

**AMENDMENT OF PROFESSIONAL SERVICES CONTRACT  
BENEFITS CONSULTING SERVICES**

This Amendment of the Professional Services Contract for (the "Contract") is entered into by and between the City of San Antonio ("City") and Arthur J. Gallagher & Co. ("Consultant"), and is as follows:

**I. AMENDMENT**

Contract Article II, Scope of Services, is amended to add the following actuarial and reporting services:

CONSULTANT will create a custom data warehouse to include medical and pharmacy.

CONSULTANT will receive and load medical and pharmacy data monthly.

CONSULTANT will develop actuary custom benchmarks and completion factors to identify benefit plans performance and provide related reports as outlined in Gallagher letter dated September 13, 2018 attached as Amendment Exhibit 1 and incorporated as part of this Amendment.

Contract Article V, Consideration and Billing, 5.1, is amended to read as follows:

5.1 CONSULTANT shall invoice CITY in an amount not to exceed \$75,000 for data warehouse services beginning with data loads from January 1, 2015 to March 3, 2019. If the underlying contract is renewed, data warehouse services will remain \$75,000.00 annually. The parties agree that if CITY enters into a contract with a new benefit consultant after expiration of the Arthur J. Gallagher & Co. contract, it is agreed CONSULTANT will transfer all CITY benefit data that is part of the data warehouse service provided pursuant to this Amendment during transition period to any new Benefit Plan Consultant at no additional cost.

**II. PROVISIONS REMAIN IN EFFECT**

All other current terms, conditions, covenants and provisions of the Contract not specifically mentioned herein and revised by this document, are hereby retained in their entirety, unchanged, and shall remain in full force in effect for the duration of said Contract.

CITY OF SAN ANTONIO

ARTHUR J. GALLAGHER & CO.

\_\_\_\_\_  
Ben Gorzell, Jr., CPA  
Chief Financial Officer

\_\_\_\_\_  
Nick Long  
Area Vice President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Krista Cover  
Assistant City Attorney



September 13, 2018

Mr. Ben Gorzell  
Chief Financial Officer  
City of San Antonio

Mr. Gorzell,

We are pleased to provide this proposal for Data Warehouse services for the City of San Antonio (CoSA). Below you will find a description of our proposal.

**Summary of Proposed Services**

Gallagher has been offering clients data warehousing services for over 15 years, and we are the only major employee benefits consulting firm with a custom-built data warehouse, called GBSInsider. The addition of GBSInsider will enhance our ability to develop our monthly budget variance analysis, benefit plan pricing, and any additional analytics.

For your Employee Health Benefit Plan data we propose :

- **Custom data warehouse:** The custom data warehouse will tailor the structure of the data to the particular needs of your organization. Medical and pharmacy data will be received and loaded on a monthly schedule.

We expect an intial load of:

- ♦ UHC: medical and pharmacy data for calendar year's 2015 and 2016
- ♦ BCBSTX: medical data for calendar year 2017 and 2018 year-to-date.
- ♦ CVS Caremark: pharmacy data for calendar year 2017 and 2018 year-to-date.

We will load load data monthly for

- ♦ BCBSTX: medical data
- ♦ CVS Caremark: pharmacy data

Please note: some vendors who have been terminated (UHC) require a fee to send the data that we request. Gallagher has a relationship with UHC and we hope that we will be able to avoid any additional fees. If a reasonable fee is required, Gallagher will cover it. If the fee is exceeds a reasonable amount (i.e \$5,000), we will need to discuss an adjustment to our proposal.

The Gallagher data warehouse team will work with your staff to determine how best to configure the data warehouse in order to provide the capability to report on data the way it will be most useful to you. This may involve integrating additional data about employees directly from your HR organization into the data warehouse, in order to allow all of the report "cuts" that you would like to see.



- **Actuarially develop custom benchmarks and completion factors:** Custom benchmarks are critical to understanding the true performance of your organization's benefit plans. They adjust for the age/gender, geographic location of your members, and the benefit plans that you offer. These are factors that can have a dramatic impact on healthcare costs. If you do not adjust for them you won't be able to identify where your true problems and opportunities lie. Actuarial completion factors allow you to compare period-to-period data accurately, adjusting for claims that have been incurred but not yet reported.

#### **Pricing**

Gallagher is prepared to offer very attractive pricing for the proposed services.

- **Year One: Data Warehouse Setup, Initial Data Loads (approximately 44 months beginning January 1, 2015) and Remaining Monthly Loads: \$75,000**
- **Year Two and Later: Monthly Loads: Annual Fee of \$75,000**

Sincerely,

Robert L. Jordan, ASA, MAAA, FCA  
Sr. Healthcare Actuary  
Healthcare Analytics (HCA)

Cc: Greg Alonzo, HCA  
Buddy Morris, GBS  
Nick Long, GBS