

RFP #17-007 Professional Services – Employee Benefit Consulting Services

City of West Allis



Prepared for:



Date: 6/30/2017

Presented By:

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1. Executive Summary

6/30/2017

Peggy Steeno, CPA, MBA

Finance Director
City of West Allis
7525 W. Greenfield Ave.
West Allis, WI 53214

RE: RFP #17-007 Professional Services – Employee Benefit Consulting Services

Dear Ms. Steeno:

Thank you for considering The Horton Group's submission of an Employee Benefit Consulting Services proposal for the City of West Allis. The Horton Group understands that The City has made every effort to include enough information in the RFP for an individual or firm to develop a responsive proposal. We believe our proposal will meet the standard detailed of describing our qualifications, your professional expectations and outlining our service fees. We understand and agree that The City reserves the right to retain all proposals submitted and to use any ideas in a proposal, unless protected by copyright regardless of whether the proposal is selected. We understand that our submission of a Proposal indicates acceptance of the conditions contained herein.

The Horton Group has included our proposal as an independent benefits consultant for the City of West Allis. We have read and fully understand the background information, scope of services, contract term and additional items detailed in the Employee Benefit Consulting Services Request for Proposal and will adhere to all requirements.

Horton is the largest privately held insurance broker in the Midwest, with two offices in Wisconsin, including our facility in Waukesha, as well as our satellite office in Wausau. Our corporate headquarters is located in Orland Park, Illinois and we also have two additional agency offices in Indiana. The Horton Group has demonstrated a presence in the Midwest for more than 30 years and presently has offices throughout four states with over 370 employees. Our concentrated efforts in various industries, including Municipalities, has given us exposure to unique opportunities within the marketplace and provided us select and exclusive relationships with many of our vendors.

As for your Horton Team, Rae Anne Beaudry and Alex Beaudry, J.D., will be the Lead Consultants who will direct the benefit business unit responsible for this project. Other members of the Team will include Client Manager, Kelly Jagelski, Team Manager, Ken Kuberka, Marketing and Data Analyst, Brian Dubinski, Client Analyst, Amanda Schwartz and our Client Specialist for Wellness, Angela Zausch. Additionally, our team will pull resources from within our corporate office as needed and as detailed in our proposal. The team includes expertise in marketing, underwriting, communications, administrative training, financial analysis, wellness solutions and claims advocacy.

The Horton Group/HBS Division prides itself on being innovative and proactive in helping employers control costs without sacrificing benefits. We also believe strongly in helping employers communicate their benefit programs effectively, engaging employees in consumerism and opportunities to save money and preventing claims through wellness, health risk assessments and disease management programs. Our unique approach for controlling costs while continuing to educate members on the value of their benefit plans is also outlined for your review. Our Horton team has over 30 years of experience in the public sector and currently services over 40 public sector clients in *Wisconsin alone*.

The Horton Group is happy to state unequivocally that the information contained in our proposal is accurate and complete as of the date of submission; that the information is true and verifiable as of the date of submission; and that The Horton Group is willing to comply with all stated contractual requirements.

The Horton Group's Legal Counsel advised that we must request a change to the City of West Allis' Indemnification Liability language (Item #16 on final page of the RFP). Our proposed language will read as follows:

Section 13.01 Indemnification; Liability

A. To the fullest extent allowable by law, Consultant hereby indemnifies and shall defend and hold harmless the City of West Allis, its elected and appointed officials, officers, employees or authorized representatives or volunteers and each of them from and against any and all suits, actions, legal or administrative proceedings, claims, demands, damages, liabilities, interest, attorneys' fees, costs, and expenses of whatsoever kind or nature whether arising before, during, or after completion of the work hereunder and in any manner directly or indirectly caused, occasioned, or contributed to in whole or in part, by reason of any professional negligence, whether active or passive of Consultant or of anyone acting under its discretion or control or on its behalf in connection with or incident to the performance of this agreement. Consultant's aforesaid indemnity and hold harmless agreement shall not be applicable to any liability caused by the fault, negligence, or willful misconduct of the City of West Allis, or its elected and appointed officials, officers, employees or authorized representatives or volunteers. This indemnity provision shall survive the termination or expiration of this agreement.

Remove the entire last paragraph of Section A that begins "Consultant shall reimburse the City of West Allis..."

Remove the additional insured requirement in VI Section B5.

Remove the Indemnity in VI Section B10 and change to Consultant agrees to indemnify, hold harmless, and defend the City, its officers, agents and employees from any and all liability arising out of or in connection with professional negligence of any of the consultant, its agents or employees in the performance of this agreement.

Thank you again for your consideration of The Horton Group. We look forward to the opportunity to discuss our services further.

Sincerely,

Rae Anne Beaudry – Executive Vice President

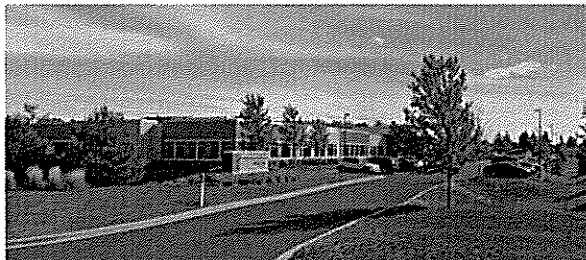
Alex Beaudry, J.D. – Sales Executive

2. Detailed Information – Response Requested

- Provide a description of your firm (size, location, staffing level, longevity, etc.).

Horton At-A-Glance

- An Independent and privately held Insurance and Risk Advisory Firm offering **Property/Casualty, Employee Benefits, Personal and International Insurance and Risk Management Services**
- On a Path of continuous growth since our door opened for business in 1971
- Committed to internal perpetuation and independence, we see our role as stewardship of the business for future generation of employees and clients
 - 55% Property and Casualty Revenue
 - 40% Employee Benefits Wellness Revenue
 - 5% Personal Insurance
- One of the Top 50 insurance brokers in the nation
 - Member of Assurex Global Partner Network
 - Representing all major national and regional insurance carriers
- Over **370** employees located in **Illinois, Indiana, Wisconsin and Michigan**
 - The City of West Allis would be served by our Waukesha, WI office. The Horton Group will be the main contact and provide all required services as listed within this RFP. Over the past 2 years we have experienced significant growth and had approximately 5% staff turnover. NOTE: The members of The Horton Team assigned to the City of West Allis have been with Horton between 3 and 10 years. Additionally, Rae Anne, Kelly and Ken all have more than 20 years in the Employee Benefit arena.



Waukesha, WI Office
N19 W24101 N. Riverwood Drive, Suite 100
Waukesha, WI 53188
Phone: 262.347.2600

Within our employee benefits teams we have a mixture of job categories / titles that consist of roles that serve in the areas of management, sales, technical specialists, and customer service.

Examples of those roles are as follows.

- **Producer/Consultant** – Sales strategies for new and existing client and prospects.
- **Client Manager** – (Plan Administration for clients) that would include compliance, communication with client contacts, and HR support for our clients.
- **Client Specialist** – Technical employees with a specialized role, (i.e. Wellness, Communications, Technology).
- **Client Analyst** – Processing and insider service (customer service role) – answering questions from the client contacts, gathering of presentation materials for client meetings, and handles client paperwork submissions.

- **Management** – our management team consists of a Division Sales Leader, Operations Leader, Trainer, Lead Reports Specialist, Billing Specialists, and Lead Carrier Relationships Specialist.
- **Marketing and Data Analyst**

A Historical Perspective

1971 - The Horton Group is founded in Orland Park, IL. Horton began as a small, eight-person family-owned insurance agency specializing in auto and home insurance for individuals.

1982 - Horton experiences rapid internal growth and evolved into a strong, diversified full-service agency, offering products including business insurance and employee benefits programs.

1995 - Horton became established as a regional insurance agency, employing a strategy of acquiring other brokers, operating from multiple locations and creating a regional presence.

1998 - Diversification continues as Horton pushes into Wisconsin and we expand client services to include in-house claims advocacy and paralegal work.

2001 - Horton opens a representative office in Beijing, China.

2004 - We built a new corporate headquarters and formalized ownership and succession plans.

