

**NOTICE TO THE PUBLIC**  
**WILLIAMSON COUNTY COMMISSIONER'S COURT**  
**MAY 12TH, 2014**  
**1:30 P.M.**

The Commissioner's Court of Williamson County, Texas will meet in special session in the Commissioner's Courtroom, 710 Main Street, in Georgetown, Texas to consider the following items:

**REGULAR AGENDA**

1. Hear presentations from Aetna, Seton and Gallagher Benefits Services, Inc. regarding the Williamson County Self-Insured Medical, Dental, and Vision Claims Administration, Disease Management, Precertification Management, Large Case Management, Biometric/Wellness Program Management, Prescription Drug Card/Mail Order, Preferred Provider Network, and Section 125 Administration; and (b) Williamson County's participation in various health benefit plan offerings.
2. Discuss, consider and take appropriate action to (a) award the contract(s) for the Williamson County Self-Insured Medical, Dental, and Vision Claims Administration, Disease Management, Precertification Management, Large Case Management, Biometric/Wellness Program Management, Prescription Drug Card/Mail Order, Preferred Provider Network, and Section 125 Administration provider, to Aetna Insurance (RFP # 15RFP101); (b) instruct legal counsel to finalize the negotiations and drafting of the agreement between Williamson County and Aetna for such services; and (c) provide direction to the Williamson County Human Resources Benefits Department in relation to Williamson County's participation in Aetna's health benefit plan offerings.

**EXECUTIVE SESSION**

***"The Commissioners Court for Williamson County reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultations with Attorney), 551.072 (Deliberations regarding Real Property), 551.073 (Deliberations regarding Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations regarding Security Devices) and 551.087 (Deliberations regarding Economic Development Negotiations)."***

3. Discussion regarding economic development negotiations pursuant to Texas Government Code, Section 551.087:
  - a) Business prospect(s) that may locate or expand within Williamson County: Five Star.
4. Discuss pending or contemplated litigation, settlement matters and other confidential attorney-client legal matters (EXECUTIVE SESSION as per VTCA Govt. Code sec. 551.071 consultation with attorney.), including the following:
  - a) Litigation or claims or potential litigation or claims against the County or by the County
  - b) Status Update-Pending Cases or Claims;
  - c) Cause No. 06-453-C277; Kerry Heckman et al. v. Williamson County, et al., In the District Court of Williamson County, Texas, 277th Judicial District

- d) Civil Action No.1:13- CV- 505, Robert Lloyd v. Lisa Birkman, et al, In The United States District Court for the Western District of Texas, Austin Division
- e) Cause No. 13-0090-C26, Mathews v. Williamson County, In The District Court of Williamson County, Texas, 26th Judicial District.
- f) Employment related matters.
- g) Other confidential attorney-client matters, including contracts and certain matters related to county defense issues in which the duty of the attorney to the governmental body within the attorney/client relationship clearly conflicts with Chapter 551 of the Texas Government Code.
- h) Civil Action No. 1:11-cv-907, Sarah Doe et al. v. Jerald Neveleff et al., In the United States District Court for the Western District of Texas Austin Division
- i) Mortgage Electronic Recording Systems (MERS) litigation.
- j) American Arbitration Association # 70 110 Y 00385 13; Williamson County, Texas v. Faulkner USA, Inc.
- k) Cause No. 12-0721-C277; W. Paul Reed et al. v. Williamson County et al.; In the District Court of Williamson County, Texas; 277th District Court
- l) Cause No. 13-0748-C368; Williamson County v. Parsons Environment & Infrastructure Group Inc. et al. in the 368th Judicial District Court of Williamson County, Texas
- m) Cause No. 1:12-CV-011222LY; Lance Brown v. Williamson County, Williamson County Sheriff's Office, Sheriff James Wilson and Shawn Wilson in the United States District Court for the Western District of Texas, Austin Division
- n) James Windom and Jane Windom v. Williamson County, Texas: Cause #13-0398-C368 in the 368th Judicial District Court of Williamson County, Texas

5. Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the Williamson County Human Resources Director (EXECUTIVE SESSION as per VTCA Govt. Code sec. 551.074 – Personnel Matters).

