

**SUMTER COUNTY BOARD OF COMMISSIONERS  
EXECUTIVE SUMMARY**

**SUBJECT:** Summary of Risk Management Services

**REQUESTED ACTION:** For Direction

Work Session (Report Only)    **DATE OF MEETING:** 8/14/2010  
 Regular Meeting                       Special Meeting

**CONTRACT:**  N/A    Vendor/Entity: \_\_\_\_\_  
Effective Date: \_\_\_\_\_                                      Termination Date: \_\_\_\_\_  
Managing Division / Dept: \_\_\_\_\_

**BUDGET IMPACT:** \_\_\_\_\_  
 Annual                      **FUNDING SOURCE:** \_\_\_\_\_  
 Capital                      **EXPENDITURE ACCOUNT:** \_\_\_\_\_  
 N/A

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**HISTORY/FACTS/ISSUES:**

Summary of Current Risk Management Activities

- 1) Risk Management (County Employees) – The county’s risk management department consists of three full-time employees and one part-time student employee divided between General Fund and Health Plan allocations. The cost associated with the part-time student employee is reimbursed through the employee benefits consulting contract (see #2). Major activities of the department include:
  - a. Contract Management – Approximately 12 contracts support the Health Plan.
  - b. Assists covered participants with issues related to Health Plan benefits and On Line Enrollment.
  - c. Coordinates Benefits and Health Fair, Open Enrollment for the Health Plan and FSA annually.
  - d. Coordinates and files claims for ancillary benefits such as short and long-term disability, life and accidental death and dismemberment insurance.
  - e. Audits vendor billings for payment; provides internal premium billings to employers and retirees participating in the Health Plan.
  - f. Maintains and provides data sets to the actuary for Chapter 112 annual reporting.
  - g. Bench-marking Health Plans/Premiums for surrounding counties and local employers annually.
  - h. Balances and maintains financial reports and records and coordinates data sets that are provided semi-annually to the actuary for the Health Plan.
  - i. Maintains and provides data sets to the actuary for updates for GASB 45 reporting every two years.
  - j. Processes and mails annual notification to all Medicare eligible participants (employees & retirees).
  - k. Processes and mails Privacy Notices every 3 years.
  - l. Maintains and provides data sets to the actuary for Medicare D reporting, attestation, and filing of applications.
  - m. Monitor and maintain mandatory compliance for COBRA, HIPAA and Health Care Reform.
  - n. Contract Management for approximately seven contracts related to Risk Management (unrelated to Health Plan).
  - o. Coordinates, investigates and files claims for all lines of insurance including Property, Inland Marine, Workers’ Compensation, Auto Liability and Physical Damage, Pollution, and General Liability.
  - p. Adds, deletes, and audits schedules for property and auto coverage; provides data for renewal of

all lines of insurance; provides billing to departments for budget disbursement.

q. Coordinates health and risk management related training with Board Departments and Elected Officials.

r. Maintains and track approximately 500 Certificates of Insurance in Fastrack Program for all vendors providing any type of service to Board Departments with and without contracts.

s. Manage the Risk Management Web Pages content for Internet and Intranet.

2) Employee Benefits Consulting (Currently Brown & Brown) – The three year contract with Brown & Brown for Employee Benefits Consulting expires September 2011. Services are described on the scope of services attached hereto. Brown & Brown receives various commissions and fees associated with this contract.

3) Insurance Lines other than Employee Benefits (Currently Brown & Brown and FACT/FMIT) – These broker services are directed on a case by case basis. Brown & Brown provides or provided broker services for other lines of insurance including Property, Inland Marine, General Liability, Auto Liability and Physical Damage, Pollution, and Workers' Compensation. This year, staff requested proposals directly from Florida Association of Counties while Brown & Brown was requested to bring additional proposals for consideration. Property and Inland Marine was awarded to FACT/FMIT. The Auto Liability and Physical Damage and Workers' Compensation proposals will be considered at the August 24, 2010, Board meeting.