2005 - Horton specialization continues as we form new practice groups in areas such as construction, manufacturing, transportation, public entity and restaurant/food service clients.

2006 - Horton builds new 30,000 square-foot facility in Waukesha, Wisconsin.

2007 - We complete significant acquisitions in both Wisconsin and Arizona, broadening Horton's offerings in each state.

2008 - Horton opens new office in Lisle, Illinois via an acquisition, establishing an expanded medical professional practice group. Health Care System Consultants joins the Horton Group

2012 - Cassidy, Neeser, and Brasseur joins The Horton Group, adding new offices to South Bend & Elkhart, IN.

Today. *Horton's focus is delivering superior insurance, employee benefits, and risk advisory solutions to our clients.*

Future. *Horton is dedicated to remaining independent and progressive, creating lasting value for our clients.*

From our CEO, Glenn Horton – ***“We see a great future in the business. It's fun creating something successful and we get satisfaction from seeing those who build the business benefit from what they create [compared to] investor owners who don't work for the company.”***

- **Explain the qualifications of the team members that will be assigned to this engagement. Also, identify the project manager who will be responsible for the engagement.**

Municipal Experience

Our Public Sector Health Plan Consulting can be traced back to the early 90's. Our Consultants have worked on either a Project or Retainer basis for several public sector self-funded groups – City of Racine, Door County, Kenosha County, Kewaunee County, Langlade County, De Pere School District, City of Hartford, City of La Crosse and Wood County. Our Waukesha office works with additional public sector groups that are not self-funded. We have attached a public sector municipal and school district client list.

The Horton Group has exceptional knowledge and understanding of how to work with the City's Human Resources Department as an extension of that department to support Human Resources (HR) in making sure that the City's Medical Benefit Plan Summary Plan Description (SPD) and Master Plan Document (MPD) are properly administered by the Third Party Administrator (TPA). Having worked with unions such as AFSCME, Professional Police Associations and Professional Firefighters, as well as SEIU and Transit, on behalf of HR, we will be able to help the City move forward into 2018 and beyond in the areas of Consumerism and creative Plan Choice through the TPA's and Provider-driven PPO's. Due to her knowledge, reputation and years of experience, Ms. Beaudry has acted as an Expert Witness in many mediation/arbitration sessions.

Horton's Experience

The Horton Employee Benefits team brings more than 20 years of management and leadership experience in health care consulting and pricing of employee benefits. The team has expertise in self-funded accounts with respect to financing of health care costs, financial reporting, premium and claims projections, renewal and negotiations with carriers.

Our team has tremendous experience with City plans and negotiations with our vendor partners. Through careful review of the funding mechanisms in place along with claim data analysis and demographics of client's employee base, we've proposed and implemented three to five year strategic plans. Ms. Beaudry and team have reviewed benefit plan utilization for multiple departments, and assessed premium contributions alongside the set tiers for receivables versus paid claims, premiums paid and administration to the vendor partners. We have worked diligently with our vendor partners to assess the data and create benefit plans within the vendor's structure for ease of administration yet customized to meet the budgetary needs of our clients.

Like many other areas of the state, networks and discounts are often driven by the larger healthcare systems. The Horton Group will work closely with the providers in your area to obtain the best possible pricing for the City. We have been successful in developing narrow networks, network overlays and specialized wrap networks for our clients throughout the state.

The Horton Group is uniquely aware of current benefit programs and networks available and the history behind them. This familiarity should prove valuable in the ongoing assessment of the needs and requirements for the City as it relates to review of benefit plans and networks.

The **Producer or Consultant** sets sales strategies for new and existing clients and prospects. However, The Horton Group operates on a "Team" concept. We perform services on a team basis with Rae Anne and Alex Beaudry as the Lead Consultants. Each team member works with the lead consultants on behalf of clients who are in need of their particular area of expertise. Similar to an Accounting firm, the Leads are either consulted with or copied in on all work performed and "signs off" on the work.

The Lead Consultants will retain a primary role in the servicing of your account throughout the entire process. We will structure a strategic plan and status reporting system unique to the City of West Allis and its specific goals and objectives.



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Initiate overall agency services and benefit needs



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Initiate overall agency services and benefit needs



Ken Kuberka
Team Manager
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ken.kuberka@thehortongroup.com

.....
Daily Operations & Workflow / Address Service Escalations / Oversee Agency Service Fulfillments



Kelly Jagelski
Client Manager
262.347.2610 / Fax: 263.347.2710
kelly.jagelski@thehortongroup.com

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Customer Service / Billing / Administration Claim Intervention / Benefit Questions



Brian Dubinski
Marketing and Data Analyst
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.....
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Amanda Schwartz
Client Analyst
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Process changes to existing policy / Handle Customer Service / Billing and Claim Inquiries



Angela Zausch
Client Specialist – Wellness
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Assists Wisconsin HBS clients in the Development of Health and Wellness related Programs / Services



Rae Anne Beaudry / Consultant

Born and educated in Wisconsin, Ms. Beaudry earned a Bachelor of Arts Degree in Criminal Justice from Marquette University in 1984. She also achieved several minors in the following areas of study; English, Theology and Philosophy. During her last 2 years of high school, throughout her college years and for two years following her college graduation, Ms. Beaudry worked for several law firms as a paralegal specializing in insurance defense. In 1987, Ms. Beaudry worked as an Account Representative for Union Mutual (now UNUM/Provident). In 1988, Ms. Beaudry became a consultant/insurance intermediary for Fringe Benefit Planning, Inc., a local Milwaukee firm. She joined Health Care System Consultants, Inc. (HCSC) as an owner in 1996 and remained with the firm through 2007. HCSC became a division of The Horton Group in 2008 as a result of a merger (sale). Ms. Beaudry is a shareholder in the firm and an Executive Vice President. Ms. Beaudry has more than 30 years experience as an employee benefits agent, intermediary and consultant. She has been an employer herself, acted as the Chief Operating Officer and Legal Compliance Officer for HCSC. Ms. Beaudry's consulting experience includes funding and risk analysis, active and retiree employee benefits feasibility studies benefit plan design for labor and non-negotiated programs and multiple year budget and benefit projections.

Examples of experience are as follows:

- Development of joint purchasing groups involving major manufacturers, public sector employers, cooperatives and printing industries of America. These joint purchasing groups have achieved significant savings and encompass hundreds of employees.
- Consultant to a labor-management public and private sector corporation that was formed to take an interest in the health care delivery and health care payment system in their local area.
- Drafter of Plan Documents ensuring legislative compliance for all types of benefit programs.
- Faculty Member of the International Society for Certified Employee Benefits. Specifically, Public Sector Health Plans, (National audience) and Basics of Health Insurance and Ancillary Lines and Choice Based Benefits (Cafeteria Plan Design).

Ms. Beaudry is a speaker at Employer and Healthcare seminars involving a variety of topics including COBRA, HIPAA and retiree health issues. Her publications include articles on Retiree Health Benefit Plans, HIPAA Compliance, COBRA Compliance, and the Affordable Care Act.

As Executive Vice President and a shareholder of The Horton Group, Rae Anne is dedicated to providing industry leading insights and solutions to her new and existing clients, utilizing her experienced team of Client Managers, vendor contacts and other internal resources.

Prior to joining The Horton Group, Rae Anne was Vice President and part-owner of Health Care System Consultants (HCSC), Inc., one of the strongest employee benefit consulting firms in Wisconsin. "We made the decision to combine our efforts with The Horton Group due to the strong 'client comes first' vision of both organizations. Horton is constantly looking to hire industry leaders and those with niche market experience, always remaining best in class in the insurance industry."

During her years spent developing her expertise in employee benefits, Rae Anne narrowed in on the municipal market, focusing on cities, villages, counties and school districts. Although she focuses on a specific market segment, Rae Anne understands that every employer group is unique. "My priorities when working with a client are to educate them regarding what is possible for their group, outline the strategy and perform my responsibilities within the specified time frame," Rae Anne shared. "I view myself as a part of the human resources or finance divisions for my clients. My expertise is in employee benefits, and I am available for anything they need so they can focus on other aspects of their jobs."