#### REGULAR AGENDA (continued)

6. Discuss, consider and take appropriate action on:
  - a) Business prospect(s) that may locate or expand within Williamson County: Five Star.
7. Discuss and take appropriate action on pending or contemplated litigation, settlement matters and other confidential attorney-client legal matters, including the following:
  - a) Litigation or claims or potential litigation or claims against the County or by the County
  - b) Status Update-Pending Cases or Claims;
  - c) Cause No. 06-453-C277; Kerry Heckman et al. v. Williamson County, et al., In the District Court of Williamson County, Texas, 277th Judicial District
  - d) Civil Action No.1:13- CV- 505, Robert Lloyd v. Lisa Birkman, et al, In The United States District Court for the Western District of Texas, Austin Division
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n) James Windom and Jane Windom v. Williamson County, Texas: Cause #13-0398-C368 in the 368th Judicial District Court of Williamson County, Texas

8. Discuss, consider and take appropriate action on the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the Williamson County Human Resources Director.
9. Comments from Commissioners.

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Dan A. Gattis, County Judge

This notice of meeting was posted in the locked box located on the south side of the Williamson County Courthouse, a place readily accessible to the general public at all times, on the \_\_\_\_\_ day of \_\_\_\_\_, 2014 at \_\_\_\_\_ and remained posted for at least 72 continuous hours preceding the scheduled time of said meeting.

**Commissioners Court - Special Session****2.****Meeting Date:** 05/12/2014**Submitted By:** Wendy Coco, County Judge**Department:** County Judge**Agenda Category:** Regular Agenda Items

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**Information****Agenda Item**

Discuss, consider and take appropriate action to (a) award the contract(s) for the Williamson County Self-Insured Medical, Dental, and Vision Claims Administration, Disease Management, Precertification Management, Large Case Management, Biometric/Wellness Program Management, Prescription Drug Card/Mail Order, Preferred Provider Network, and Section 125 Administration provider, to Aetna Insurance (RFP # 15RFP101); (b) instruct legal counsel to finalize the negotiations and drafting of the agreement between Williamson County and Aetna for such services; and (c) provide direction to the Williamson County Human Resources Benefits Department in relation to Williamson County's participation in Aetna's health benefit plan offerings.

**Background**

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**Fiscal Impact**

From/To	Acct No.	Description	Amount	Sort Seq
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**Attachments**Benefits

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**Form Review**

Form Started By: Wendy Coco

Started On: 05/09/2014 11:34 AM

Final Approval Date: 05/09/2014



## Recommendations

### GOALS

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When devising the RFP Wilco staff and Gallagher agreed we would focus on three primary objectives:

1. Increase Integration
2. Return to Quality Customer Service
3. Lower Total Cost

The scoring and questions in the RFP reflect these goals and all submitters will be assessed with these objectives in mind.

### INITIAL PROPOSALS

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Wilco received 17 proposals altogether. Only 6 proposals received were for medical TPA services. Out of the 6 proposals, 3 proposals were submitted from small TPAs, 2 from large integrated carriers and 1 from TAC in a partnership with Blue Cross. 11 out of 17 were submitted for services such as Dental, Vision, Disease Management, Large Case Management, Biometric Wellness, Prescription Drug/Mail Order, Preferred Provider Network, and Section 125 Claims Administration.

Wilco's goal was to select a TPA that could offer full integration with (Medical, Dental, Vision, FSA and Wellness). Several of the TPAs are actually smaller than Wilco's current TPA, Allegiance and could not offer better discounts and most importantly could not offer full integration. Some of these offered lower base admin fee \$10-25, however when you evaluate further the proposals' additional fees are hidden thus the fees were higher after totaling all of the hidden fees. It is Gallagher's opinion that none of these TPAs be considered.

