

**TAB 6**

**Meritain Health Insurance**  
**April 20, 2009**

**Issue:** The city requested that the current administrative agreement with Meritain Health be amended to include a performance guarantee to ensure all claims that are eligible for stop loss insurance are processed correctly.

**Background:**

The City's current Health Care policy caps total expenditures for any one employee at \$60,000. Once this threshold has been met, our stop loss insurance carrier is responsible for paying claims that exceed this amount. The proposed amendment would impose a penalty to our Third Party Administrator (TPA), Meritain, for any stop loss claims that were not processed correctly (i.e., stop loss claims that processed by the City instead of our stop loss carrier). In addition to the penalty, the City would be reimbursed by our stop loss carrier for the full amount of the claim that was processed incorrectly.

**Alternatives:**

1. Approve and authorize the Mayor to sign the Meritain performance guarantee amendment.
2. Take no action

**Recommendation:**

- Alternative #1

**Budget Impact:**

No budget impact identified.



Performance Level Guarantees Amendment to Administrative Services Agreement

The Administrative Services Agreement, effective **January 1, 2009**, by and between Meritain Health, Inc. ("Meritain") and **City of Palmetto** ("Client"), hereby amended as follows:

For and in consideration of the mutual covenants set forth in the Agreement and this Amendment, the parties agree as follows:

- 1 The parties agree to the Performance Guarantee and provisions as set forth in this Amendment.
- 2 The parties agree that the Performance Guarantee set forth herein is effective **January 1, 2009** provided the Client executes the Administrative Services Agreement and all amendments within thirty (30) days of receipt. The Performance Guarantee outlined below will not apply to run-in claims processing, or run-out claims processing. Termination of the Performance Guarantee shall occur, without notice, effective December 31, 2009.
- 3 The penalties stated below will be credited against the total medical and/or dental administration fees paid by Client for the contract period January 1, 2009 through December 31, 2009.

**Stop-Loss Claims Administration** – Stop loss claim administration is defined as accurate identification of claims that need to be submitted to Client's stop-loss carrier. Meritain agrees to correctly identify 100% of all claims that need to be submitted to the stop-loss carrier.

**Penalty** – All stop loss claims that are incorrectly processed by Meritain (i.e., according to stop loss claims administration as defined above) are subject to a penalty up to 10% of claims not filed with stop-loss carrier to a maximum penalty in the amount of \$2,500 per occurrence. Aggregate penalty amount shall not exceed \$10,000.

**Conditions:**

- 1 Meritain shall track performance and provide quarterly performance reports to Client.
- 2 Penalties shall be calculated annually and applied to the annual medical and/or dental administrative fees.
- 3 If results do not meet Client's expectations, there will be a 30 day cure period before penalties are assessed.

In Witness Whereof, the parties have executed this Amendment as set forth below.

**Meritain Health, Inc.**

By: \_\_\_\_\_

Melissa Elwood

Senior Vice President, Client Relations

**City of Palmetto**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_