

## Services and Consulting Agreement

For:

The City of York Pennsylvania

August 30, 2018

This agreement (the “Agreement”) is intended to outline the services AIA American Insurance Administrators, LLC – an ALERA Group Company (referred to herein as “AIA”), has agreed to provide ABC Company, (referred to herein as “The Client”). The Agreement also details the compensation that ABC Company will provide AIA for the services provided. This Agreement will automatically renew each year subject to the provisions outlined in the Consulting Services, Compensation, and Termination provisions of this Agreement.

### I. Overview

AIA will function as an ongoing and integral extension of the executive and administrative management team of Client providing leading edge employee benefits expertise, product solutions and client service. Furthermore, AIA will serve to represent the best interests of Client and advocate on Client’s behalf with regard to all outsourced vendor negotiations and agreements for benefits managed by AIA.

### II. Goal and Objectives

AIA’s goal is to provide unparalleled expertise and service to allow Client to provide and maintain an employee benefits program that is effective in attracting and retaining employees while being financially sustainable for both the Client and its employees and meeting all federal and state regulatory requirements. As a result, financial goals are realized through leading edge and market disruptive strategies and tactics to lower the cost basis of the plan, while at same time creating a health care partnership with employees to better position the plan to sustain economically over the longer term.

Specific objectives include:

- a. Identify the most attractive yet financially sustainable plan designs, vendor(s) and funding mechanisms
  - i. Plan designs and choices
  - ii. Medical vendor, fees, and network effectiveness
  - iii. Reinsurance carrier and plan structure
  - iv. Prescription drug vendor and contract provisions
  - v. Employee eligibility and cost sharing
  - vi. Market disruptive provider price transparency and contracting strategies
- b. Improve employee understanding, engagement, and appreciation of benefits
- c. Identify population health management options and solutions to improve employee health, productivity and reduce turnover
- d. Empower the Human Resources department with support, information and tools to improve operating efficiency and reduce internal workload
- e. Assist with employee benefits related compliance obligations including but not limited to ERISA and the Patient Protection and Affordable Care Act (PPACA).

### III. Agreement Provisions

- a. Confidentiality – The Client and AIA each acknowledge that (i) in the course of dealings between the parties, each may acquire information about the business activities, operations, technical information and trade secrets of the other, all of which are highly confidential and proprietary to each of the parties and (ii) each may encounter information that individually identifies a participant, dependent, or health or welfare benefit service provider (together, the “Confidential Information”). As such, both parties agree not to disclose any of the Confidential Information of the other to any third party without the prior written consent of the other party, provided that AIA may compile, utilize, disclose or otherwise employ statistical data that is a participant or dependent identifying (“De-identified Information”), in the event The Client has authorized AIA to create such De-Identified Information.
- b. Compliance with HIPAA – The Client and AIA each acknowledges that certain information, reports and data generated under this Agreement are subject to applicable laws and regulations pertaining to the confidentiality of medical records, and the parties agree to comply in all respects with such laws, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The services provided under this Agreement are subject to the Business Associate Agreement, including any amendments thereto, and this Agreement does not modify, supersede or otherwise affect any provision of the Business Associate Agreement except as expressly provided herein.
- c. Individuals Providing Services – AIA shall use commercial best efforts to ensure that all individuals providing services to The Client pursuant to this Agreement maintain all necessary and appropriate licenses or other authorizations required in order to perform the services provided, and that such services are provided in a way that is in full compliance with applicable laws. Services under this Agreement will only be provided by employees of AIA; AIA will not engage any independent contractor or other third party to provide such services, except upon the specific prior written approval of The Client. AIA will be solely responsible for payment of all payroll taxes, benefits, workers’ compensation, unemployment insurance, trust fund contributions and other deductions, withholdings and contributions under applicable laws and agreements pertaining to any and all individuals providing services to The Client under this Agreement. The Client shall not be responsible for any payments, benefits, contributions, deductions or withholdings with regard to such individuals. AIA is solely responsible for the training of any individuals assigned to perform services in accordance with this Agreement.
- d. Liability Insurance – AIA shall maintain liability insurance coverage in amounts that are customary and reasonable for the industry. AIA certifies that it maintains all required liability errors and omissions required by the Pennsylvania Insurance Department for a licensed Insurance Brokerage firm.
- e. Savings Clause – If any provision of this Agreement shall be held invalid, illegal or unenforceable in any jurisdiction, for any reason, then to the full extent permitted by law all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed liberally in order to carry out the intent of the parties hereto as nearly as may be possible. Any court or arbitrator having jurisdiction over such matters shall have the power to reform such provision to the extent necessary for such provision to be enforceable under applicable law.
- f. Applicable Law – This Agreement is made in and shall be construed in accordance with the laws of the State of Pennsylvania, without regard to its choice of law provisions.
- g. Amendment – This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