Rae Anne has an impressive background as a public speaker, educator and board member for various organizations. "I am a firm believer that teaching is often the best way to learn a subject. Even when I have a solid base in a subject, I learn more preparing to speak in front of a group- something I enjoy doing often." Rae Anne is an active participant in the Wisconsin Public Employers Labor Relations Association (WPELRA), Cities, Villages and Municipalities Insurance Coalition (CVMIC), Wisconsin Government Finance Officers Association (WGFOA) and the Municipal Treasurers' Association (MTA), to name just a few.



Alex Beaudry / Sales Executive

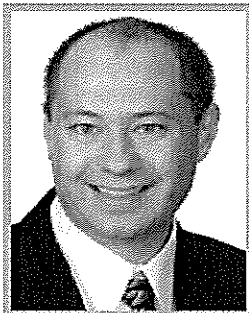
Mr. Beaudry graduated in 2012 from Marquette University with a degree in Criminology and Law Studies. In 2015, he earned his *Juris Doctor* degree from Marquette University Law School while focusing on employee benefits law.

Mr. Beaudry has also become the in-house expert on Healthcare Reform. Alex spends his extra time keeping up-to-date on the ever-changing Healthcare Law and what it will mean to our clients from a financial, operational, and strategic perspective. He has presented to various organizations on what the ACA means to their businesses and places of employment. Three examples are the Wisconsin

Association of School Business Officials, Wisconsin Municipal Clerks Association and the Wisconsin Association of County Personal Directors.

Responsibilities Include:

- Primary co-consultant
- Compliance Support and Guidance on ACA Issues
- Interface with Insurance Carriers and Service Providers
- On Site Assistance as Scheduled
- Assist the service team in any capacity, with a primary focus on legal compliance and the ACA
- Review Plan Documents, Summary Plan Descriptions, Carrier Contracts, Carrier Policies and Certificates of Coverage for potential compliance issues
- Assist in review and analysis of plans and development of plan recommendations



Ken Kuberka / Team Manager

Mr. Kuberka has been in the insurance industry for the last 8 years. Interestingly, his tenure at The Horton Group was broken up mid-way through his 8 years to take a Human Resource roll at a local School District, where he managed not only the benefit plan, but other human capital related functions. His responsibilities and experiences at the School District included: employee/retiree benefits management, wellness program development, employee handbook design, FMLA/COBRA administration, staffing/hiring, and employee training. This experience provided Mr. Kuberka with great insight into the world of School District administration; however, Mr. Kuberka ultimately realized that his real

passion was on the insurance broker side.

Mr. Kuberka provides a high level of service through the marketing and servicing of accounts. He will be lending his expertise to Rae Anne and Alex and other team members in his primary role to serve as a customer service liaison between clients and insurance companies, coordinating benefit plan implementation, and communication, employee educational seminars, policy review, billing, and eligibility inquiries and claim payment advocacy. Mr. Kuberka is also involved in the marketing and analysis of competitive health insurance and stop loss quotes.

Responsibilities Include:

- Overseeing and Training Customer Service Representatives
- Collaborating with Consultants to chart special service needs of clients
- Making sure that the team is using the best, cutting edge practices to bring the best service to our clients
- Meeting with other Team Managers throughout the agencies to ensure the best service
- Collaborating with Consultants to make sure that every promises are kept and deadlines are met
- Working with our corporate office to bring the appropriate resources to our clients.



Kelly Jagelski / Client Manager

Ms. Jagelski earned a Bachelor of Science Degree in Finance from Bradley University in 1988. Ms. Jagelski began work in the employee benefit arena in 1988 as a group marketing representative. She has served a number of benefit related roles since that time and has been a Client Manager with The Horton Group since 2008. Ms. Jagelski brings over 25 years of experience in day to day benefit operations and her analytical style in both communication and implementation of benefit programs is not often matched in the health insurance consultant industry. She maintains professional designations for Certified Employee Benefits Specialist (CEBS), Registered Health Underwriter (RHU) and Registered Employee Benefit

Consultant (REBC).

Client Managers are responsible for the day to day insurance program administration and delivery of the service functions outlined on our Service Schedule

- Interface with Insurance Carriers and Service Providers
- Review Plan Documents, Summary Plan Descriptions, Carrier Contracts, Carrier Policies and Certificates of Coverage for potential compliance issues
- Assist in review and analysis of plans and development of plan recommendations
- Policy Changes
- On Site Assistance as Scheduled
- Assist in preparation and analysis of Surveys
- Coordinate:
 - Plan Implementation and Enrollment Communication
 - Employee Educational Seminars
 - Human Resource Support Services
 - Employer Services
 - Open Enrollment Eligibility Management
 - Web-Based HR Portal (My Wave)
 - HR – related articles
 - Access to a community of HR professionals
 - Claims and billing assistance
 - Compliance-Legislative Alerts
- Employee Custom Communication Services:
 - On-site Open Enrollment Meetings regarding employee benefit programs (new and renewal)
 - Educational meetings on Web based employee information tools
 - Designated Horton Employee Claims Advocate



Brian Dubinski / Marketing and Data Analyst

Mr. Dubinski is a Benefits Marketing Representative for the Employee Benefits Division in The Horton Group Waukesha office. He works closely with the benefits team and insurance carriers to provide top-notch service for group employee benefit programs, as well as individual client's personal life, health, dental, and disability insurance packages.

Mr. Dubinski joined Horton in the fall of 2014. Brian works in support of the Client Managers and Lead Consultant as well as assisting in the preparation of proposals.

Responsibilities Include:

- Assist with Data Analytics
- Compile Claims Data to Illustrate Trends
- Conduct Mid-Year Claims Review
- Assist with Benchmarking Reports
- Provides technical services within a specialized function in direct support of Sales & Service teams.
- Monitor marketing process and revise whenever appropriate for most efficient system through continuous improvement efforts



Amanda Schwartz / Client Analyst

Ms. Schwartz provides a high level of service through the marketing and servicing of new and renewal accounts. Her primary role is to serve as a customer service liaison between clients and insurance companies, coordinating benefit plan implementation and communication, employee educational seminars, policy review, billing and eligibility inquiries and claim payment advocacy.

During Amanda's 3 years at Horton, she has quickly learned the ropes and has a knack for finding answers to customer/employee questions and responding very quickly. Amanda is integral in the organizational management of the service team, helping everyone to stay on task and meet timelines.

Responsibilities Include:

- Assist the service team (Client Manager) to execute and deliver on all promises made to the City of West Allis
- Electronic enrollment support
- Data Entry
 - Run/Pull carrier and TPA reports
 - Create open enrollment materials
 - Create/Source Employee Communication pieces



Angela Zausch / Client Specialist - Wellness

Ms. Zausch is a recent addition to our team. She is a dedicated corporate wellness leader who will ensure wellness benefits, data and analytics, and communication are of the highest quality to achieve maximum results for both the organization and employees.

She has spent time developing results-oriented worksite wellness program collateral, managed wellness initiatives for 300+ locations at a Fortune 500 company, and most recently, oversaw engagement in employee benefits through carrier wellness resources.

Responsibilities Include:

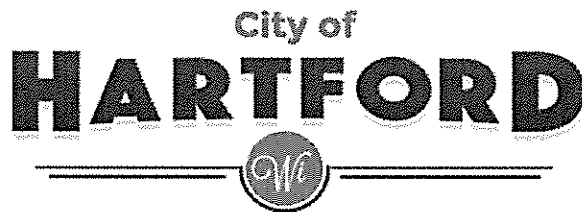
- Serve as a point of contact for client health promotion needs
- Coordinate with worksite wellness partners and vendors
- Provides wellness data analytics
- Consults with client and team to ensure strategic wellness plans are in place

- **Detail your firm’s experience on similar engagements; please include a summary describing three (3) similar and relevant past projects managed by the project manager to be assigned to the City of West Allis. These examples should include a brief summary of each project and results achieved.**

Horton’s Municipal Practice Group specializes in accounts ranging from 50-2000 employees. We are well familiar with the complexities of this industry including but not limited to; shrinking budgets, collective bargaining agreements (vest, expiration and on-going), long term employee relationships, sizeable retiree populations (pre and post 65) with GASB implications, higher than usual dependent participation, Variable Hour Employees close to 30 hours causing concern for ACA requirements and current level of benefit requirements causing potential Cadillac Excise Tax implications in 2020 and beyond. Additionally the newly Proposed Legislation both from the House and Senate are causing anxiety for employees who are variable hour or who are considering their options in the current marketplace.

