



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Mark Danaj

SUBJECT: SEE BELOW

DATE: 5-29-07

Approved

Kay Winer

Date

6/1/07

COUNCIL DISTRICT: Citywide
SNI AREA: N/A

SUBJECT: AMENDMENT TO EXTEND AGREEMENTS WITH MANAGED HEALTH NETWORK (MHN) FOR EMPLOYEE ASSISTANCE PROGRAM (EAP) AND CRITICAL INCIDENT STRESS DEBRIEFING (CISD) SERVICES.

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to extend the current Employee Assistance Program (EAP) and Critical Incident Stress Debriefing (CISD) agreements with Managed Health Network (MHN) for a period not to exceed three months at a cost of \$213,000, subject to marginal change based on month-to-month usage.

OUTCOME

Extending the current contracts will provide the City, its employees, and their families with continued EAP and CISD services for three months into the 2007-08 fiscal year or until the current Request for Proposals (RFP) process is completed and new service agreements are approved.

BACKGROUND

The Employee Assistance Program is an employer-paid benefit that provides free counseling and consultation services designed to help employees and their eligible family members with a wide range of personal and job-related issues. It also provides job performance and substance abuse counseling. The City maintains two separate EAP agreements with MHN for public safety and non-public safety employees.

In addition, the City contracts with MHN to provide Critical Incident Stress Debriefing (CISD) services for public safety employees. CISD is also an employer-paid benefit and provides onsite licensed mental health professionals to assist public safety employees in dealing with traumatic events that occur in the line of duty.

The City last conducted a Request for Proposals (RFP) for EAP and CISD services in 2002. As a result, the City Council approved a recommendation to authorize the City Manager to execute agreements with MHN. Those contracts are scheduled to expire June 30, 2007.

ANALYSIS

The City's broker is currently conducting an RFP process to solicit EAP and CISD proposals that best meet the needs of the City, its employees, and their eligible family members. The review and selection process is expected to be completed by the end of June 2007; however, staff will not be able to agendize its recommendation for City Council approval before the contracts expire.

Staff originally planned to deliver its recommendation to Council for approval in mid-June; however, due to delays in receiving claims experience data from the current vendor, the RFP document was distributed later than expected and the timeline was pushed out (proposers need claims experience data to calculate pricing). Staff now plans to forward its recommendation for City Council approval in early August, with a contract implementation date of no later than October 1, 2007.

MHN has already agreed to extend its contracts with the City on a month-to-month basis and has committed to leaving the 2006-2007 rates in place until their proposal is selected or until the City completes its transition to a new EAP/CISD provider.

POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this item does not meet any of the criteria above, staff has established an RFP review committee comprised of representatives from Human Resources, the Benefits Review Forum (BRF), Retirement Services, Employee Relations, and the Police and Fire Departments' respective critical incident management teams. This committee has been advised of the contract extension request and will assist staff in making a recommendation to the City Council once the RFP process is completed. This memorandum is posted on the City's website for the June 19, 2007 Council Agenda.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the Office of Employee Relations, and the City Manager's Budget Office.

COST SUMMARY/IMPLICATIONS

Based on current enrollment, the City's cost for extending the current contracts for three months will be approximately \$213,000. This amount is subject to marginal change based on month-to-month enrollment fluctuation.

	<u>Current</u>		<u>Approximate</u>	<u>Estimated</u>
	<u>Enrollment</u>	<u>x Premium/Employee</u>	<u>Monthly Cost</u>	<u>3-Month Cost</u>
Public Safety EAP:	2,295	\$23.08	\$53,000	\$159,000
Non-Safety EAP:	3,891	\$4.50	\$17,500	\$52,500
CISD Retainer:	n/a	n/a	\$500	<u>\$1,500</u>
				\$213,000

The 2007-2008 Proposed Operating Budget assumes that EAP and CISD rates will not change in FY 2007-2008. Consequently, this contract extension will not require modifications to the 2007-2008 Adopted Operating Budget.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Total Appn.	Amount of Contract*	2007-2008 Proposed Budget (Page)	Last Budget Action (Date, Ord. No.)
001	2136	Critical Incident Stress Debriefing	\$15,000	\$1,500	IX-13	
160	0124	Employee Assist Program	\$850,000	\$211,500	XI-9	
		Estimated Total	865,000	\$213,000		

* Estimated – Both the Safety and Non-Safety EAP contract amounts are determined on a per employee per month (PEPM) basis. Total cost is a factor of premiums applied to enrollment. As enrollment increases or decreases, so do the City's costs.

CEQA

Not a project.



MARK DANAJ
Director, Human Resources

For questions, please contact Dave Delong, Acting Benefits Manager, 408-975-1428.