- h. Assignment – AIA may not assign any of its rights, duties, or obligations hereunder without the express written consent of The Client.
- i. Litigation – All disputes arising out of this Agreement shall be resolved in any court in Cumberland County, Pennsylvania, having jurisdiction over the matter.
- j. Notices – Any notice required or permitted to be given hereunder shall be in writing, and shall be given by certified mail, return receipt requested, by courier or by personal delivery addressed as follows, unless otherwise designated in writing:

Notices to The Client:

The City of York Pennsylvania  
 101 South George Street, P.O. Box 509  
 York, PA 17405  
 Attn: Thomas Allen Ray  
 Deputy Business Administrator – Human Resources

Notices to AIA:

AIA American Insurance Administrators, LLC  
 4550 Lena Drive  
 Mechanicsburg, PA 17055  
 Attn: Kevin L. Krause, Principal and COO

#### IV. AIA “Core” Consulting Services

The following list of “Core” consulting and support services are provided in support of the following Client entities and associated programs and delivered by the following assigned AIA team members.

Services will be provided on an as-needed basis but will align, at a minimum, with the AIA client lifecycle that includes a combination of in-person and telephonic meetings at pre-established intervals. This overview may not represent 100% of the services offered and could be subject to change based on the specific needs of Client. Certain additional services are available on a fee for service basis (refer to Part D of this agreement) and may be added by agreement by the parties.

- a. Ongoing Strategic Cost Management
  - i. Ongoing tracking and assessment of plan costs by line of coverage to identify trends and opportunities for cost management improvement (see Plan Financial Reporting & Budgeting below)
  - ii. Ongoing assessment of cost-sharing strategies with employees to maintain attractiveness of benefit plan while providing for appropriate consumer behavior incentives
  - iii. Ongoing and vigorous market research to identify innovative and market-disrupting viable products, services, and vendors to reduce overall health care spend and improve population health
  - iv. Negotiation of contracts, fee schedules and agreements, including integration of products and services with existing vendors and service providers
  - v. Development of implementation strategies, educational materials, and incentive programs for selected market-disruptive products, services and vendors
- b. Ongoing Plan Financial Reporting and Budgeting
  - i. Plan Performance Tracking
    - 1. AIA proprietary monthly claims experience tracking by each entity and by plan
    - 2. Ongoing review of high claimant detail and managed coordination between medical claims administrator, PBM and stop loss carrier to ensure timeliness of reimbursements
    - 3. Monthly review of plan cost sharing with employees by line of coverage
    - 4. Health Savings Account (HSA) and Health Reimbursement Arrangement (HRA) projection and ongoing tracking (as applicable)

5. Costs and trends monitoring (per member and/or per contract per month/by plan/by relationship)
  6. Annual report on overall plan performance for medical & Rx claims including but not limited to:
    - a. High claimant review (with Medical Director, as necessary)
    - b. Identifying medical cost drivers and areas of cost avoidance
    - c. Wellness program strategy and tracking
    - d. Disease management / case management review with carrier
  7. Observations and recommendations
  8. Network discount analysis (if applicable)
  9. Pharmaceutical program review
    - a. Actual cost vs. expected
    - b. Rebate monitoring
    - c. Monitoring and integration of “bolt-on” program utilization (CRX and Rx ‘n Go)
  10. Compare expected plan performance with actual by line of coverage
- ii. Actuarial Analysis, Modeling and Forecasting
1. IBNR analysis for any self-funded coverage
  2. Use of sophisticated actuarial software program (Windsor Strategy Partners)
    - a. Assigns projected claim levels to a percentile according to actuarial probability of occurrence
    - b. Includes specific stop-loss level high claimant sensitivity analysis
  3. Development of claims forecast for annual budget assessment
  4. Plan design evaluation using actuarial value indicators
  5. Benchmarking analyses
  6. Mid-year renewal claims review, including review of cost management programs for efficacy and ROI
  7. Recommend cost savings which are culturally aligned with Client’s strategic plan, goals, and objectives
- c. Annual Renewal Planning
- i. Develop and present YTD and initial renewal plan year cost projections and budget forecasts
  - ii. Discuss and confirm renewal objectives with client
  - iii. Discuss new programs/plans for consideration, including but not limited to:
    1. Alternative TPA / Network (BUCA or Independent)
    2. Direct PBM Contracts
    3. Care Intercept / Navigation / Coordination Platform
    4. Direct Provider Contracting Opportunities
    5. Other market-disruptive strategies
  - iv. Review existing vendor service concerns and discuss services of alternative plan vendors
  - v. Develop strategy for quoting current and/or potential new benefit options
  - vi. Set renewal planning objectives, activities and target timeframes
- d. Annual Vendor RFP Process
- i. Present and provide benefit plan analysis on renewals offered by incumbent and other vendors
    1. Medical / Rx
    2. Dental
    3. Vision