The Horton Group has many Public Sector accounts and relationships dating back over 20 years. We have developed a Practice Group working specifically for this industry. Due to the many accounts and years of experience, we fully understand the challenges faced, including sustainability of quality benefit programs.

Your Horton Team has worked on the following three projects that we are proud to share with the City of West Allis:



Project One – City of Hartford: The City of Hartford recently switched from Willis to The Horton Group in the Fall of 2016. It was the City’s desire to develop a three to five year plan for their employee benefits. They needed their Consultants to work with the Insurance Committee, which we readily agreed to do. The 3 year Strategic Plan included the following steps to date.

In 2016, Horton reviewed all plan documents, relationships, stop loss agreements and reports available to the City through its vendor partners. The City has been in a difficult claim cycle for the last two years. The first step was to completely revise the current stop loss agreements by removing an aggregating specific and re-working the laser that was in place. The City is in a much better position fiscally in 2017 with less liability at a decreased cost.

Secondly we revamped the City’s Summary Plan Description. Prior to Horton coming on board, the Summary Plan Document was not in compliance with Wisconsin State Mandates as they pertain to Self-Funded municipal entities. We have re-worked that document, bringing the City into compliance and paying a claim related to one such mandate which would have caused liability issues for the City in the future.

The three year plan consists of a plan for each of the following areas of the City’s employee benefit program.

- First, bringing the budget in line – We are meeting with the City Administrator and Human Resource Director once per month to go over the details of the Program. These details include plan design options for the City, premium contribution calculators, collective bargaining and retiree education regarding vested benefits as well as ongoing reserve calculations. In July we will meet with the Insurance Committee to glean consensus as to which of these options they find viable to get to the desired budget number. Those options will be fully explained to all members, agreed upon and then implemented. These options consist of those that have very little impact to plan

participants, but have been in the plan document for years, moving to those options which actually affect co-payments, deductibles, etc. to implementing a premium contribution, which the City does not currently have. Those not implemented this year will be reconsidered from time to time as needed to control the budget.

- The second part of the plan is employee and plan member education on all topics "insurance." We want employees to know and have a clear understanding of how their utilization affects the Plan and where they can make better choices.
- Lastly, we are assisting the City in moving their Wellness Plan forward. With the recent addition of Angela Zausch to our Horton Team we have a wellness specialist (she has worked for WELCOA, Humana and GE to name a few) in taking this employee population wellness model to new levels. The most important work Angela does is facilitating the program so that it always stays fresh and has new adaptors.



Project Two – Franklin School District:
Change in Providers Implementation Project - Our Team has worked with the School District of Franklin for approximately 5 years. Most recently the District changed from WCA/Group Health Trust (who proposed a 13% increase) to Humana (who proposed a 4% increase plus a

second year not to exceed) for a July 1 effective date. The Horton Team was very hands on during this implementation project and we are eager to share these details with you.

- First, beginning in February The Horton Team performed a full market Request for Proposal. The School District has a 97% loss ratio and they have some large ongoing claims that are of concern. We negotiated with the incumbent carrier and found they could not go lower and began a thorough due diligence process with the competitive carriers. We were able to negotiate customizations to the Plan design from Humana (the group is fully insured) and a contract that gives the group significant premium credit for Wellness Activity through Humana's Go365 program. The contract was thoroughly reviewed, negotiated and explained to the School Board. We received a unanimous vote to move ahead. We requested census information from WCA/UMR. Kelly Jagelski then took that census, audited it and moved it into the Humana download formula so employees and retirees did not need to complete enrollment forms. We gave every employee and retiree their own information on a handout so IF they had changes they had an opportunity to make them.
- The District audited the final census report and ID cards were metered and issued timely. We held employee and retiree listening sessions and developed a full web presentation for employees and their spouses to be able to listen to at their leisure to understand what was changing, the items they needed to deal with and a timeframe for doing so. New enrollment packets were included in this download for those who do not want a lot of paper around. We are very proud of this work and the amount of work we were able to perform and remove from the District Human Resources Department.



Project Three – County of Door: *Dependent Care Audit in June of 2016.* - The Horton Group took complete leadership in the full audit for the County's self-funded plan. The Horton Group sent out packets of information to all eligible Door County employees and retirees. The packets included a detailed explanation of the process, and listed the documents required to verify that dependents were eligible to continue on the Door County benefit plans. The mailing included contact information for Door County plan participants to call The Horton Group to have their questions answered. Plan participants were given the option of meeting with a Horton employee to go over the required documents.

The documents received from the plan participants were reviewed and cross-checked with the benefit plan census received from the Third Party Administrator.

A number of participants that were not comfortable making copies or mailing their legal documents brought them to the onsite visits located at Door County facilities. The documents were reviewed and noted for the files. The Horton Group received numerous phone calls and e-mails throughout the process. We answered participant questions and verified whether or not the correct documentation was provided. Additional packets were sent or e-mailed to plan participants who requested them.

The Horton Group provided status reports to Wood County several times during the audit and also met to discuss the audit progress.

After the audit deadline, a follow-up communication was sent out to the plan participants who had not replied or who did not submit all of the required documentation informing of an extension to provide required documentation.

Three dependents listed on the census provided the Third Party Administrator were identified as no longer being eligible. Horton notified the Third Party Administrator and COBRA notices were sent to those that are losing coverage and eligible for COBRA.

It is extremely important in a self-funded plan that only those eligible be enrolled and participating in the program.

Project (other): Rae Anne Beaudry has testified in lawsuits on behalf of Horton Client's as an expert witness. Most recently she has testified in the Germantown School District lawsuit (the School District was being sued by a group of retirees). The District won without any breach of contract or any liability being assigned. She also testified in both the City of Green Bay and the City of Milwaukee lawsuits with their police associations regarding plan design vs. premium. Both Cities ultimately won their positions, although City of Milwaukee did have to appeal the original Milwaukee County decision. Ms. Beaudry's testimony was cited by the Judges in their decisions.

We often work with Committees and are pleased to see that the City of West Allis has two Committees in place to assist us in driving your strategic plan forward. It is helpful to be able to explain benefit complexities and challenges caused by Market Influences and Legislation, including those placed by the Affordable Care Act and the new Legislation to be reviewed. We prepare our clients as a Trust Advisor and Product Expert for their negotiations or "me too" discussions.

The Horton Group is very strategic when it comes to making recommendations for plan design changes. We carefully review the data to determine whether or not the plan design change is actually going to change behavior of the plan participants. Changing behavior and making certain the change results in a corresponding redirection of plan utilization and appropriate resources is the goal.

- **Explain your firm's approach to successfully providing these services, including what you see as your role, and how you communicate with the City.**

Although some organizations remove the consultant from their service model once a sale has been made, Horton strongly believes that to deliver the best quality service to our clients, the consultant will continue to oversee the process, along with the Client Management team that will perform many of the day-to-day functions. The Horton Group operates on a "Team" concept. Each team member works with the Lead Consultant on behalf of clients who are in need of their particular area of expertise. Similar to an Accounting firm, the Lead is either consulted with or copied in on all work performed and "signs off" on the work. The Lead Consultant will retain a primary role in the servicing of your account throughout the entire process. We will structure a strategic plan and status reporting system unique to the City of West Allis and its specific goals and objectives. We believe in a proactive approach to client management and operate as an extension of your Human Resources and Benefits Department.

Horton's Roadmap to Controlling Benefit Costs and Creating Value

In today's market, it has become far more challenging to offer sustainable benefit programs that employees will value. It has also become far more complex to balance these needs with compliance requirements, contractual agreements, budget constraints and multi – generational interests. We find our team of specialists' approach best equipped to guide you through the tough decision process and ultimately achieve your objectives and deliver the best long term solutions.

