



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kay Winer

SUBJECT: SEE BELOW

DATE: 05-31-11

Approved

Date

6/3/11

SUBJECT: AMENDMENT TO EXTEND AGREEMENTS WITH MHN SERVICES (MHN) FOR EMPLOYEE ASSISTANCE PROGRAM (EAP) AND CRITICAL INCIDENT STRESS DEBRIEFING (CISD) SERVICES FOR EMPLOYEES AND THEIR DEPENDENTS FOR THE PERIOD OF JULY 1, 2011 TO DECEMBER 31, 2011.

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to amend the following three (3) current agreements between the City and MHN Services (MHN) to extend each agreement for a period of six (6) months, from July 1, 2011 to December 31, 2011:

1. Employee Assistance Program (EAP) for sworn employees at an added cost not to exceed \$254,500, and a total cost not to exceed \$2,500,000 for the total Agreement term,
2. Employee Assistance Program (EAP) for non-sworn employees at an added cost not to exceed \$64,000, and a total cost not to exceed \$610,000 for the total Agreement term,
3. Critical Incident Stress Debriefing (CISD) for sworn employees at an added cost not to exceed \$7,500, and a total cost not to exceed \$35,000 for the total Agreement term.

For all three (3) agreements together, extending the term for a period of six (6) additional months will result in total costs not to exceed \$326,000 for the period of July 1, 2011 to December 31, 2011, and for total costs not to exceed \$3,145,000 for the entire four (4) years and three (3) months term, from October 1, 2007 to December 31, 2011.

OUTCOME

Extending the current agreements with MHN will provide the City, its employees, and their dependents with continued EAP and CISD services for six (6) months into the 2011-12 fiscal

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year in order to allow Human Resources staff to complete the current Request for Proposals (RFP) process, begun in February, and the resulting new service agreements to be executed.

BACKGROUND

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

The EAP is a 100% City-paid benefit that provides the following confidential services to benefited City employees and their dependents:

- Mental Health Counseling
- Substance Abuse Referrals and Treatment
- Work-Life Support Services (such as legal consultations, tax planning, financial planning, and childcare referrals)
- Individual and Group Management Training (such as conflict resolution and staff performance)

The City maintains a total of three (3) agreements with MHN. Two (2) separate agreements are necessary to provide EAP benefits to sworn and non-sworn employees. Both EAP agreements provide employees and their dependents access to counseling sessions as well as twenty-four (24) hour crisis intervention by telephone. In addition, for public safety employees, which include fire fighters, police officers and police and fire dispatchers, participants are eligible to receive unlimited visits to a mental health provider for each personal incident that prompts treatment. For all other non-public safety employees, this counseling benefit is limited to five (5) provider visits for each incident per calendar year.

Both EAP agreements also include coverage for substance abuse treatment. The City covers 70% of the claims cost for substance abuse treatment and employees pay 30%.

Under a third agreement, the City provides CISD services to public safety employees. CISD is also 100% City-paid and provides licensed on-site mental health professionals to assist public safety employees in coping with the emotional stress that can occur following traumatic events experienced in the line of duty.

The City last conducted a request for proposals (RFP) for EAP and CISD services in 2007. At that time, the City Council approved staff's recommendation to secure MHN as the City's vendor through June 30, 2011.

Another RFP to secure a quality vendor for EAP and CISD services at the most competitive market rate possible is currently underway.

ANALYSIS

Human Resources is currently conducting an RFP 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 2011. However, due to delays in developing the RFP for release, the timeline was extended, so staff will not be able to present their recommendation to the City Council for approval before the current agreements with MHN expire on June 30, 2011.

Staff now plans to forward its recommendation for City Council approval in early August, with a contract implementation date of no later than January 1, 2012.

MHN has agreed to extend the term of the current agreements through December 31, 2011 with no change in the current rates or services.

EVALUATION AND FOLLOW-UP

This project addresses the Human Resources' performance measure of the cost of benefits administration and operations per budgeted full-time employee. The Employee Benefits division of Human Resources ensures that the City of San Jose employees and retirees receive high quality and cost effective benefits by subjecting benefit plan providers to regular competitive processes (usually every four years).

PUBLIC OUTREACH/INTEREST

- 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)**

All key stakeholders have been invited to participate in the RFP process currently in progress.

This memorandum is posted on the City's website for the June 14, 2011 Council Agenda.

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COORDINATION

This memorandum has been coordinated with the Office of the City Attorney, the City Manager's Budget Office and the Benefits Review Forum.

COST SUMMARY/IMPLICATIONS

Based on current enrollment adjusted for the actions recommended in the 2011-2012 Proposed Operating Budget, as shown in the chart below, the City's cost for extending the current agreements for six months will be approximately \$326,000. This amount is subject to change based on monthly enrollment fluctuation.

	<u>Estimated July 2011 Enrollment</u>	<u>Premium Per Employee</u>	<u>Approximate Monthly Cost</u>	<u>Estimated 6 Month Cost</u>
Non Sworn Employees	3,371	\$2.91	\$9,810	\$59,000
Non Sworn Substance Abuse Treatment				\$5,000
Sworn Employees	1,928	\$21.11	\$40,700	\$244,500
Sworn Substance Abuse Treatment				\$10,000
CISD Retainer			\$1,250	<u>\$7,500</u>
				\$326,000

The current agreement with MHN for CISD services includes an annual retainer of \$6,000. All CISD services which exceed the annual retainer amount are billed to the City by MHN based upon a contractually set hourly rate.

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BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contracts	Proposed 2011-2012 Budget Page*	Last Budget Action (Date, Ord. No.)
160	0124	Employee Assistance Program	\$576,000	\$326,000	XI - 8	N/A
001	0482	Non-personal/ Equipment	\$951,554	\$7,500	VIII - 179	N/A

* Funding availability is subject to the adoption of the 2011-2012 Proposed Operating Budget to be considered by the City Council on June 21, 2011.

Substance Abuse Treatment claims estimated at a City-wide cost of \$15,000 would be expended from affected individual department General Fund budgets as appropriate. Expenditures are allocated according to the employees' use and are typically absorbed in personal services savings.

CEQA

Not a project, File No. PP10-066 (e).

/s/
 Kay Winer
 Acting Director, Human Resources

For questions please contact Jeanne Groen, Benefits Manager at (408) 975-1428.