4. Life/Disability
  - ii. Develop Request for Proposal (RFP) specifications for each line of coverage
  - iii. Coordinate RFP proposal process including responding to all vendor and client questions
    1. Coordinate and disseminate historical data inventory to parties for response
    2. Facilitate request of any ad-hoc/unique data files for RFP (i.e. Rx carve-out file)
  - iv. Summarize proposal responses (i.e. benefits, services, and costs) from alternative vendors. Compare the alternative vendors' benefits/services/costs to those provided by incumbent vendors
    1. Medical Claims Administration (3-5 Network / TPA options)
    2. Prescription Drug Claims Administration (Carved-In vs. Carved-Out; 5-7 PBM Options)
    3. Stop-Loss (8-10 Tier 1 Markets, Including Captive Solutions)
    4. Dental (3-5 Standard Markets)
    5. Vision (6-9 Standard Markets)
    6. Ancillary (10-15 Standard Markets)
  - v. Coordinate and participate in any finalist presentations and/or facilitate response to client-directed inquiries for incumbent or prospective vendor partners.
    1. Including site visit opportunities when appropriate (i.e. Quantum Health)
  - vi. Negotiate final fees, rates with selected vendors
  - vii. Review includes Medical, Prescription, Dental, Vision, Flexible Spending Account, COBRA, Life & Disability, and other requested health and welfare/benefit-related plans, products, or services
- e. Annual Renewal Decision Making
  - i. Present strategic benefit modifications/options to current benefit plans and their associated cost impact(s) related to company-wide and plan specific budget target
  - ii. Select vendor partners based on selected strategy and RFP results
  - iii. Model cost sharing options for employee payroll contributions
  - iv. Determine open enrollment timing and communication strategy
  - v. Present final recommendations at committee level/board level for approval (if applicable)
- f. Annual Renewal Implementation
  - i. Assist with the implementation of any new program and/or insurer/administrator
  - ii. Prepare/review group applications
  - iii. Scrub enrollment forms; assist with carrier enrollment spreadsheets (if applicable)
  - iv. Develop and prepare budget forecasts and COBRA rates, including comparison to carrier-developed rating; update COBRA vendors with new plans and rate information
  - v. Review implementation timelines proposed by vendors and actively participate in all implementation meetings and/or calls
  - vi. Facilitate data integration coordination activity and execution of any bi-lateral agreements by and between multiple carrier/vendor partners, AIA and The Client
  - vii. Assist with interface set-up with carrier/vendors and payroll vendor (if applicable)
  - viii. Review and provide commentary on all Insurer/TPA policies, contracts and agreements to assure appropriate contract language and protection of The Client
    1. SBCs
    2. Certificates of Coverage / Benefit Summaries
    3. ASO Agreements
    4. PBM contract
  - ix. Monitor progress to ensure timely issuance of employee identification cards (if applicable)

