



City of Racine, Wisconsin
COMMON COUNCIL

AGENDA BRIEFING MEMORADUM (ABM)

COMMITTEE: Finance & Personnel **LEGISLATION ITEM #:**

AGENDA DATE: May 11, 2020 Finance & Personnel Committee

May 19, 2020 Common Council Meeting

DEPARTMENT:

Prepared By: James M. (Jim) Palenick, City Administrator

Reviewed By: Cory Mason, Mayor

Christina Paul, Human Resources Benefits Coordinator

SUBJECT:

A request by Mayor Mason to gain authorization and approval for the City of Racine, to join with its partner agencies Racine County (County) and Racine Unified School District (RUSD), in selecting and awarding a three-year contract for the comprehensive operation of a health clinic at 2333 Northwestern Avenue in the City of Racine, serving the employees, retirees, and covered dependents of the three partner agencies, to "Ascension Wisconsin at Work" at yearly costs of: \$1,446,453 for year 1; \$1,557,279 for year 2; and \$1,667,245 for year 3; with the City of Racine responsible for twenty-six-percent (26%) of said contractual costs. Further, that the Mayor and City Clerk be authorized to execute on behalf of the City.

EXECUTIVE SUMMARY:

The three-party consortium consisting of the City of Racine, Racine County, and the Racine Unified School district (RUSD), have together operated a health and wellness clinic for employees, retirees, and covered dependents at the RUSD-owned building at 2333 Northwestern Avenue for the three-year period July 1, 2017 through June 30, 2020, as contracted to Healthstat, Inc. of North Carolina.

Of course the goal of having our own joint clinic is to keep down the cost of routine health care, and maintenance prescription and therapies for both the consortium organizations and their covered

employees, retirees and dependents; as well as to encourage and promote cost avoidance through wellness programming. In early 2017, when the three-way consortium first came together and were able to make the RUSD-owned facility on Northwestern Avenue available as the clinic site, a Request-For-Proposal process (RFP) was conducted which resulted in the selection of Heathstat, Inc. as Clinic operator for an initial, three-year term, with an option to extend for as many as two additional 1-year terms.

As the contract progressed, however, the consortium members collectively recognized that a number of aspects of clinic operations were proving less than fully satisfactory resulting in under-utilization of clinic resources and a general lack of confidence that such utilization could be substantially improved in the absence of a change in clinic management. To that end, the consortium decided to again pursue a Request For Proposal (RFP) process designed to identify and select a new contractor to fully manage clinic operations upon the expiration of the three-year contract with Healthstat, Inc. (June 30, 2020). Such process was recently concluded, and based upon a joint scoring and selection process involving representatives of the three consortium organizations, a determination was made to award a new three-year contract to "Ascension Wisconsin at Work", an affiliate organization of the local, Racine-area Ascension Health Care network and hospital system. To provide adequate time for the transition to the new Ascension management, and to provide time for our own communications to covered participants, during the COVID-19 pandemic, however, we were able to negotiate a three-month extension with Healthstat (until September 30, 2020) rather than beginning with Ascension on July 1st.

As such, the new contract will run from October 1, 2020 through September 30, 2023, with options to extend (if consortium members desire) for two additional 1-year periods.

BACKGROUND & ANALYSIS:

The consortium received responsive proposals from six (6) eligible Clinic operations providers, and selected three as semifinalists who were closely scrutinized, vetted, interviewed, and cumulatively scored. Those three were Ascension Wisconsin at Work, Marathon Health, and Quad-Med.

Ascension Wisconsin At Work proved to be the highest scoring and lowest cost-provider and is recommended for Contract award.

BUDGETARY IMPACT:

The full yearly cost of the Ascension contract is \$1,446,453 for year 1; \$1,557, 279 for year 2; and \$1,667,245 for year 3. The City of Racine is obligated to cover 26% of these costs or: \$376,078 for year 1; \$404,893 for year 2; and, \$433,483 for year 3. (cumulative cost to City: \$1,214,454)

The approved FY2020 Budget for Clinic costs (Acct. # 70312 52155) is \$384,000. Costs to the City from Healthstat for FY2019 was \$376,824.44.

In their proposal, respondent contractors were required to calculate the expected Return On Investment (ROI) for the consortium members based upon expected average utilization. Ascension indicated that the City, based upon clinic revenues and direct and indirect cost avoidance, would

receive an ROI of \$316,758 in year 1; \$441,913 in year 2; and, \$544,851 in year 3; or \$1,303,522 cumulatively for the three years. (compared to the total cost to the City for these three years of \$1,214,454)

OPTIONS/ALTERNATIVES:

- 1.) To approve the request by Mayor Mason to gain authorization and approval for the City of Racine, to join with its partner agencies Racine County (County) and Racine Unified School District (RUSD), in selecting and awarding a three-year contract for the comprehensive operation of a health clinic at 2333 Northwestern Avenue in the City of Racine, serving the employees, retirees, and covered dependents of the three partner agencies, to “Ascension Wisconsin at Work” at yearly costs of: \$1,446,453 for year 1; \$1,557,279 for year 2; and \$1,667,245 for year 3; with the City of Racine responsible for twenty-six-percent (26%) of said contractual costs. Further, that the Mayor and City Clerk be authorized to execute on behalf of the City.
 - 2.) To deny the request and return to the consortium members to discuss/negotiate a new or revised RFP process for solicitation and award; while simultaneously negotiating with Healthstat to further extend the existing contract (by at minimum 9 additional months) to allow time to negotiate, prepare, advertise, review, and award.
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RECOMMENDED ACTION:

To approve the request by Mayor Mason to gain authorization and approval for the City of Racine, to join with its partner agencies Racine County (County) and Racine Unified School District (RUSD), in selecting and awarding a three-year contract for the comprehensive operation of a health clinic at 2333 Northwestern Avenue in the City of Racine, serving the employees, retirees, and covered dependents of the three partner agencies, to “Ascension Wisconsin at Work” at yearly costs of: \$1,446,453 for year 1; \$1,557,279 for year 2; and \$1,667,245 for year 3; with the City of Racine responsible for twenty-six-percent (26%) of said contractual costs. Further, that the Mayor and City Clerk be authorized to execute on behalf of the City.

ATTACHMENT(S):

Matrix showing breakdown of costs

Matrix showing breakdown of Return on Investment (ROI)