I will talk about the next 3 offers in alphabetical order.

Aetna put together 2 different and compelling offers. Both offers include generous wellness, implementation and audit allowances. The wellness allowance can be used to pay for screenings, communication, seminars or anything else that is furthering wellness. The implementation allowance can be used for communications, compensate an Onsite implementation manager or pay for systems. Lastly the audit allowance will cover the cost of running detailed enrollment and trial claim scenarios to ensure the system is ready for the 11/1 effective date.

The Aetna offer also includes a truly integrated wellness offering. All labs will go to Quest (Onsite, at lab, at office visit) the results will automatically flow to the predictive modeling system, DM, and wellness tracking systems. The results will be incorporated into all the systems and aggregate reports will be generated. These aggregate reports will be used for incentive tracking and to give us an idea where the



## Recommendations

wellness dollars are best spent. Aetna pulls the dental and vision claims into the DM and predictive modeling programs as well and can administer special benefits for certain disease states.

All the RX rebates will be passed on to Wilco and Aetna offered a dollar for dollar claims target guarantee. This is extremely rare and is far better than a traditional discount guarantee.

Lastly the FSA is integrated into the medical/RX claims system to reduce confusion. Run out is also included which is a significant benefit. Aetna has a dedicated Public unit based in Houston that only works on large government employers. Per company policy Aetna will not release references until named a finalist.

The second Aetna option included all the same bells and whistles but included a Seton only plan. This Seton only plan would drastically reduce cost and still contains an option to pay more for access to St David. The level of integration on the Seton plan is revolutionary. Seton would have access to Aetna's system and actual local Seton nurses would be making outreach calls from the patient's own doctor's office. This will insure much higher participation. The plan also includes the development of a Wilco Wellness Employee only clinic.

TAC in partnership with Blue Cross put together an attractive proposal. They offered good discounts, large network and high quality customer service. They also included run out and will have access to a highly competitive stop loss captive. TAC knows and understands Texas Counties but has very few over 1000 lives (only 2, we believe). They also would need an outside vendor for vision, and wellness. They are passing the rebates to Wilco.

UHC had an extremely attractive offer. They are only integrated on medical, and flex and wellness. Dental and Vision are not integrated with the FSA at this time. They mirror all the same capabilities as Aetna's traditional offer. Some potential enhancements include local customer service, experience with Wilco and a wellness allowance. UHC is retaining RX rebates.

In my opinion UHC and Aetna had the best offers and should be considered for onsite meetings. TAC had a good offer but lacked integration however if the Selection Committee so chooses they could also be considered.

### *SELECTION COMMITTEE – INTIAL PROPOSALS*

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The Selection Committee agreed with Gallagher's analysis. The small TPAs were eliminated because of their lack of discounts, integration and service capabilities. The Selection Committee chose to conduct onsite interviews at Aetna, TAC and UHC.

### *ONSITES*

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The first onsite was conducted at Aetna in Arlington TX on Wednesday March 12<sup>th</sup>. The Committee was impressed with Aetna's technology, service, and knowledge.



## Recommendations

The next onsite was with UHC the morning of March 13<sup>th</sup> in San Antonio. The committee felt very comfortable with UHC's service team but felt they lacked a vision for how to reduce costs in the future.

TAC was the last presentation in the afternoon of March 13<sup>th</sup>. The Committee was uneasy about the lack of integration between the FSA and medical and was a little confused about TAC as the middle man between the County and BCBS.

After the visits the Committee decided unanimously to ask for best and final offers (BAFOs) from just Aetna and UHC.

### *POST BAFO & FINAL INTERVIEWS*

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The Aetna Seton ACO stood out because of the potential for significant claims savings and the risk sharing with Seton. This plan has the potential to be a transformative system for Williamson County and all of Central Texas. This is the wave of the future; the only question is if Williamson County is willing to be the first group in Central Texas to catch this wave. There are risks with every new idea but this is not a significant departure from business as usual for Aetna or Seton with one important difference, the risk sharing. Seton will be financially incented to work with the County to truly seek better outcomes that may not have occurred in the Fee for Service world.