Our Roadmap to Controlling Benefit Costs, Creating Value and Remaining Compliant under the Patient Protection and Affordable Care Act (PPACA or ACA):

- **Defining Benefit Philosophy** – After a quick discovery period, **your Consultants (Rae Anne Beaudry and Alex Beaudry)** will assist the City of West Allis with formalizing your Benefit Philosophy to meet your objectives and including maximizing benefit value.
- Re-Engineering Benefit Options and Contribution Modeling to be consistent with Benefit Philosophy
- **Contract Review** – Upon issue, review contracts for pricing and detail accuracy. **Client Manager, Kelly Jagelski**, will complete a thorough review of contracts and formal plan documents and then facilitate a call with the client and the carrier to go over any updates that need to be made and to ask any questions that arose out of the review.
- **Compliance Requirements** – This need will continue to grow as a result of the rapidly changing environment due to the Affordable Care Act. We provide ACA Impact Studies, projections of taxes including Cadillac Tax forecasts, a DOL Audit Checklist Review and Pay or Play projections and strategies. As an attorney, **Alex Beaudry** provides Compliance education, adherence, assistance and monitoring. Clients are provided timely Model Notices to provide their employees and additional ACA requirements like SBCs and traditional requirements like SPDs, and procedure reviews for Cafeteria Section 125, FMLA, and HIPAA. In addition to our Team Compliance Account Executive, The Horton Group has two law firms on retainer to assist with interpretation and compliance requirements of the Affordable Care Act and answer general client questions at no additional cost.
- **Vendor Management** – We aggressively manage our vendors for price, effectiveness, ability to administer plan designs, customer service, etc. Our strong relationships with our markets allow us to get their most competitive pricing. The Horton Group is represented on the Producer Advisory Board of all major carriers in the marketplace. We are recognized in **the highest tier of agencies** with all the top rated (A and A+) carriers. In addition to high standing with traditional markets, we also have

excellent market options for Self-Funding Stop-Loss Insurance Carriers including QBE and SunLife of Canada. Our carrier partners understand they will be required to provide and compete against each other's most competitive pricing.

- We review PPO and HMO provider networks to maximize discount and employee utilization.
- We review PBM's (Pharmaceutical Benefit Managers).
- We review Pre and Post 65 Retiree carve-out options to minimize costs on a high risk population and minimize GASB liability.

Plan Design Management

- **Plan Design Consultation, Employee Contribution Modeling and Plan Utilization Review. (involves Consultant, Wellness Director and Benefit Analyst)**
- Consultant and Wellness Director will hold strategic meetings with Group Administrators and/or Insurance Committees to review plan design options to meet needs and budget/contract requirements. We will strive to find the right balance to meet everyone's needs.
- We monitor performance to make sure goals are being met. We also share future ideas and strategies long in advance of recommending implementation.
- In addition to advisory board activity, The Horton Group is represented on The Independent Insurance Agents and Brokers of America in Washington D.C. Many of the issues discussed take on a national scope. Horton has a representative on the Health Reform Task Force in Washington D.C. These activities help your Horton Team understand your budget constraints, employee needs and market challenges and provide insight on new programs, legislation and innovations that can impact your benefits ahead of our peers.

Financial Planning and Cost Containment Reviews – Data Drives Decisions!

- **Consultants, Rae Anne Beaudry and Alex Beaudry** – Quarterly, Mid-Year, and Pre-Renewal meetings review plan financial performance, comparing historical data, industry benchmarks, and model forecasting.

Plan Administration Assistance

- Initial administration set up plus ongoing assistance. **Client Manager, Kelly Jagelski & Team Manager Ken Kuberka** will be assigned to your account for day-to-day needs and to assure proper service levels are being met. Service reviews will be conducted per contract.
- **Communication - Implementation** -- Horton will conduct on-site annual open enrollment meetings to educate employees of their benefit programs and promote optimal use. Our enrollment meetings may involve carrier representatives, but a Horton specialist will generally be involved. A **Horton Client Manager, Kelly Jagelski** coordinates enrollment and educational material with your account to assure a smooth enrollment process. An action timeline is developed to pinpoint all details including coordinating carrier assistance, bilingual needs, communication, and enrollment tools (i.e. paper and online, and any scheduling needs.)
 - Horton will provide a custom PowerPoint presentation for the open enrollment and/or provide Summary Benefit Guides to facilitate the process.
 - Health Literacy Communication – Ongoing -- Horton has developed an ongoing communication program which helps enhance the value of your program.
 - We also include **ThinkHR Live for HR** which focuses exclusively on HR assistance issues.

- There are no additional costs for the Web portal. Your Horton Client Manager will introduce and train your employees on this website.
- This site includes a learning center with many educational tools in print and video to assist employees with plan understanding for proper use and value.
- Horton can also provide annual Employee Compensation Benefit Statements to show employees the full value of their benefit program.
- Horton provides educational e-Newsletters to Administrators with timely topics on the industry, health news, prevention, healthcare reform, and compliance issues

We believe the above section on “**Horton’s Roadmap**” explains our operations and attention to detail. The most critical attribute would be our *passion* for serving our clients and helping them become Leaders in their Industry for employee benefits.

- Market Insight and Strategic Benefit Planning
- Employee Benefit Brokerage and Consulting
- Affordable Care Act (ACA) Impact Studies and Compliance Impact Studies and Compliance
- Consumer Driven, Multiple Plan Design Options and Communication Expertise
- Employee Benefit Administration and Human Resource Assistance
- Benefits Web Portal with Online Enrollment with Administration Capabilities
- Claims Assistance and Advocacy, Billing Assistance and Eligibility Management
- Worksite Wellness Program Management
- Financial Analytics including Contribution Modeling and Budget Forecasting
- Market Innovation: including Private Insurance Exchange, Defined Contribution Models
- Voluntary / Supplemental Benefits Administration Supplemental Benefits

Role

The Horton Group believes that together we should be on a Journey toward making the City of West Allis an employer of choice. This means exploring all options throughout the year, making the leadership aware of what is happening in the market and outside trends which may influence your 3-5 year strategic plan. We believe our approach will move you beyond the traditional steps in a Broker/Consultant to Client relationship into that of Strategic Partners wherein Horton plays the role of Expert/Advisor and we make decisions together based on an integrated and well thought out plan. The plan may take a detour from time to time, but the final desired outcome will be the same, financial stability and a plan of employee benefits that meets employee and plan participant needs. Additionally, with frequent meetings there should never be any surprises.

Communication

Our communication with our customers is constant. We like to have contact with our customers at least once a month, with quarterly claim meetings and bi-annual strategy meetings. Throughout all of these interactions, we’re constantly bringing our customers up to speed on the latest changes and iterations of the ACA and other applicable state/federal regulatory changes. Furthermore, we couple that regular communication with ongoing webinars, email blasts, legislative briefs, custom communications, newsletters, and our Horton Future Forum series

Horton can communicate with employees through a number of different media. In addition to in-person meetings, we can conduct email educational campaigns; we’ve put together electronic presentations for off-site employees or new hires; we have short online videos to help educate employees on certain aspects of their health benefits; we can conduct meetings via webinar; and much more.

- **Explain your expectations for the City and its staff as it relates to your ability to successfully provide consulting services on the City’s benefit offerings.**

The Horton Team, along with the City of West Allis will set two parallel plans in simultaneous motion. The first is the strategic plan which may include Requests for Proposals to the market, data analysis and cost control options. The second will be the implementation model for the strategic plan and the service schedule and platform for the same.

In each of these written programs there will be a need for the City Staff to provide data in a timely fashion; a need for City staff to assist in the set up and development of communication models and methods for employee education; and the need for City Staff to help The Horton Team manage expectations of both the City Council and the City of West Allis’ Leadership Team and Committees involved.

Additionally, the City Staff will be asked to participate in monthly service calls and other strategic meetings as needed and to be outlined in the plans going forward.

- **Please identify specialized computer software packages and other technology tools used to service your clients.**

Clients of the Horton Group have access to technology administration systems provided through several vetted and approved vendors. These platforms have different features including eligibility management systems, mobile apps, reporting modules to help with ACA requirements, decision support tools, new employee onboarding and direct carrier feeds. Depending on the need that is being addressed and the culture of the organization, we will recommend, build and manage the platform that offers the best fit to the City.

