



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Mark Danaj

SUBJECT: FIRST AMENDMENT TO THE
AGREEMENTS WITH MANAGED
HEALTH NETWORK

DATE: 06-02-06

Approved

Date

6-05-06

COUNCIL DISTRICT: N/A
SNI: N/A

SUBJECT: Adoption of a resolution authorizing the City Manager to extend three agreements with Managed Health Network (MHN) to continue to provide the Employee Assistance Program services to benefited City employees and their families.

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to execute amendments to three agreements with Managed Health Network (MHN) and extending the term of the agreements by one year to June 30, 2007, to provide the following services in a total budgeted amount of \$835,000 for 2006-07:

- (a) Sworn Employee Assistance Program - \$610,000
- (b) Non-Sworn Employee Assistance Program - \$210,000
- (c) Critical Incident Stress Management Services - \$15,000

OUTCOME

Extension of the current agreements provides employees and their dependents with continued Employee Assistance Programs (EAP) and the Critical Incident Stress Debriefing (CISD) services through June 30, 2007.

BACKGROUND

MHN is the provider of the City's Sworn and Non-Sworn EAP and the CISD.

The EAP is an employer-paid benefit that provides free counseling, consultation and training services designed to help employees and their eligible family members with a wide range of personal and job-related issues. It also provides substance abuse counseling as required by law, and training and counseling in areas related to job performance. The City maintains separate agreements with MHN to provide services to safety and non-safety personnel because of the differences in the respective plan designs.

The CISD is another employer-paid benefit that provides onsite licensed mental health professionals, when requested, to assist public safety employees in a group-debriefing environment, typically following a traumatic event that occurred in the line of duty. The clinicians are on-call and available 24 hours a day.

The City last conducted requests for proposals (RFP) for the EAP and CISD benefits in 2002. As a result of each of those RFPs, the City Council approved agreements with MHN to provide the services. The current four-year agreements are due to expire June 30, 2006.

ANALYSIS

The extension of the MHN agreements is requested for one year, through June 30, 2007. This extension is requested to allow Employee Services to complete the Deferred Compensation and Health Plan RFPs (already in progress) before beginning the RFP for EAP/CISD. New agreements for the Deferred Compensation and Health Plans are scheduled for approval by October 2006 and January 2007, respectively. The EAP/CISD RFP should begin by the end of 2006, and the effective date of the new agreements will be July 1, 2007.

Through the first quarter of 2006, Employee Services facilitated discussions with MHN, the Police/Fire Departments (whose employees are key users of the EAP and CISD programs) and representatives of the Police Officers Association and International Association of Fire Fighters to ensure that these stakeholders are comfortable with the one-year extension from a program/service perspective. These discussions were also reviewed with the Benefits Review Forum (which includes representatives from non-public safety employee organizations). All stakeholders agreed with the one-year extension.

MHN has already offered to extend the 2005-06 rates through 2006-07 without any increases. The \$835,000 funded in the 2006-07 Proposed Operating Budget, already assumes no rate increase from 2005-06 to 2006-07, consistent with this recommendation.

This benefit is free to City employees and includes 5 counseling sessions per incident per year for non-sworn employees and unlimited counseling sessions for sworn employees and public safety dispatchers. In addition, employees have access to telephonic consultations for child and eldercare assistance, financial issues, federal tax assistance, pre-retirement planning, organizing life's affairs, concierge services and legal services. Employees' spouses, domestic partners and dependent children may also take advantage of the benefits listed above for free.

Substance abuse treatment is another benefit which is available to all City employees and the dependents of fire fighters.

Recent utilization information shows the EAP benefit is highly utilized by City employees. For example, despite a slight decrease in enrollment, sworn personnel increased their utilization of counseling services from 17.59% in 2004 to 23.37% in 2005. Utilization among non-safety employees is consistently at approximately 10%.

The EAP program costs are an investment in that they are typically offset by reductions in costs associated with absenteeism and health plan utilization.

The EAP benefits are included in the union contracts as a mandatory benefit for all benefited employees. Changes would be subject to meet and confer.

ALTERNATIVES (Not applicable)

PUBLIC OUTREACH (Not applicable)

COORDINATION

This memo has been coordinated with the City Attorney's Office, City Manager's Budget Office and the Finance Purchasing division.

COST IMPLICATIONS

The EAP and CISD programs and their agreements have been fully funded with \$835,000 in the 2006-07 Proposed Budget. The Proposed Budget, consistent with this recommendation, assumes no rate increase from 2005-06 to 2006-07.

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BUDGET REFERENCE

2006-07 Proposed Operating Budget, Employee Services, pp. VIII-37 – VIII-40.

CEQA

Not a project.


MARK DANAJ
Director, Employee Services

For questions please contact Jay Castellano, Benefits Manager, 975-1436.