the eligibility of the Covered Persons for benefits. If the facts, as stated in the claim form or determined on investigation by the TPA, entitles the Covered Person to receive payment of benefits from the Plan, the TPA shall forthwith arrange for the proper payment from the Plan. If the TPA finds that the Covered Person is not entitled to benefits under the Plan, the claim shall be denied. The Employer shall be responsible for the review of all denials, if so requested. The determination of the Employer made in accordance with Plan procedures of any application for benefits is final and conclusive upon the Covered Person, the TPA or any other person.

SECTION IV.

COSTS OF ADMINISTRATION

4.1 Administration Fees. The TPA shall be entitled to an administration fee for its services to the Plan under this Agreement which will be payable on a monthly basis, as follows:

$17.00 per employee per month medical
$2.25 per employee per month dental
$.60 per employee per month COBRA/HIPAA
$2.50 per employee per month UR/LCM
$3.50 per employee per month Disease Management

4.2 Indemnification of TPA; Payment of Expenses. The TPA shall not be liable for any failure or refusal by the TPA to pay or honor any application for benefits made pursuant to this Agreement. The TPA shall incur no liability to the Employer (or the employees of the Employer) for any act or failure to act connected with processing and payment of claims as provided in the Agreement, or otherwise, except for liability judicially determined to be due to its gross negligence or willful misconduct. The Employer shall hold the TPA harmless from and indemnify it against any claims and all expense, loss, claims, costs, liabilities, damage, or legal fees incurred in defending any claims or demands made against the Plan, the Employer, the Employer's employees, the Administrator, the Trustee or the TPA, except for liability judicially determined to be due to its gross negligence or willful misconduct.

SECTION V.

THE COMPANY

5.1 Determination of Eligibility to Participate. As of the effective date of this Agreement, if requested, the Employer shall provide the TPA with a complete list of all employees of the Employer who are eligible for benefits from the Plan. Thereafter, the Employer shall notify the TPA on a monthly basis of all changes in participation whether by reason of termination, change in classification, or any reason.

5.2 Contributions. The Employer shall collect the contributions, if any, made by the employees to the Plan in the manner it may deem appropriate and shall transfer the money so collected to the Plan on a monthly or more frequent basis. The Employer, upon notice from the TPA, shall pay to the Plan in the manner provided in this Agreement, any deficiencies in the Plan which the Employer is obligated to pay under the terms of the Plan.

5.3 Reporting and Disclosure. The Employer shall provide directly or through the Plan all materials and documents, including summaries for employees, reports and applications

and notice forms, as may be necessary or convenient for the operation of the Plan or to satisfy the requirements of governing law as might from time to time be determined or prepared by the TPA. Where distribution to employees is required, such materials shall be furnished in sufficient quantity and shall be appropriately distributed by the Employer.

5.4 Enrollment of Participants. The Employer shall assist in the enrollment of the employees in the Plan, cooperate with the TPA with regard to proper settlement of claims and transmit any inquiries pertaining to the Plan to the TPA. The Employer shall maintain a supply of forms, enrollment cards or other documents and shall distribute or make available such documents to the employee.

5.5 Fidelity Bond. The Employer shall provide a fidelity bond for its fiduciaries and employees as required by the Employee Retirement Security Act of 1974 for the benefit of the Plan and shall include the TPA and its employees designated by it in such coverage, if the employees of the TPA have a fiduciary involvement or responsibility to the Plan.

SECTION VI.

TERMINATION OF AGREEMENT

6.1 Notice Required. This Agreement may be terminated by either the Employer or the TPA by written notice of intention to terminate given to the other party, to be effective as of a certain date set forth in the written notice, which shall not be less than sixty days from the date of such notice. All obligations of the TPA related to the relevant rights of the employees to payment of benefits from the Plan will be terminated and extinguished on the effective date of termination given in this
notice even though the claim for such benefits arose prior to termination of this Agreement.

6.2 Effect of Termination. Upon termination by either party, the TPA within ninety days after the date of termination, shall prepare and deliver a complete and final accounting and report as of the date of termination of the financial status of the Plan to the Employer, together with all books and records in its possession and control pertaining to the administration of the Plan.

SECTION VII.

MISCELLANEOUS PROVISIONS

7.1 Payment of Taxes. If, during the operation of the Plan, the Federal government, the government of any state, or any political subdivision or any instrumentality of either shall assess any tax against the Plan and the TPA is required to pay such tax, the TPA shall report the payment to the Employer and make a charge against the Plan for such tax.

7.2 Authority of TPA to Act. No person dealing with the TPA in relation to the Plan will be obligated to determine the TPA's authority to act pursuant to this Agreement.

7.3 Gender. Where the context of the Agreement requires, the singular shall include the plural and the masculine gender shall include the feminine.

7.4 Amendment. This Agreement may be amended by the Employer and the TPA at any time by mutual written consent of said parties; provided, however, that this Agreement may not be amended to reduce any benefits which might be paid for any cause occurring prior to the amendment, or to in any way prejudice such a claim.

7.5 Agent Service of Legal Process. The Employer hereby is designated the agent for services of legal process on behalf of the Plan at its principal office address at _____.

7.6 Governing Law. The Agreement shall be governed by and interpreted in accordance with the laws of the State of North Carolina.

IN WITNESS WHEREOF, the Employer and the TPA have executed this Agreement this 1st day of July, 2013.

Employer	Third Party Administrator
By _____	By _____
_____	_____
Title	Title