Specifically, the site that we build will contain a learning center offering many educational tools in print and video to assist employees with plan understanding for proper use and value. It will be designed to help communicate all facets of your benefit programs to the employee and their spouse through the convenience of a 24/7 customized and password protected portal.

Additionally, Horton is the only independent insurance agency that offers a comprehensive private exchange platform for both fully insured and self-funded plans

The cost for this portal varies by platform and options, but many times can be subsidized by specific ancillary carriers that are in force.

Technology partners offered to clients

- Employee Navigator
- Maxwell Health
- PlanSource
- Apprise – BenefitsConnect
- Business Solver (used in conjunction with the Horton Private Exchange)
- BeneTrac

Communication and/or Educational Documents

The Horton Group is very hands on. We provide and facilitate employee education meetings on a face-to-face, telephonic, or webinar environment based on individual client needs and communication methods with their employees. We have a variety of custom-tailored educational and communication pieces we can make available to the City of West Allis. These pieces can be posted through an internal website, used as check stuffers, work-site postings, or sent through direct mail (postage charges may apply). In

addition, we support both administrative and employee level web services for client benefit communications and self-service support.

Descriptions of communications and services we have available for utilization by the City of West Allis are outlined below.

Model Notices - Recent Health Care Reform legislation and other laws passed over recent years has created a required annual distribution of model notices that employers are required to deliver to all eligible health care beneficiaries and in some instances all employees. This past year there were approximately 15-18 total notices that may be required depending on each employer's specific health plan. The Horton Group assists our clients in preparation and collation of these notices. *Please refer to the attachments for a Model Notice packet.*

Custom Communications - Understanding the complexity of employee benefit plans is a challenge even for experienced benefit managers. Employers need to keep abreast of constantly changing trends, laws, and other regulations. Employees need to be able to understand their benefits well in order to be wise consumers and understand the value of their "hidden paycheck." Unfortunately, most employers have limited resources in this area.

The Horton team will help you tackle your mounting employee communication challenges. With strategic planning and a thorough understanding of your communication objectives, we can provide custom communication materials that will help your employees understand their plans and the issues influencing your benefits decisions.

Benefits Announcements and Educational Material - Benefits Announcements and Educational Materials contain memos, flyers, payroll stuffers, and articles used to announce benefit changes, introduce new benefits or plans, or information to help employees understand and use certain benefits.

Know Your Employee Benefits - The *Know Your Employee Benefits* brochure series provides your employee insights and information about insurance and employee benefits topics. These brochures help your employees become more knowledgeable about their benefits and can serve as a foundation for your ongoing employee communication campaigns. *Please refer to the attachments for a sample brochure.*

Compliance and Healthcare Reform Resources

The Horton Group stays current with the provisions of the Affordable Care Act via a number of different methods. First, we have weekly conference calls with benefit compliance attorneys and our employee benefit staff members. These conference calls are based on a strategic element of the ACA and how to deliver the messages and compliant plan design strategies to our customers. In addition, we have on retainer two law firms specializing in the area of employee benefits.

First is the Law Firm of Larry Grudzien. Mr. Grudzien is an ERISA attorney who teaches webinars and assists Horton clients with all types of compliance questions (FMLA, COBRA, Eligibility, and the ACA). Secondly, we work very closely with a firm called Benefit Comply.

Benefit Comply is an additional resource that the Horton Group sought out, on behalf of our clients, when we started to realize that the Affordable Care Act was becoming overwhelming. The experts at Benefit Comply have been an invaluable resource for us, and our clients. Additional Resources are also outlined.

ThinkHR is an integrated suite of HR knowledge, content and training solutions. It includes more than 200 online training courses that ensure compliance, reduce risk and drive employee engagement. It also

includes forms, checklists and compliance tools as well as HR updates with respect to changing regulations.

- **ThinkHR Comply** is a resource filled with forms, checklists, and tools to help keep your business in line with compliance
- **ThinkHR Learn Pro** is a database of over 200 training courses
 - Training on areas like safety, harassment, OSHA requirements, customer service, and much more.
 - Set up a course and send it to any employee you feel may need it.
 - Information about progress and completion is easily accessible for administrators.
 - Don't want to set up a list of courses? That's fine, ThinkHR has pre-loaded courses also.
- **ThinkHR Insight** helps keep you up to date with expert analysis on changing labor legislation
 - Breaking news sent directly to you!
 - In-depth white papers covering industry best practices and current HR topics
 - Free access to accredited HRCI webinars
- *Please see the attachments for more information on ThinkHR.*

International Foundation of Employee Benefit Plans Membership provides access to their library and research staff. Ms. Beaudry is an instructor for the International Foundation's Certificate Series in Employee Benefit Plans.

Matt Isbell, Founder COBRA Resources, Inc. As founder of COBRA Resources, Inc., the nationally-acclaimed federal compliance training firm, Matt Isbell is the leader in compliance training. Highly respected for his expertise, Matt has hosted IRS and Department of Labor employees at his programs. He has worked with the DOL on a variety of COBRA issues and FMLA rules. Many COBRA administration firms send employees to Matt's programs to learn COBRA changes and administration techniques. Why? Because Matt is the most experienced compliance trainer in the country. Since 1988, he's trained 45,000 administrators from 40,000 companies.

Assurex Global - The Horton Group has partnered with Assurex Global to assist in providing the experience, expertise, products and services of the world's most successful and respected independent risk management, commercial insurance and employee benefits professionals. Wherever our clients have assets at risk, hands-on advice and services are available from other partner Assurex Global brokers familiar with the regulatory environment and customs of each country. A key benefit of Assurex Global is the ability to tap the experience and expertise of other local partners on six continents. The result is that clients are served by the "A" team, regardless of where their business takes them.

Communicating with Customers regarding Legislative Compliance

Our communication with our customers is constant. We like to have contact with our customers at least once a month, with quarterly claim meetings and bi-annual strategy meetings. Throughout all of these interactions, we're constantly bringing our customers up to speed on the latest changes and iterations of the ACA and other applicable state/federal regulatory changes. Furthermore, we couple that regular communication with ongoing webinars, email blasts, legislative briefs, custom communications, newsletters, and through the Horton Future Forum series (See attachments).

The Horton Group is well known for its expertise in compliance and regulatory changes. Our firm leads the market with cutting edge knowledge and presentations on legislation with Healthcare Reform and

compliance with State and Federal regulations. All members of the team maintain their insurance licenses and stay up to date with all continuing education requirements. We utilize both internal and external resources to remain up-to-date with regulatory issues and to remain educated on issues such as COBRA, HIPAA, and the Affordable Care Act.

- **Describe, in detail, your firm’s data analysis process including the methods and strategies you employ and the type of reports and forms that can be expected by the City as part of this engagement.**

Every client is different, and prefers to see different types of data. To that end, we customize and report on lots of different metrics on a quarterly/monthly basis. Some of the more common reports that our customers like to see include;

- Reserve Calculators
- Loss Ratio Reports
- 50% Reports (which members are at/above 50% of your specific stop loss level)
- Trigger Diagnosis Reports
- High Cost Claim Reports, with case management notes
- Aggregate Reports
- Total Cost of Benefits (TCOB) annual reports
- Decision Master Warehouse (DMW) reports, on an annual basis to drill down into the specific claims activity to find trends, and/or areas that need focus and improvement
- Prescription Drug Reporting
- Telemedicine Utilization

Each major insurance carrier and/or TPA furnishes us with their standard reports on a monthly or quarterly basis. Additionally, as a preferred consultant for these carriers, we have the ability to request further breakdowns of the data as well as special ad-hoc reports to enhance our review. We compare these reports against previous months as well as our projections to monitor any changes that could significantly impact the budget and financial profile of the client. We will notify our clients of any findings that may occur during our review process.

- **Explain your experience with, and knowledge of, the health and dental providers utilized by the City.**

The Horton Team has vast experience will all service providers utilized by the City of West Allis. We have several public sector clients with each of them. Some of the strengths we note for your current service providers are as follows:

EAP – Aurora – Our team works with Aurora as an EAP at City of Hartford and Alto Sham. They are (locally) very visible and very hands on. We appreciate that they have excellent integration of services due to being part of a large health care system. Aurora also tracks other providers where their clients have asked them to do so.

