Agenda Item #: 3Z-1

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date:	November 21, 2023	[X] Consent	[]	Regular Public Hearing
Department:	Risk Management	• •		J
Submitted By:	Risk Management			
Submitted For	: Group Insurance	-		

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve:

- A) a Settlement Agreement with United Healthcare Services, Inc., (UHC) concerning the 2023 calendar year implementation of the Contract for Employee Self-Funded Medical Benefits Plan (Contract No. 22-076/MD, as amended), in the amount of \$436,552.
- **B)** a refund to current employees and certain retirees who were enrolled during calendar year 2023 in the United Open Access CHOICE Plan (CHOICE) of the difference between premiums paid for the CHOICE Plan and premiums paid for the Neighborhood Health Partnership Plan (HMO).

Summary: Staff recommends Board approval of a Settlement Agreement between the County and UHC through a fee credit of \$436,552 caused by an error in the 2023 calendar year implementation of Contract No. 22-076/MD, as amended. The error provided certain CHOICE Plan benefits to members enrolled in the lower cost HMO Plan. The settlement allows the County to refund a total amount of \$367,764 in premium to approximately 750 members. In addition, the settlement includes \$68,788 to help offset any additional claim costs to the County. Countywide HH

Background and Justification: During our year one implementation of UHC as the provider for our self-insured health insurance program, members who selected the HMO Plan were erroneously provided certain CHOICE Plan benefits. These benefits allow for direct access to specialists as opposed to an HMO gatekeeper model that requires a referral from a primary care physician. While this problem was identified early in the plan year, there were several programming issues that needed to be worked through with UHC. As we approached mid-year, UHC had identified a plan for correction that would allow HMO members to return to their plan. After discussion about this plan and how it would impact, inconvenience and/or confuse our membership, it was determined to be in the best interest of membership to align any plan changes with the start of the 2024 plan year. Following significant negotiations with UHC, it was agreed that the County's plan members who paid higher premiums would be reimbursed for the difference between the CHOICE and HMO plan premiums. The resulting Settlement Agreement will allow the County to refund the premium difference to each employee via payroll refund. This will be done in the December 8, 2023 paychecks to insure proper W-2's are issued.

Attachments:

1. Settlement Agreement with UHC

Recommended by:	Son	11/8/2023
•	Department Director	Ďaţe /
Approved By:	1/6//	11/14/2023
	Assistant County Administrator	Pate
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II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact

	Fiscal Years		<u>2024</u>	<u>2025</u>	2026	202	<u>7</u>	<u>2028</u>
Capit	al Expenditures							
Opera	ating Costs							
Exter	nal Revenues	_						
Progi	ram Income (Count	:y) _					·	
In-Kir	nd Match (County)							
Ne	t Fiscal Impact	=	\$0*					
# AD	DITIONAL FTE							
POS	ITIONS (Cumulativ	e) _		-				
s Item Inclu	ided in Current Bud	dget?			Yes		_ No	X
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Α.	OFMB Fiscal and/or Contract Dev. and Control (Comments:	
	OFMB Fiscal and/or Contract Dev. and Control (1	

B. Legal Sufficiency:

| Dene C. Dougd 11-14-23
| Assistant County Attorney

C. Other Department Review:

Department Director

SETTLEMENT AGREEMENT

This Settlement Agreement is made as of the __day of _______, 2023, by and between Palm Beach County, a Political Subdivision of the State of Florida, by and through its Board of Commissioners, hereinafter referred to as the COUNTY, and United HealthCare Services, Inc., located at 9900 Bren Road East, Minnetonka, MN 55343, a Minnesota Corporation authorized to do business in the State of Florida, hereinafter referred to as the CONTRACTOR.

WHEREAS, the COUNTY offers medical benefits to its employees, its employees' dependents, and certain retirees through a self-funded, non-Federal governmental group health plan (hereafter referred to as the "Plan"); and

WHEREAS, CONTRACTOR provides certain administrative services for the Plan pursuant to the Contract for Employee Self-Funded Medical Benefits Plan ("Contract No. 22-076/MD") between CONTRACTOR and the COUNTY; and

WHEREAS, an issue has arisen between the COUNTY and CONTRACTOR ("Party" or "Parties") related to CONTRACTOR'S performance of its administrative services under Contract No. 22-076/MD as amended (the "Issue"); and

WHEREAS, this Issue relates to an implementation error that occurred related to members who elected the United Open Access CHOICE Plan (CHOICE). As a result, the Parties agree that the COUNTY incurred costs totaling \$436,552 ("Settlement Amount"); and

WHEREAS, said Settlement Amount consists of the following allocation:

- Premium difference for the 2023 calendar year of \$367,764 (difference between premium for Neighborhood Health Partnership Plan (NHP or HMO) and CHOICE Plan;
- Six (6) months of claims calculated in accordance with CONTRACTOR'S methodology of \$68,788;
- Total = \$436,552.

