



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#23-0227

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Greg Chavarria, City Manager

DATE: April 4, 2023

TITLE: Resolution Approving an Agreement for Employee Health Center Administration and Business Associate Agreement, and Waiving Division 2, Purchasing, of Chapter 2, Article V of the Code of Ordinances of the City of Fort Lauderdale, Florida, for Purchases of Goods and Services - Marathon Health, LLC - **(Commission Districts 1, 2, 3 and 4)**

Recommendation

Staff recommends the City Commission adopt a resolution approving a three-year Agreement for Employee Health Center Administration and a corresponding Business Associate Agreement with Marathon Health, LLC, ("Marathon"), in substantially the forms attached, and waiving Division 2, Purchasing, of Chapter 2, Article V of the Code of Ordinances of the City of Fort Lauderdale, Florida, for purchases of goods and services from Marathon, and authorize the City Manager to approve three one-year renewal options, contingent upon appropriation of funds.

Background

Marathon's predecessor by conversion under Delaware law, Marathon Health, Inc., began providing professional medical services at the City's health center on May 22, 2013, and the most recent agreement will expire April 3, 2023. Marathon Health, Inc., had previously been selected as the result of an extensive Request for Proposal process that scrutinized nine different proposals. Marathon provides accessible primary, preventative, and acute care, wellness, disease management, health coaching, and a limited generic formulary, among other services, to City employees and family members enrolled in any of the City's health plans.

The employee and dependent utilization rate of the health center as of January 2023 includes 53% of employees and 25% of dependents who regularly utilize the health center for primary care services. In addition, 61% of high-risk employees and 40% of high-risk dependents are engaged with the medical staff to remediate identified health risks. Employees and dependents rate the health center very favorably, with three consecutive years at 98.5% overall satisfaction. Current information shows that 61% of the target populations with risk factors or chronic conditions have made measurable clinical improvements.

Retaining staff amid labor shortages is a key component in the increased costs. Rising labor costs, inflation, and other effects of extended workforce shortages have created narrow operating margins and increased labor and non-labor expenses.

Most of the current staff, except Dr. Bridges, have been in place for several years. Dr. Bridges joined the wellness center in October 2022. To maintain the standard of care that has been established and provide consistency to City employees, the negotiated cost, based on CPI, is aimed at retaining and compensating the staff.

Upon each anniversary of the Agreement, including those of the three one-year renewal options, the annual fee will increase by equal to the average percentage in the Consumer Price Index, All Urban Consumers (CPI-U) US City Average for Medical Care, as published by the U.S. Bureau of Labor Statistics, ("CPI"), except that the annual increase will be subject to a minimum of 2% and a maximum of 6%.

This new Agreement's first year annual fee is \$1,265,593.45, which is 4.05% over this past contract year's annual fee in accordance with the CPI.

It should be noted that, as a result of the negotiation process, Marathon's maximum liability to the City for the payment of damages, etc., in the event of a dispute, would be eighteen months of service fees.

Resource Impact

There will be a fiscal impact to the City in the amount of \$632,493 for fiscal year 2023.

<i>Funds available as of February 1, 2023</i>					
ACCOUNT NUMBER	COST CENTER NAME (Program)	CHARACTER/ ACCOUNT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
10-545-9070-519-50-5199	Self-Insured Health Benefits	Non-Oper Exp/ Other Self Ins Claims	\$33,688,330	\$31,791,588	\$632,493
TOTAL AMOUNT ►					\$632,493

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Internal Support Focus Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably.
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term planning.

This item advances the *Fast Forward Fort Lauderdale 2035* Vision Plan: We Are United.

This item supports the *Advance Fort Lauderdale 2040* Comprehensive Plan, specifically advancing:

- The Internal Support Focus Area
- Implementation Element

Goal 1: The Fort Lauderdale Comprehensive Plan shall accomplish the City's *Fast Forward Fort Lauderdale 2035* Vision Plan regarding the City's future growth and the six Cylinders of Excellence and shall be the City's primary policy document to guide all of its activities and development.

Attachments

Exhibit 1 – Marathon Agreement

Exhibit 2 – Business Associate Agreement

Exhibit 3 – Marathon Health, LLC, Proposal

Exhibit 4 – Resolution

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