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**TO:** Honorable Mayor & Members  
Fort Lauderdale City Commission

**FROM:** Lee Feldman, City Manager

**DATE:** October 2, 2012

**TITLE:** Motion to approve 28-month contract for employee health center/clinic administration – Request for Proposal (RFP) 725-11022 - \$1,583,845.

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**Recommendation**

It is recommended that the City Commission approve a 28-month contract per RFP 725-11022, from Marathon Health, Inc. in the estimated amount of \$1,583,845 for employee health center/clinic administration and authorize the City Manager, or designee, to approve two, one-year renewal options.

**Background**

An RFP for employee health center/clinic administration was issued June 25, 2012 seeking proposals from qualified firms to provide administration for a City health and wellness center targeted to provide health services to active City employees and their spouses and domestic partners, retirees and dependent children (over the age of 14) who are covered under the City's self-funded health plan.

The selection criteria used by the evaluation committee to rank proposals mirrored the City's objectives and scope for a health and wellness center:

1. Reduce health plan claims costs by redirecting upwards of 35% to 50% of the City's healthcare visits with Cigna providers (primary care, specialists, emergency room, and urgent care) to the health center.
2. Enhance the current wellness program by engaging a majority of City employees in wellness initiatives that promote healthier health plan participants and result in lower health plan costs.
3. Integrate the City's disease management activities at the health center with Cigna's health plan's telephonic programs to focus on lowering high-risk and chronically ill population.

The evaluation committee voting members were Dennis Stone, Employee Benefits Coordinator – Chair; Bob Masula, Building Inspector (Teamsters); Steve Simac, Fire

Lieutenant (IAFF); Matt Parnass, Beach Patrol Lieutenant (Federation); and Debbie Stallings, Director of Healthcare Services, JM Family Enterprises. Lloyd Rhodes, City's Consultant with the Rhodes Insurance Group, and Dr. Robert Oller, D.O., Director of Clinical Operations at Nova Southeastern University, assisted the committee with the analysis of the proposals.

On August 13, 2012 the evaluation committee met and discussed the nine proposals and made a recommendation to short-list the top four ranked proposers, and request a best and final offer and allow for oral presentations. On August 30 oral presentations were conducted with the top four ranked proposers. They included the following firms: Care ATC, Cigna, Healthstat and Marathon Health.

The ranking of the vendors was based on four key factors including cost, data system integration, set-up capabilities, and references, and Marathon Health was recommended as the highest ranked proposer.

**Costs (30%)** The costs proposed by each of the finalists were based on a pre-set model provided by the City. The Marathon fee was the lowest and carries with it performance guarantees at risk for up to 10% of their entire annual fee.

- set-up of a pleasant 3,000 square-foot health & wellness center with plenty of parking in a central location easily accessible by patients (most likely located in a triangle between Five Ash, Police Headquarters and City Hall)
- staffing of a part-time physician (50%) becoming full-time after 6 months, full-time nurse practitioner/physician assistant, full-time medical assistant/office manager, and Cigna wellness coordinator (funded by Cigna)
- data system that integrates wellness, disease management, and claims data
- pharmacy with limited formulary drugs
- diagnostic testing including simple on-site testing with everything else sent out to quest and imaging facilities
- service health plan participants (dependents over age 14)

Over the 28 months of the contract there is a fiscal impact to the City in the amount of \$1,583,845 (\$37,100 set-up during first 4 months, \$684,084 for first 12 months of operation, \$862,661 for second 12 months of operation). The City's only additional cost will be the build-out of the facility (\$100,000 if City staff is not used) and possible rent (\$55,000 annually if a non-city location is used).

**Network System (30%)** An important factor in evaluating the RFP responses was the integration of wellness data (biometric results and health assessment information), with disease management information (diabetics, sleep apnea, hypertension, coronary artery disease), and with claims (both within the center and Cigna claims). Marathon's CEO has extensive experience with IDX (one the country's initial firms creating electronic data systems for medical providers) which is illustrated by Marathon's robust reports

and open-attitude toward the integration of data.

**Set-Up (20%)** The set-up of the clinic is critical to its success ranging from selecting the right location that's convenient to employees, an environment that resembles a pleasant physician's office, a "no-wait" approach for getting patients in-and-out quickly and conveniently, and a staff that patients feel comfortable with and want to come back to see for future visits. As part of their proposal, Marathon suggests a 4-month set-up process with a fee of \$37,000 that is part of their overall bid.

**References (20%)** While all vendor references were very positive; Marathon's references went well beyond the others to share their passion for their health centers. In fact, when asked to rate Marathon on a scale of 1 to 10, one reference insisted on giving them a 20.

The evaluation committee met after the oral presentations and discussed each of the top four short-listed proposer's presentations, re-scored, and made a motion for a recommendation to award to the top ranked proposer, Marathon Health, Inc.

Marathon Health took one variance to the City's General Terms and Conditions, section 5.10 (30-day Termination for Convenience). Staff recommends, and Marathon agrees, to waive the 30-day Termination for Convenience clause during the first year of operation (16 months of the contract) because of their investment in the project, after which it will be reinstated. Marathon Health estimates that during the first 16 months they will have more than \$700,000 invested in staffing, prescription drug supplies, a dedicated data system, medical supplies and equipment. Most important to Marathon's financial commitment are the multi-year contracts with high-quality clinicians recruited to work in the City's Health Center consisting of a physician, physician assistant/nurse practitioner, and medical assistant.

**Resource Impact**

For FY 2013 the cost impact is \$456,056 (set-up cost of \$37,100 plus 8 months of operations). Additional costs could include the build-out of the facility (\$100,000 if City staff is not used) and rent (\$55,000 annually if a non-city owned location is used) that would bring the total FY 2013 impact to \$705,163.

Funding past FY 2013 is contingent upon approval and appropriation of the FY 2014 and FY 2015 budgets.

**FUNDS AVAILABILTY LOCATION:**

SUB					SUB			
FY	FUND	FUND	FUND NAME	INDEX #	INDEX NAME	OBJECT #	SUBOBJECT NAME	AMOUNT
2013	545	01	SELF INSURED HEALTH BENEFITS	INS220101	SELF INSURED HEALTH BENEFITS	5199	OTHER SELF INS CLAIMS	\$705,163.00
<b>TOTAL</b>								\$705,163.00

**Attachment**

Exhibit 1– Best and Final Tabulation Summary RFP 725-11022

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