Dental – Dental Associates Care Plus and Anthem – Dental Associates is an excellent provider owned arrangement for providing benefits that are not as restrictive on an annual and lifetime maximum basis for

a low cost. We have worked with Dental Associates for Kenosha Joint Services and Kenosha County. However, in both these organizations Dental Associates is dual choiced against a more traditional dental plan with a significantly larger network. We strongly recommend ongoing education as the benefits in the Care Plus Program do add significant additional value for the plan member who chooses this program.

Health Insurance – Anthem TPA – The Horton Group has several clients with Anthem. As an insurance company operating on an Administrative Services Only basis we find them to be a bit less flexible than some other carriers and certainly less flexible than a true Third Party Administrator. However, some municipal clients continue to choose them as Blue Cross Blue Shield is a clearly recognized insurer around the world and their Blue Suitcase program is second to none. Additionally with a National network they serve the retiree and older age dependent children population (who may live away at school) well. Their discounts are competitive and the narrow network option, Blue Priority was among the first narrow network programs to be able to show approximately a 10% differential between the rates for the narrow network vs. the Board. With regard to stop loss, Symetra has not been as competitive in recent years as some others (American Fidelity, HCC, QBE, etc.) but they are clearly a preferred vendor of Anthem. However, Anthem does charge an interface fee which we have successfully negotiated down by over 75% when Anthem's own stop loss "paper" is not competitive. The Pharmacy Benefit Manager that Anthem employs (Express Scripts and Accredo) have very broad access and generally cover a vast array of medications. However, once again they are not always as flexible as we might like and if they are having any issues with certain pharmacy chains we have seen plan participants caught in the middle of same.

Section 125 – We have worked with EBC for more than 20 years and we have approximately 15 clients with them now. They are very compliant and we have no issues interacting with them.

Regarding the other lines described (Life, Deferred Compensation and Workers Compensation) we are happy to interact on your behalf with the Department of Employee Trust Funds and we do maintain several contacts there, as well as with Met Life, WDC and ICMA regarding issues with Deferred Compensation. However, we do not "sell" these programs so any commission would be paid to another vendor and we would facilitate the work. Rae Anne Beaudry has worked with CVMIC since 1996 and has been a frequent speaker for them for many years.

- **Provide examples of past recommendations for plan design related to cost containment. State projected outcomes as well as actual experience.**

Below are four examples of strategies that the Horton team has implemented in order to meet the strategic objectives of our clients.

Example 1:

Ms. Beaudry has tremendous experience with Public Sector plans and negotiations with vendor partners. Recently, one of our Cities requested a full review of the funding mechanism in place, along with claim data analysis and demographics of their employee base to propose a strategic plan going forward to the next three to five years. Ms. Beaudry and team compiled data from the previous three years (the program had been with Security Health Plan on a fully insured basis), reviewed benefit plan utilization for each department, and assessed the premium contribution alongside the set tiers for receivables versus paid claims, premiums paid and administration to the vendor partners. We worked diligently with our vendor partner to assess the data and create benefit plans within the vendor's structure for ease of administration yet customized to meet the budgetary needs of our client.

Our team then created a strategy to introduce plan choices by adding a high deductible health plan that is qualified for a health savings account to the existing plan. The members were given the choice of four plans –

- 2 existing plans with
 - 1) a broad network and 2) a local network
- 2 high deductible health plans with
 - 1) a broad network and 2) a local network.

The funding mechanism was also changed from fully insured to self-funded after reviewing the claim data from the previous three years. The client was provided with a specific stop loss limit that Ms. Beaudry recommended ensuring their risk is not overly exposed.

Through the savings reached by the strategic plan, the client contributes to the employee's health savings account which absorbed a good portion of the deductible for both single and family contracts. The employees that did not feel comfortable changing plans were given the opportunity to stay with the plan they have today. The client felt this was a win-win result. The City changed to WPS and has experienced no rate increases for the last 3 years.

Example 2:

We have had a great deal of success working with the WEA Trust and in obtaining significant savings for public sector employers. For example, the initial renewal given by WEA to a large public sector employer was approximately 5.9%. Horton engaged its underwriter and used our knowledge of the market and underwriting to work closely with WEA to reduce the initial renewal down from 5.9% to 2.1% with no benefit changes. The group was not able to obtain this kind of savings from WEA on its own. After sending out a Request for Proposal to the marketplace and making some additional benefit changes, the overall savings to the Group was approximately \$6,000,000.

Example 3:

One of our public sector clients wanted to create a plan which lowered the employee contributions up front, but included more cost sharing in the form of deductibles, etc. to help improve consumerism and reduce plan utilization. They introduced an HRA and an HSA plan to their employees. The entity began education on the plans several months prior to the effective date.

The HSA plan had a much lower contribution, but had a high deductible, and although it included coverage for preventive care, all services including office visits, prescription drugs, etc. were subject to the deductible and coinsurance. If the plan has a single deductible of \$1,350 and a family deductible of \$3,300, employees with family coverage must satisfy the entire family deductible of \$3,300 before the plan begins to pay.

The HRA plan was designed with a contribution lower than the existing plan, but higher than the HSA plan. The plan had a higher deductible, but with a Health Reimbursement Arrangement that could reimburse employees for deductible expenses after they satisfied the first \$500 of their deductible. The plan had an enhanced preventive care benefit.

As a result of all of the creativity of the plans and the employee education, this employer had significant enrollment in the HRA (35%) and HSA plans (16%). Due to the consumerism introduced to employees, combined with the vendor negotiations, this client was able to introduce a budget with no changes in healthcare costs for the following two calendar years.

Example 4:

In working with another public sector employer, they chose to offer a dual option to participants who could choose from a broad or narrow network option. The plan design was substantially similar to the prior WEA plan for a portion of the group, and the remainder of the group experienced a change from a \$100/\$200

Deductible to a \$250/\$500 deductible plan. The resulting savings to this group was approximately \$1,400,000.

The examples above demonstrate how The Horton Group utilizes its resources and expertise gained from many years of experience and a thorough knowledge in the health insurance market to create savings for their clients.

- **Explain levels and types of service provider audits which you have recommended for existing clients.**

We review HMO or EPO (Exclusive Provider Arrangements such as Blue Priority) PPO and Accountable Care Organizations to be certain that these networks are maximizing discounts promised and managing employee utilization. This is done by using both geographical access data studies for disruption of provider access and by running claims with a predictive modeling process and other calculators to determine reality of same. Unfortunately, one is always using retrospective data to project forward the savings that would have been in place had one network existed rather than the current.

- We audit pharmacy benefit managers and review their fees, discounts and other plan management costs. Much of this can be done during the RFP process but it can be ongoing as well.
- We review pre and post 65 Retiree carve out options to minimize costs on a high risk population and better manage GASB liability.

- **Discuss your experience with self-funded clients compared to fully insured clients.**

Fully insured plans are more common for groups of less than 150 contracts, groups with unique budgetary or cash flow needs or groups who are risk adverse.

Self-funded groups tend to be larger in size, have additional monetary resources and are willing to trade lower fixed costs for additional risk. Self-funded groups will most often cap their risk through the purchase of Stop Loss insurance.

The Horton Group does a full analysis of the insurance needs for our clients to help them determine which funding mechanism best suits their needs.

60% of our clients are fully insured and 40% have self-funded contracts.

Rae Anne Beaudry and Alex Beaudry just recently gave a presentation on the many different types of funding mechanisms at the Fall Wisconsin Association of School Business Officials Conference. *A copy of that presentation is included in the attachments.*

One of the basic principles of any alternative risk program is being able to assume predictable segments of risk while transferring more unpredictable risks to insurers. The premise being that a known risk can be budgeted and held more efficiently as retained risk by the employer rather than transferring it to an insurer at a higher fixed cost premium. Many things become controversial when they are not fully understood. Lasering has always been a provocative topic, however it is a long accepted practice. The concept of lasering has a tendency to become more controversial as the size of the employer becomes smaller.

