



cityofnovi.org

# CITY of NOVI CITY COUNCIL

Agenda Item O  
March 8, 2010

**SUBJECT:** Approval of additional \$500 (\$8,500 total) to Marsh Mercer for presentation of Self Funded Analysis project to City Council and Health Care Committee.

**SUBMITTING DEPARTMENT:** Human Resources *[Signature]*

**CITY MANAGER APPROVAL:** *[Signature]*

EXPENDITURE REQUIRED	\$8,500
AMOUNT BUDGETED	\$0
APPROPRIATION REQUIRED	\$8,500
LINE ITEM NUMBER	101-299.00-816.000 - Consulting

**BACKGROUND INFORMATION:**

This project was approved by City Council on Monday, January 25, 2010 with a "Not to Exceed" expenditure of \$8,000. An additional meeting has been requested by the Committee/City Council to present the final project to City Council and the Health Care Committee. This additional meeting will add \$500 to the total cost of the project.

**RECOMMENDED ACTION:**

Approval of additional \$500 (\$8,500 total) to Marsh Mercer for presentation of Self Funded Analysis project to City Council and Health Care Committee.

	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Gatt				
Council Member Crawford				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Staudt				

# MERCER



MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

**Jerome F. Konal**  
600 Renaissance Center, Suite 1800  
Detroit, MI 48243  
313 877 7345  
jerry.konal@mercer.com  
www.mercer.com

February 17, 2010

Ms. Tia Gronlund-Fox  
Director of Human Resources  
City of Novi  
45175 West Ten Mile Road  
Novi, MI 48375

**Subject:** Statement of Work

## **Statement of Work (“SOW”)**

The objective of this Statement of Work (“SOW”) is to confirm the scope of our work and the compensation for this engagement. This SOW is subject to the terms and conditions contained in our engagement letter dated February 17, 2010. All capitalized terms not defined in this SOW shall have the meanings ascribed to them in our existing engagement letters.

### **Project Details**

1. Project name: **Medical/Rx Self-funded analysis**
2. Description of Mercer responsibilities:

#### **Data gathering**

In the data gathering phase, we will collect and review key documents and data, including:

- Rates and contributions for medical/Rx plans
- Contracts and performance guarantees with all vendors
- Current and past year census snap-shots
- Detailed requests for experience data and plan design history information
- All medical and Rx plan designs, including those stipulated in collective bargaining agreements.

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Page 2  
February 17, 2010  
Ms. Tia Gronlund-Fox  
City of Novi

- Data supplied will be reviewed for reasonableness and any issues/questions will be addressed

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## Financial analysis

Mercer will forecast City of Novi's medical and Rx costs under a self-insured scenario. All current plan designs, including those stipulated by City of Novi's collective bargaining agreements will be taken into account. If this analysis determines that self-funding is a recommended option for City of Novi, Mercer will provide recommended specific stop-loss deductible levels.

Mercer's analysis will be compiled into a report with an executive summary for City of Novi. The City has the option to request that Mercer present our findings to the Council.

### 3. Description of client responsibilities:

Client will provide requested data in a timely manner. You will make yourself available for questions regarding medical plan designs if clarification is needed.

### 4. Period of time over which work will be performed:

Work will begin upon receipt of the signed Engagement Letter and Statement of Work. The analysis will be completed within 2-3 weeks of receiving the necessary data from the client and the client's medical vendors.



### 5. Compensation/fees:

Our compensation for the Services subject to this SOW will be professional fees in the amount of \$7,500. If you would like Mercer to present the results of the analysis in-person, an additional fee of \$500 per one hour meeting will be charged.

## Additional Terms

1. We do not act on behalf of any insurer or other service provider, are not bound to utilize any particular insurer or service provider, and do not have the authority to make binding commitments on behalf of any insurer or service provider. In addition, we do not guarantee or make any representation or warranty that coverage or service can be placed on terms acceptable to you. We are not responsible for the solvency or ability to

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MARSH MERCER KROLL  
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Page 3  
February 17, 2010  
Ms. Tia Gronlund-Fox  
City of Novi

pay claims of any insurance carrier or for the solvency or ability of any service provider to provide service. Insurance carriers or service providers with which your other risk or insurance coverage or other business is placed will be deemed acceptable to you, in the absence of contrary instructions from you.

2. You understand that the failure to provide, or cause to provide, complete, accurate, up-to-date, and timely documentation and information to us, an insurer, or other service provider, whether intentional or by error, could result in impairment or voiding of coverage or service. You agree to review all policies, endorsements and program agreements delivered to you by us and will advise us of anything which you believe is not in accordance with the negotiated coverage and terms within thirty (30) days following receipt.
3. You expressly acknowledge that, with respect to the provision of the Services, we are not, nor are any of our Affiliates or subcontractors, an "administrator" within the meaning under applicable law, including the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), nor, with respect to the provision of the Services, are we or any of our Affiliates or subcontractors a "fiduciary" within the meaning under applicable law or ERISA, unless provided otherwise herein or required by applicable law.
4. Title V of the Gramm-Leach-Bliley Act and related state laws and regulations establish limitations on the use and distribution of non-public information collected by financial institutions from their customers and consumers. Our insurance-related work qualifies us as a financial institution under this Act. Our Privacy Policy Notice is available at [www.mercer.com/transparency](http://www.mercer.com/transparency). At this web address you will also find information regarding Marsh & McLennan Companies, Inc. and its subsidiaries' equity interests in certain insurers and contractual arrangements with certain insurers and wholesale brokers.
5. Without limiting the generality of Section 2 of our engagement letter, you will inform us at the commencement of our work under each SOW (and thereafter in the event of any change) as to whether or not you or any of your Affiliates are subject to any restrictions or obligations directly relevant to the Services as a result of or in connection with having received any federal financial assistance in connection with any federal law or program, including, but not limited to, the American Recovery and Reinvestment Act of 2009 and the Emergency Economic Stabilization Act of 2008, including the Troubled Assets Relief Program. In the event that you or your Affiliates are subject to such restrictions or obligations, you will also promptly describe such restrictions and obligations to us in

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MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

Page 4  
February 17, 2010  
Ms. Tia Gronlund-Fox  
City of Novi

writing in reasonable detail and make an expert (including internal or external counsel) available to us for additional clarification that we reasonably request regarding the analysis or interpretation of any such restrictions or obligations. You agree that we will be entitled to rely on, and have no liability for, the accuracy and completeness of the information, analysis or interpretation that is provided to us in connection with the foregoing.

We appreciate your business and look forward to working with you on this engagement. Please acknowledge your agreement to the terms contained herein by signing below.

## **Mercer Health & Benefits LLC**

By:

Name: Jerome F. Konal

Date: February 17, 2010

Title: Principal and Senior Consultant

ACCEPTED AND AGREED

## **City of Novi**

By: \_\_\_\_\_

Name: \_\_\_\_\_  
(Please Print)

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

Title: \_\_\_\_\_