

COUNTY OF MILWAUKEE
DEPARTMENT OF HUMAN RESOURCES
INTER-OFFICE COMMUNICATION

DATE : August 15, 2016

To : Chairman Theodore Lipscomb, County Board of Supervisors

FROM : Matthew Hanchek, Director of Benefits, Department of Human Resources *MHS*

SUBJECT: **Report from the Director of Benefits & HR Metrics, Department of Human Resources, requesting authorization for a 3-year contract extension for Consulting and Actuarial Services.**

Issue/Background

Milwaukee County contracts with Willis of Wisconsin for consulting and actuarial services for our non-pension benefit plans. Some of the items within the scope of services include biennial calculation of the County's OPEB liability, forecasting of health care expenses, assistance with sourcing benefit plan vendors, and plan design modeling to assess the impact of budget options.

Willis has been a critical partner in the success of Milwaukee County's employee benefit plan administration, both in vendor negotiations and budget planning. As an example, in 2014 Milwaukee County, Milwaukee Public Schools, Milwaukee County Transit System, and the City of Milwaukee were able to leverage our combined market strength by having Willis coordinate a cooperative RFP process. The end result of this effort saved Milwaukee County in excess of \$13,000,000 in healthcare costs over the 2015 and 2016 plan years. The other participating public employers saw similar results.

Willis has consistently demonstrated strong knowledge of the local health care provider and insurance market, as well as the Wisconsin regulatory environment. Willis also bring us the market power of one of the largest brokerage books of business in the world. The recent acquisition of Towers Watson adds to the leverage and depth of consulting knowledge.

Terms

Milwaukee County will continue to utilize the account team, including actuarial support, from the local office located in Brookfield. All contract terms remain the same, with the following exceptions:

- References to "Willis" or "Willis of Wisconsin" will be replaced with Willis Towers Watson to reflect the post-acquisition company name.

- Fees will increase 4.8% from the current cost of \$165,000 to \$173,000. Note: There has not been a fee increase since the original contract in 2012.
- Deletes reference to annual renegotiation of fees. This locks in the \$173,000 proposed annual rate for the entire contract term.

Requested Board Action

Authorization for the Director of Benefits & HR Metrics, Department of Human Resources to execute an extension of the Willis contract from March 1, 2017 through February 28, 2020.

CC: County Executive Chris Abele
Raisa Koltun, Chief of Staff, County Executive's Office
Kerry Mitchell, Chief Human Resources Officer
Supervisor Schmitt, Chairman, Personnel Committee
Supervisor West, Chairwoman, Finance & Audit Committee
Kelly Bablitch, Chief of Staff, Milwaukee County Board of Supervisors
Colleen Foley, Corporation Counsel
Teig Whaley-Smith, Director of Administrative Services
Steve Kreklow, Director, Performance, Strategy, and Budget
Scott Manske, Comptroller
Stephen Cady, Comptroller's Office

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(ITEM) From the Director of Benefits, Department of Human Resources, requesting authorization to execute a contract with Willis Towers Watson for consulting and actuarial services through 2/28/2020.

A RESOLUTION

WHEREAS, Milwaukee County has a long-standing commitment to providing its eligible employees with high quality of care through its employee benefits programs, and

WHEREAS, maintaining proper forecasting of costs, compliance monitoring, and benefit plan strategy and design is critical to the long-term viability of the Milwaukee County's employee benefits programs; and

WHEREAS, Milwaukee County utilizes the services of consultants and actuaries to assist Human Resources, Administrative Services, and other County departments in the administration and strategic planning of County Benefits programs; and

WHEREAS, Willis Towers Watson has been a critical strategic partner for Milwaukee County and has provided exceptional consulting and actuarial services to Milwaukee County since 2012; and

WHEREAS, Willis Towers Watson's contract with Milwaukee County expires as of 2/28/2017; and

WHEREAS, Willis Towers Watson, at the request of the Employee Benefits Division, has proposed a favorable contract extension to Milwaukee County; now, therefore

BE IT RESOLVED, that the Director of Benefits, Department of Human Resources, is hereby authorized to execute a contract extension with Willis for benefits consulting and actuarial services through 2/28/2020.

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: August 15, 2016

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Request for authorization to execute a three-year contract extension for consulting and actuarial services with Willis.

FISCAL EFFECT:

- | | |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input checked="" type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input checked="" type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	8,000
	Revenue		
	Net Cost		
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A.) Approval of this request would enable the Director of Human Resources to contract with Willis for consulting and actuarial services to begin in 2017, running through 2019.

B.) There would be no impact to 2016. This contract would not require an increase over the historical org. 1950 professional services funding levels. The proposed contract is for \$173,000 annually. This compares to \$165,000 annually under the current agreement.

C.) The current year and subsequent year costs will be paid from Agency 194, org 1950. The overall annual expenditure on fringe benefits professional services is contingent on the County's need for several types of services paid under this org. unit (e.g. system reconfiguration, legal services, consulting outside of scope, open enrollment updates, communications, etc.)

D.) The projected costs assume that all projects undertaken will be within the scope of services document defined in the RFP. Significant projects beyond the scope of services would incur separate expense.

Department/Prepared By Matthew Hanchek, Director of Benefits

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.