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#### Recommendation

The BOCC at the meeting of July 16, 2010, provided direction to review the option of privatization of Risk Management (#1 above). Staff will include this option in the Request for Proposal (RFP) process related to #2 above. A provision will be included that proposing on this option will preclude the vendor from proposing on the Employee Benefits Consulting and/or providing broker services for any insurance lines to eliminate the obvious conflict of interest. The RFP submittal due date will be March 2011 for the effective date of services to begin October 1, 2011.

This same Request for Proposals will require an annual rate model versus a commission model for the employee benefits consulting services. This will provide a transparent model of the compensation provided to the consultant with clear delineation of consultant's relationship with the county.

A consultant can propose on #1 only or #2 and/or #3.

#### Example:

Company A can propose on #1 – Risk Management only

or

Company A can propose on #2 – Employee Benefits Consulting and/or #3 Insurance Lines other than Employee Benefits

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## **EXHIBIT A SCOPE OF SERVICES**

Subject to any changes and additions as may be mutually agreed by the parties in writing, availability and delivery of data from the insurance carrier and other third party vendors, Brown will provide the following services:

### **CONSULTING SERVICES PROVIDED ON AN "AS NEEDED" BASIS**

#### **General Services**

1. Provide dedicated personnel to be the main contact for managing the account relationship. The contact will be readily accessible to the County benefits personnel.
2. Provide general and technical guidance on employee benefit issues to include market analysis, trends, contract and statute interpretation and cost containment methods.
3. Assist in the development and review of communication materials written by County benefit administrators and other participating organizations for content, appearance, compliance, and accuracy. Brown will assist the County with developing the Annual Enrollment booklet and other employee communication materials as mutually agreed. Printing costs are not included.
4. Assist the County on a regular basis and in a timely manner to provide information, analysis and guidance on any and all aspects of County benefit program policy and administration.
5. Provide a qualified representative to attend County committee and employee meetings as requested or needed.
6. Review all plan documents for accuracy and compliance with appropriate laws and regulations, appropriateness of items to be included in a Section 125 Plan and review of annual required filings.
7. Advise and assist the County in negotiating renewal rates and plan provisions.
8. Assist the County in annual enrollment meetings or health fairs as needed.
9. Provide funding for one 20 hour per week employee to provide general administrative support to the County for employee benefits. This position will either be provided directly by Brown or through funding by Brown under County employment.
10. Brown will comply with all aspects of HIPAA.

#### **Technical Services**

1. Request for Proposals – Brown will prepare and coordinate the Request for Proposal process for insurance and related products for the implementation of the benefit plans for the Sumter County BOCC Group Health Plan and all other employee benefits.
2. Health Plan Comparison/Utilization Analysis – Brown will work with the County in securing and analyzing financial and claims data from each of the carriers on a scheduled basis in order to

monitor County benefit plans. Once analyzed, Brown will provide a summary explanation of the data emphasizing any important trends, emerging problems, etc.

3. Compliance - Brown will advise the County on any federally mandated compliance testing requirements relevant to County plans and providing guidance, when requested, in developing testing strategies.
4. Self-Funded Programs - Brown will provide guidance on the annual budgets, allocations of payroll deductions, stop loss purchases, and attachment points for the County self-funded programs.
5. Actuary Report – Brown will assist in the preparation of materials required for an annual actuary's review of the County's Self Funded Health Program. The actuary report itself will be prepared by an independent actuary firm selected by the County.
6. Wellness / Disease Management Programs – Brown will assist the County in evaluating, implementing and measuring the effectiveness of Wellness and Disease Management Programs.
7. Assist the County in developing online benefits training and benefit enrollment processes.
8. Litigation – Brown will assist the County with disputes and protests that arise out of the RFP process, contracting or employee grievances by providing necessary materials and testimony.