The traditional Aetna offer and the UHC offer are very similar. Aetna has two major advantages, first their fixed cost is lower than UHC, second the medical, RX, dental, vision, and FSA are all fully integrated. UHC will not have their dental and medical integrated until 2015. However Williamson County has a track record and a level of comfort with UHC. It is difficult to put a value on this familiarity and should be valued especially coming off the rocky relationship with Allegiance. Due to the integration and costs issues I ranked Aetna as 2a and UHC right behind at 2b. That being said I feel we have 3 offers that would be a significant improvement and any of them could properly service the County. I feel UHC will lower their price on best and final to more closely mirror the market and focus should not be on the price at this time. However if they do not drastically lower their price the cost could be prohibitive.

The Seton offer does come with some risks and will require a comprehensive implementation and communication strategy, but the savings created by the enhanced Seton discounts and coordination of care is very substantial. It is Gallagher's recommendation to select the Aetna Seton ACO offer. The



## Recommendations

County realizes that with any new concept there will be challenges and issues but the ACO concept represents the future of healthcare and the saving are significant.

### 1. Aetna Seton ACO

- Financial
  - 17% reduction in claims vs full Aetna offering
  - Claims pick guarantee
  - Seton financially at risk for plan performance
  - Generous allowances
    - \$50,000 Wellness
    - \$25,000 Implementation
    - \$7,500 Audit
  - Mature Fee (eliminates run out expense)
  - Competitive fixed costs
- Service
  - Public Sector team: They understand how government entities work
  - Integration
    - FSA: Streamline and debit card available
    - Rx/Dental/Vision fully integrated
    - Single point of contact for all products for admin and employee
  - Strong performance guarantees
  - Strong references
- Risks
  - ACO is a new concept in Austin





## Recommendations

- Mitigation: Aetna ACOs have been in Houston for 2 plus years
- Potential employee dissatisfaction
  - Mitigation: Long lead time for communication, buy up option with big network, Physician recruitment guarantee
- Aetna is a new carrier for Wilco
  - Mitigation: Long lead time for implementation and sizable implementation budget
- Little Fish in a Big Pond
  - Mitigation: This ACO will be **VERY** high profile. If it goes well Aetna and Seton will be able to market it all over the Austin area. If it goes poorly they will have wasted million developing it.
- ACO membership expansion causes doctors to become scarce.
  - Mitigation: I would like Seton to guarantee service levels

### 2a. Aetna

- Financial
  - Comparable offer to UHC but lower fixed costs
  - Significant discount savings vs Cigna (greater than 5%)
  - Claims pick guarantee
  - Generous allowances
    - \$50,000 Wellness
    - \$25,000 Implementation
    - \$7,500 Audit
  - Mature Fee (eliminates run out expense)
- Service



## Recommendations

- Public Sector team: They understand how government entities work
- Service team is in Houston
- Integration
  - FSA: Streamline and debit card available
  - Rx/Dental/Vision fully integrated
  - Single point of contact for all products for admin and employee
- Strong performance guarantees
- Strong references
- Integration
  - Full integration between medical, RX, dental, and FSA
  - Single point of contact for admin and employees



## Recommendations

### 2b. UHC

- Financial
  - Comparable offer to Aetna but higher fixed costs (+\$277k)
    - Would not rule them out based solely on price
  - Significant discount savings vs Cigna (greater than 5%)
  - Submitted financial guarantees on Best and Final
- Service
  - County is already comfortable with UHC
  - Local service team
    - Wilco would be a large customer for the middle market segment
  - Impressive customer service capabilities
  - Service based performance guarantees
  - Strong references
- Integration
  - Lack of integration between medical and dental
  - Good integration with FSA and Rx
  - Single point of contact for admin and employees