NOW, THEREFORE, the Parties agree that:

- 1. For and in consideration of a credit of the Settlement Amount applied toward any and all fees owed by the COUNTY to CONTRACTOR, the COUNTY unconditionally releases and forever discharges CONTRACTOR, United HealthCare Services, Inc., its principals, agents, affiliates and representatives from any and all rights, claims, demands, and damages of any kind, known or unknown, existing or arising in the future, resulting from or related to the Issue.
- 2. The COUNTY acknowledges that the Settlement Amount shall constitute a full and final release and discharge regarding all issues arising out of the Issue.
- 3. The COUNTY acknowledges that CONTRACTOR'S obligations to credit the COUNTY the Settlement Amount as set forth herein will not take effect until this Settlement Agreement has been executed by CONTRACTOR and the COUNTY, and a fully executed copy provided by the COUNTY to the CONTRACTOR'S representative, Mr. Brian Garrison.

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- 4. Any ambiguity in or dispute regarding the interpretation of this Settlement Agreement shall not be resolved by any rule of interpretation providing for interpretation against the Party that causes the uncertainty to exist or against the drafting Party.
- 5. This Settlement Agreement contains all of the terms and conditions of and is the entire understanding of the Parties with regard to the settlement of the Issue. No change or modification to this Settlement Agreement shall be binding on any Party unless it is in writing and executed by all Parties.
- 6. Each Party acknowledges that it has chosen to enter into this Settlement Agreement without relying on any representation of any other Party, other than those representations explicitly set forth in this Settlement Agreement.
- 7. This Settlement Agreement is a compromise of the Issue. The terms and conditions of this Settlement Agreement are not to be construed as an admission of liability or wrongdoing by any of the Parties, or as concession by either Party as to the correctness or incorrectness of either Party's position concerning the Issue. Furthermore, the terms and conditions of this Agreement are not to be construed as precedent setting but relate solely to the specific facts and circumstances surrounding this issue. The Parties acknowledge that they enter into this Settlement Agreement in good faith and for no collusive purpose.
- 8. This Settlement Agreement shall be governed by the laws of the State of Florida, and any action to enforce this Settlement Agreement shall be brought in a court of competent jurisdiction in Palm Beach County, Florida.
- 9. The undersigned warrant that they have full authority to sign this Settlement Agreement and bind the COUNTY and CONTRACTOR to the terms and conditions contained herein. The undersigned acknowledge that they have read this document, had the opportunity to discuss its contents with legal counsel, and that they understand its meaning. The COUNTY and CONTRACTOR agree to the terms of this Settlement Agreement voluntarily and with knowledge of its implications.
- 10. This Settlement Agreement may be executed in counter parts, which together shall be deemed one original, and delivery of copies of signatures, facsimile or electronic signatures shall be deemed of equal force as delivery of original signatures.

IN WITNESS WHEREOF, the Board of County Commissioners of Palm Beach County, Florida has made and executed this Contract on behalf of the COUNTY and CONTRACTOR has hereunto set its hand the day and year above written.

ATTEST: JOSEPH ABRUZZO CLERK AND COMPTROLLER	PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS:		
By: Deputy Clerk	By:		
	•		
WITNESS: Karen Bombard	CONTRACTOR: United HealthCare Services, Inc.		
Signature	Company Name		
Karen Bombard	John S. Aissis John Aissis Date: 2023.11.08 12:3		
Name (type or print)	Signature		
	John S. Aissis		
	Typed Name		
	Assistant Secretary – General Counsel		
	Title		
APPROVED AS TO FORM AND LEGAL SUFFICE Helene Horizon Control Collegen Control In Experiment Control In Experim	CIENCY		
APPROVED AS TO TERMS AND CONDITIONS Scott Martin (1997) 10 11 22 24 500 76 14 16 18 18 18 18 18 18 18 18 18 18 18 18 18			

Department Director