Medical stop loss insurance is actually a form of excess loss coverage rather than primary insurance. The intent is to protect against larger more unpredictable risk. It is also important to understand that medical stop loss is not a pooled product. This means that large claims are not spread across a multitude of other insureds within the insurance carrier's coverage portfolio as they typically would be if the employer were

fully insured. Large losses are charged directly to the employer's self-funded plan at least up to the amount of the specific deductible.

Traditionally, the Horton Team has set our specific stop loss limits very conservatively so the budget is manageable regardless of how challenging an individual claim year might be. It is also prudent to continue to allocate resources to a reserve even in good years to stabilize the fund long term. Lastly, aggregate margins can be set lower than the traditional 125%. Horton has used 110%, 115% or even 120% where appropriate to keep budgets safe and plan expenditures in line. It is also very important to your Horton Team that the stop loss carrier, whoever they may be, begin paying the claim as soon as possible after the specific deductible is met. This means the City's dollars stay in the City's hands for management and the City is not waiting for reimbursements for any length of time.

3. Agent/Broker

- **Furnish a list of insurance companies, third party administrators, and other providers for which the consultant is an authorized agent or broker.**

The Horton Group/HBS Division represents 15,000 group clients in the U.S., most located in Wisconsin and Illinois. The Horton Group is one of the largest independently held agencies in the Midwest, and we have the highest level relationships with the insurers in this area (Platinum – UHC, Premier – Anthem Blue Cross, Leaders Club – Humana and are a preferred vendor with WPS). Additionally, the Illinois Practice Group is at the highest level with carriers such as Aetna and CIGNA, who currently do not have much business in the Wisconsin Market, but may look to begin to provide service here again. All ancillary lines carriers are well represented by our book of business and we have composite premium relationships with many of them.

The Horton Group represents **all Major Insurance Carriers** in this market and, if they have one, we serve on their Advisory Board. We have also received the highest service and achievement awards from carriers as noted. The list includes in order of business placed:

Horton (Total Agency)

- Blue Cross
- United Health Care
- Cigna
- Humana
- Aetna

Horton (Wisconsin)

- UMR/WCA
- Humana
- Auxiant
- Blue Cross/Anthem
- WPS

The majority of our mid-size accounts are partial self-funded. We many times use the carriers Administrative Service (such as Blue Cross) to function as the TPA but we also have several close relationships with TPAs including:

- Blue Cross Blue Shield/Anthem
- Cigna
- UMR – Owned by United Healthcare
- Allied Benefit Systems
- Benefit Administrative Systems
- Plan Benefit Administrators
- Meritain – owned by Aetna
- Auxiant

We have access and contracts with **all major reinsurance** markets including:

- Blue Cross Blue Shield/Anthem
- Assurex

- HCC
- QBE
- Guardian
- Cigna
- Sun Life
- Standard Life
- Pareto Captive
- Stealth Reinsurers, a managing general agent for 10 reinsurance markets
- Berkely
- American Fidelity
- Optum
- Symetra
- Zurich
- Companion Life
- Humana
- WPS

We represent many carriers and Third Party Administrators. The majority of our Public Sector clients wish to be with known national insurance carriers however, we are starting to see a shift as Third Party Administrators allow for component purchasing of stop loss and pharmacy vendors and are the most flexible of the options available when older or formerly collectively bargained plan design items are in place. Additionally, third party administrators more easily customize and perform services such as direct bills to retirees, COBRA services, etc.

See attachments for more complete vendor list.

- **Under this arrangement, the City will require full disclosure of all fees, commissions and any other payments made to the consultant by the providers). State how commission receipts will offset fees for consulting services.**

The Horton Group maintains our status as independent benefit consultants through our ownership structure. We do not work for any insurance company, provider network or TPA. Furthermore, we are not part of a larger firm that provides consulting through a subsidiary. As such, there are no contractual arrangements that would conflict with our role as an independent contractor.

The Horton Group prides itself on transparency of compensation. We are happy to provide a report showing all compensation received by or on behalf of the City. Should our arrangement be a separate consulting fee, all vendors will write their contracts net of all commissions and fees. We will conduct an annual audit of the terms and conditions of the agreement to make certain that any income received is in full compliance with the terms and conditions of the consulting contract.

Additionally, The Horton Group believes strongly that we cannot “kick back” commissions to offset fees. We will work diligently with the City’s vendor partners and the City to be certain all compensatory arrangements are fully disclosed and agreed to prior to the effective date of our contract.

- **What is the commission structure on booked business?**

Generally for clients the size of the City of West Allis there is a fee agreement on place. However, standard commissions are 10% of the stop loss premiums. Dental programs have standard commissions built in if they are fully insured and if self-funded, a fee generally arranging from \$.25 to \$.50 per employee

per month are included. If there are fees on other items (Section 125/H.S.A. accounts, etc.) generally they are a small fixed per employee per month option. The State of Wisconsin does not compensate brokers or consultants on their programs.

We feel very strongly that your program could be written net of commissions in all cases. This is the arrangement we would propose.

- **On brokered contracts for TPA, stop loss, or insured managed care, what portion of the commission is returned to the City as a commission split for these amounts in excess of compensation for services?**

The Horton Group cannot utilize this arrangement in any form for a client as we would consider this to be an ethics violation.

- **If brokered, are any markets (companies) excluded or put at a financial disadvantage by the nature of exclusive brokered contracts versus an independent relationship?**

No, The Horton Group is an independent contractor but has worked with each of the City's vendor partners extensively.

4. References

Provide a minimum of five (5) municipal references, for similar size organizations with similar offerings, including the name of person(s) who may be contacted, title of the person, mailing address, email address and phone number. Please include references for the specific project manager who will be assigned to the City of West Allis.

County of Door

Contact Person: Kelly Hendee
Address: 421 Nebraska St., Sturgeon Bay, WI 54235
Phone Number: (920)-746-2306
E-mail Address: khendee@co.door.wi.us
Length of Servicing Relationship with Horton: 11+ years



City of La Crosse

Contact Person: Wendy Oestreich
Address: 400 La Crosse St., La Crosse, WI 54601
Phone: (608) 789-7595
E-mail address: oestreichw@cityoflacrosse.org
Length of Servicing Relationship with Horton: 9+ years



Wood County

Contact Person: Warren Kraft
Address: 400 Market Street
P.O. Box 8095, Wisconsin Rapids, WI 54495
Phone Number: (715) 421-8457
Email Address: wkraft@co.wood.wi.us
Length of Servicing Relationship with Horton: 9+ years



City of Racine

Contact Person: Scott Letteney
Address: 730 Washington Avenue, Racine, WI 53403
Phone Number: (262) 636-9599
Email Address: scott.letteney@cityofracine.org
Length of Servicing Relationship with Horton: 10+ years



Kenosha County

Contact Person: Robert Riedl
Address: 1010 56th St., Kenosha, WI 53140
Phone Number: (262) 653-2422
Email Address: Robert.riedl@kenoshacounty.org
Length of Servicing Relationship with Horton: 10+ years



5. Appendix/Portfolio

Proposing firms may provide a portfolio of work, either as an attachment or via web link, to highlight the organization's past work as it applies to these proposed services. This section may also be used to provide any additional information regarding the firm's additional qualifications or methods relevant to these services. Please identify the project manager for each sample portfolio of work provided.

See attached.

6. Cost Summary

A detailed cost for services broken into product and service costs. Also provide any and all other costs pertinent to the Scope of Work required for this project. Proposals shall clearly list the fee for each year of the proposed contract, on a monthly basis, in a not-to-exceed sum to include all of the firm's costs including but not limited to: labor, materials, supplies, equipment, transportation costs, meals, lodging, computer software, etc. All expense reimbursements will be the responsibility of the firm.

See separate Cost Proposal.

7. Additional Services

The proposing firm will be allowed to propose additional services offerings as part of an alternate quote. However, the basic proposal must include all stated requirements listed herein.

See separate Cost Proposal

8. All work will be accomplished in accordance with the provisions of the laws of the State of Wisconsin.

The Horton Group will accomplish work in accordance with the provisions of the laws of the State of Wisconsin.