- g. Open Enrollment Support/Employee Communications
  - i. Create and/or update employee communications materials at open enrollment and throughout the year
    - 1. Benefit guides
    - 2. Election Forms
    - 3. Wallet cards
    - 4. Carrier contact sheets
  - ii. Coordinate printing and delivery of open enrollment materials (*outside printing coordinated at pass-through cost*)
  - iii. Participate in open enrollment and communication meetings (*as requested*)
  - iv. Prepare and present in live and/or recorded Webinars
  - v. Perform in-person or telephonic Q&A sessions and “train the trainer” sessions with HR / benefit staff and participation on HR calls
  - vi. Set-up and monitoring of Client-specific voicemail or e-mail during open enrollment
  - vii. Coordinate carrier materials and representatives to attend employee group meeting (as required)
  - viii. Prepare annual regulatory disclosure notices packet (See Compliance Support below)
- h. Ongoing Plan Management and Human Resource Support
  - i. Assist in all aspects of plan service and support
    - 1. Eligibility concerns, submission, and maintenance
    - 2. Plan/Benefit Questions
    - 3. Administrative service and/or account management concerns
    - 4. Carrier billing/invoicing and reconciliation
    - 5. Claims or customer service questions
    - 6. Life/disability claims processing (if applicable)
    - 7. Miscellaneous health and welfare plan questions
  - ii. Prepare and distribute relevant carrier/vendor/regulatory updates, alerts and disclosures that may have an impact on the client/member experience
  - iii. Intervene/triage any carrier/vendor service issues or concerns and manage resolution process
- i. DISCOVERHEALTH® - Population Health Management and Wellness Consulting & Services
  - i. Consulting to assist with strategy development and program design
    - 1. Culture Scorecard
    - 2. Employee interest survey development and results aggregation
    - 3. Health Fair Planning
    - 4. Wellness Challenge Development
    - 5. Incentive tracking and management
  - ii. Evaluation of vendor/carrier ASO wellness solutions
  - iii. Vendor implementation and ongoing management
    - 1. Employee communications / onsite presentation development and delivery
    - 2. Engagement/participation management
    - 3. Client meetings to review performance/utilization
  - iv. Additional ongoing support as necessary
    - 1. Monthly wellness newsletter
- j. Compliance Support Services

*Note: Our compliance services are offered as consultative support and do not constitute legal advice.*

- i. Provide general employee benefits compliance support and education. This includes communicating legal and regulatory information applicable to employer-sponsored health and welfare plans through various outlets such as legal alerts/updates, monthly newsletters, and webinars. Area of expertise include, but are not limited to:
    - 1. Federal Health Reform
    - 2. ERISA (welfare plans)
    - 3. COBRA
    - 4. Section 125 (including Health FSAs and Dependent Care FSAs)
    - 5. Consumer-Driven Healthcare (HRAs, HSAs)
    - 6. Medicare (D and Secondary Payer Rules)
  - ii. Federal Health Reform support, including assistance with:
    - 1. Applicable large employer (ALE) determinations
    - 2. Market reform provisions, i.e., dependent to age 26, prohibition on annual and lifetime limits, prohibition on excessive waiting periods, Cadillac Tax, etc.
    - 3. Understanding employer shared responsibility mandate provisions and associated reporting obligations
    - 4. Fee calculations (e.g. PCORI fees)
  - iii. Review Policies/Benefits
    - 1. Review insured and self-funded health and welfare plans service agreements or certificates of coverage including basic life, voluntary life, dependent life, AD&D, short and long-term disability
    - 2. Review insurance carrier or vendor provided amendments
    - 3. Coordinate the review of proposed plan language revisions with Client legal counsel and health and welfare plan vendors (if needed)
    - 4. Coordinate amendments to any associated plan documents in accordance with specific benefit policies or plan provisions with contracted vendor partners where applicable
    - 5. Review and provide commentary on all insurer/administrator policies, contracts and agreements
  - iv. Provide ERISA structure and filings assistance (as applicable to certain health & welfare plans)
    - 1. Provide information/data collection for Form 5500 filing
    - 2. Collection of Schedule A or C for Form 5500 filing for benefits managed by AIA
    - 3. Preparation of 5500 (NEW Fee for Service Offering)
  - v. Draft common Employee Benefits related participant notices (i.e. HIPAA Special Enrollment Rights, Medicare Part D, CHIPRA, etc.)
  - vi. Intake and response to compliance questions
  - vii. Access to a self -service human resources platform (HR360) – *Core HR solution*
    - 1. Intake and answering of legal and compliance questions (*Please note: questions may be posed via phone or e-mail to your AIA Account Team who will work with the appropriate internal and external resources accordingly. Through AIA, a team of benefits and legal professionals answer basic questions in a non-technical, easy-to-understand and practical manner. More complex legal and compliance questions would necessitate a direct relationship between The Client and legal counsel and could fall outside the scope of this agreement*).
- k. Benefit Technology Consulting Services

