

ORDINANCE 2018-11-29-0951

APPROVING AN AMENDMENT OF THE PROFESSIONAL SERVICES CONTRACT WITH ARTHUR J. GALLAGHER & CO., DBA GALLAGHER BENEFITS, TO CREATE A CUSTOM DATA WAREHOUSE TO INCLUDE MEDICAL AND PHARMACY DATA IN AN AMOUNT NOT TO EXCEED \$75,000.00.

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WHEREAS, the City contracts with Arthur J. Gallagher & Co., DBA Gallagher Benefits to provide employee benefit consulting services; and

WHEREAS, City wishes to amend said Contract to allow for the creation of a custom data warehouse to include medical and pharmacy data; and

WHEREAS, the estimated annual cost of this contract is \$75,000.00; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Manager or her designee is hereby authorized to amend the contract with Arthur J. Gallagher & Co., dba Gallagher Benefits, to create a custom data warehouse for medical and pharmacy data in an amount not to exceed \$75,000.00. A copy of the Amendment is attached hereto and incorporated herein as **Exhibit A**. The terms and conditions of the Contract are hereby approved.

SECTION 2. Funding in the amount of \$75,000.00 is available in Fund 75002000, Cost Center 1002010025 and General Ledger 5201040 as part of the FY2019 Budget.

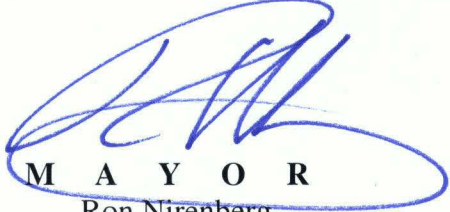
SECTION 3. Funds will be encumbered upon issuance of purchase orders, and payment is authorized to Arthur J. Gallagher & Co. and should be encumbered with a purchase order. All expenditures will be in accordance with the Fiscal Year 2019 and subsequent budgets that fall within the term period of this contract approved by City Council.

SECTION 4. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance, may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 5. This Ordinance is effective immediately upon passage by eight affirmative votes; otherwise it is effective on the tenth day after passage.

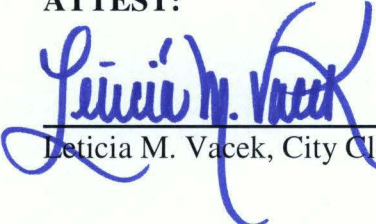
KMC
11/29/18
Item No. 26

PASSED AND APPROVED this 29th day of November, 2018.



M A Y O R
Ron Nirenberg

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Andrew Segovia, City Attorney

Agenda Item:	26 (in consent vote: 4, 5, 6, 7, 8, 9A, 9B, 9C, 9D, 9E, 10, 11, 12, 13, 14, 15, 16, 17, 19, 20, 21, 23, 24, 25, 26, 27, 28, 29A, 29B)						
Date:	11/29/2018						
Time:	09:41:48 AM						
Vote Type:	Motion to Approve						
Description:	Ordinance amending the Professional Services Contract with Arthur J. Gallagher & Co. to create a custom data warehouse to include medical and pharmacy data for an annual amount not to exceed \$75,000.00, funded from the Employee Benefits Insurance Fund FY 2019 Adopted Budget. [Ben Gorzell, Chief Financial Officer; Lori Steward, Human Resources Director]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x			x	
William Cruz Shaw	District 2	x					x
Rebecca Viagran	District 3	x					
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8		x				
John Courage	District 9		x				
Clayton H. Perry	District 10		x				

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EXHIBIT A

**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 initial 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 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 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,

A handwritten signature in cursive script, appearing to read 'Robert L. Jordan'.

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

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