- i. Request for Proposal Development and Oversight for any Benefit-Related Technology Provider (i.e. benefits administration, HRIS, payroll, ACA reporting and tracking) via strategic partner *(subject to availability based on limited number of available project “slots”)*

## V. Additional Services: In-House and Outsourced

Although AIA will help coordinate any necessary services from any “outside” parties, the following in-house and outsourced services are not included within the scope of our service Agreement and may subject The Client to additional costs:

- a. Legal, Accounting, and Actuarial Services – The services of outside legal, actuarial, and accounting professionals. We will help coordinate these outside professionals’ services, but their fees would not be within the scope of our Agreement.
- b. Contracted Carriers and Vendors – Those carriers and vendors contracted to provide benefit plan services for The Client are pass-through costs paid directly by The Client. To the extent AIA has negotiated group purchasing discounts for its clients, such discounts will be passed along to The Client.
- c. Outside Communications Services and Printing Charges – Any outside communication services and/or printing and postage costs for direct mailings would not be within the scope of our brokerage/consulting fees. In-house printing costs will be included in our fee.
- d. Out-of-State Travel Expenses – For open enrollment meetings or other required activities conducted outside of the state of Pennsylvania
- e. Benefits Administration – “Elite” and “Core” Benefits Administration Services Available (Pricing available upon request)
- f. Compliance Services – Compliance services not listed as part of this agreement may be provided for a mutually agreed upon fee between The Client and AIA. Services that fall within the fee-based model include (but are not limited to):
  - i. Health & Welfare Plan Compliance Audits and Findings Analysis (Report)
  - ii. IRS 1094/1095-C Employee Data collection and Transmission (to an IRS approved filing vendor)
  - iii. Compliance Training Customized for the Client and/or their Workforce
  - iv. Form 5500 Preparation and Filing
  - v. Plan Document Creation and Maintenance
    - 1. Prepare new, amended/restated ERISA plan documents and SPDs
    - 2. Prepare and review plan amendments to existing SPD documents
    - 3. Prepare and review required Summary Material Modification documents
- g. Proprietary Human Resources Support, Tools, and Trainings (AleraHR Workplace Pro)
  - i. Unlimited access to live Q&A support from certified HR experts
  - ii. More than 200 available online training courses
  - iii. Employee Handbook builder
  - iv. Job description builder and performance review tools
  - v. Benchmarking tools
  - vi. HR Audit checklists

*AIA will provision a Compliance Services Fee Schedule upon request. Note that the fees for certain compliance-related projects may be determined after AIA and the Client have determined the project scope.*

## VI. Compensation



For "Core" AIA consulting and support services listed in the Agreement, AIA will be compensated according to the following schedule:

- a. \$92,000 Flat Annual Fee
- b. For the purpose of this fee:
  - i. Fee to be charged in fixed quarterly installments
  - ii. Health benefits consulting fee may be subject to CPI services industry inflation index increase of no greater than 3% per year
  - iii. Fee excludes any carrier bonuses or overrides, of which AIA will fully disclose to The Client.
  - iv. Fee excludes specific additional in-house and outsourced services outlined in this Agreement and any accompanying fee schedules, except for AleraHR Workplace Pro, which will be included in the flat annual fee listed above.

## VII. Acceptance

Initial term of consulting agreement is 12-months. The Client may terminate this Agreement **within 30 calendar days** advanced written notice without cause. AIA may terminate this Agreement **within 90 calendar days** advanced written notice without cause. In the event of a mid-month termination, AIA shall assess to The Client a pro-rated fee based on the day of the month in which the termination occurs. Agreement will automatically renew at the anniversary date unless either party provides notice to the other of its intent to terminate this agreement per the terms outlined above.

X  
Signature

Michael Ray Helfrich  
Mayor  
The City of York Pennsylvania

\_\_\_\_\_  
Date

X  
Signature

Kevin L. Krause  
Principal and Chief Operating Officer  
AIA American Insurance Administrators, LLC

\_\_\_\_\_  
Date

X  
Signature

AliceAnne D. Frost  
City Controller  
The City of York Pennsylvania

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Date