

**FIRST AMENDMENT TO THE AGREEMENT BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO
AND
P&A ADMINISTRATIVE SERVICES, INC.**

July 1, 2015

[COBRA AND FLEXIBLE SPENDING ACCOUNT SERVICES]

**City and County of San Francisco
1145 Market Street, Suite 300
San Francisco, California 94103**

**AGREEMENT BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO
AND
P&A ADMINISTRATIVE SERVICES, INC.**

FIRST AMENDMENT

THIS FIRST AMENDMENT (“Amendment”) is made as of July 1, 2015, in San Francisco, California, by and between P&A Administrative Services, Inc., hereinafter referred to as “Contractor,” and the City and County of San Francisco, a municipal corporation, hereinafter referred to as “City” or “CCSF.”

WHEREAS, City and Contractor have entered into the Agreement (as defined below); and

WHEREAS, City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to provide additional services to the City;

NOW, THEREFORE, Contractor and the City agree as follows:

1. **Definitions.** The following definitions shall apply to this Amendment:
 - a. **Agreement.** The term “Agreement” shall mean the Agreement dated ^{March} May 1, 2015 between Contractor and City.
 - b. **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.
 - c. **Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

2. **Modifications to the Agreement.** The Agreement is hereby modified as follows:

- a. **Section 5.** Section 5 (Compensation) of the Agreement currently reads as follows:

Compensation shall be made in monthly payments on or before the last day of each month for work, as set forth in Section 4 of this Agreement, that the Health Service System Director, in his or her sole discretion, concludes has been performed as of the last day of the immediately preceding month. In no event shall the amount of this Agreement exceed **\$889,174 (eight hundred eighty nine thousand one hundred seventy four dollars)**. The breakdown of costs associated with this Agreement appears in Appendix B, “Calculation of Charges,” and Appendix D, “Performance Guarantees and Contingent Discounts”, attached hereto and incorporated by reference as though fully set forth herein. No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by the Health Service System as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation

provided for under this Agreement. In no event shall City be liable for interest or late charges for any late payments.

The Controller is not authorized to pay invoices submitted by Contractor prior to Contractor's submission of CMD Progress Payment Form. If Progress Payment Form is not submitted with Contractor's invoice, the Controller will notify the department, the Director of CMD and Contractor of the omission. If Contractor's failure to provide CMD Progress Payment Form is not explained to the Controller's satisfaction, the Controller will withhold 20% of the payment due pursuant to that invoice until CMD Progress Payment Form is provided. Following City's payment of an invoice, Contractor has ten days to file an affidavit using CMD Payment Affidavit verifying that all subcontractors have been paid and specifying the amount.

Section 5 is hereby amended in its entirety to read as follows:

Compensation shall be made in monthly payments on or before the last day of each month for work, as set forth in Section 4 of this Agreement, that the Health Service System Director, in his or her sole discretion, concludes has been performed as of the last day of the immediately preceding month. In no event shall the amount of this Agreement exceed **\$896,674 (eight hundred ninety six thousand six hundred seventy four dollars)**. The breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," and Appendix D, "Performance Guarantees and Contingent Discounts", attached hereto and incorporated by reference as though fully set forth herein. No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by the Health Service System as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement. In no event shall City be liable for interest or late charges for any late payments.

The Controller is not authorized to pay invoices submitted by Contractor prior to Contractor's submission of CMD Progress Payment Form. If Progress Payment Form is not submitted with Contractor's invoice, the Controller will notify the department, the Director of CMD and Contractor of the omission. If Contractor's failure to provide CMD Progress Payment Form is not explained to the Controller's satisfaction, the Controller will withhold 20% of the payment due pursuant to that invoice until CMD Progress Payment Form is provided. Following City's payment of an invoice, Contractor has ten days to file an affidavit using CMD Payment Affidavit verifying that all subcontractors have been paid and specifying the amount

- a. **Appendix A3 is hereby added in its entirety, as attached and incorporated into this Agreement as though fully set forth below:**

**Appendix A3
As Needed COBRA Services to be Provided by Contractor**

Section I-Definitions

As Needed Cobra Services: As Needed COBRA Services shall be provided to the City and County of San Francisco ("CCSF") for the San Francisco Healthy Workers Plan. For purposes of the As Needed

COBRA Services, Contractor's liaison with CCSF will be the City's Department of Human Resources ("DHR").

City: City and County of San Francisco.

Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA"): Under the Federal COBRA, employees and their dependents who are enrolled in a health, dental, or vision insurance plan are entitled to an extension of health coverage, called "continuation coverage," in certain circumstances (for example, termination of employment, divorce, etc. This is called a "qualifying event"). The corresponding As Needed COBRA Services for the As Needed Healthy Workers Health Plan are limited to the services provided by the health plan and are not intended to grant any additional benefits not otherwise included under the plan.

Continuant: A Qualified Member who has elected As Needed COBRA Services continuation coverage.

Contractor: P&A Administrative Service Inc.

Coverage Provider: A Coverage Provider is the selected health insurance plan, San Francisco Health Plan.

Election Notice: After Contractors receives a notice of a qualifying event, the Contractor must provide the Qualified Members with an Election Notice, which describes their rights to continuation coverage and how to make an election. The Election Notice must be provided to the Qualified Members within 14 days after the Contractor receives the notice of a Qualifying Event.

Fully-Insured: A funding arrangement where an employer pays an insurance company a fixed premium to provide certain employee benefit programs. In this case, the insurance company assume the risk for the cost of claims.

Interactive Voice Response (IVR): IVR is a technology that allows a computer to interact with people through the use of voice and/or tones input via keypad.

Medicare: Medicare is a U.S. government program of hospitalization insurance and voluntary medical insurance for persons aged 65 and over and for certain disabled persons under 65.

Plan: San Francisco Healthy Workers Plan

Social Security Administration: Independent agency of the United States federal government that administers Social Security, a social insurance program consisting of retirement, disability, and survivors' benefits. <http://www.ssa.gov/>

Qualified Member: A qualified member is an employee who is covered by San Francisco Healthy Workers Plan on the day before a qualifying event.

Qualifying Event: Qualifying Events are certain events that would cause an individual to lose health coverage.

Section II- Services and Deliverables to be provided by Contractor

A. Scope of As Needed COBRA Services

The City has contracted with the P&A Administrative Services Inc. (“Contractor”), to set-up and provide services to support the administration of As Needed COBRA Services for its eligible employees effective July 1, 2015. The Contractor shall provide the following services, not limited to:

- Provide As Needed COBRA Services for Initial/Qualifying Event/Election Notices and Premium Collection
- Provide Account Management Services And Customer Service Support
- Provide As Needed COBRA Services for Operational and Premium Reporting, Remitting, and Reconciliation
- Provide management and support for the transition of As Needed COBRA Services from the incumbent vendor to the Contractor.

The City reserves the ability to modify the scope of services, as a result of change of City needs, or Federal, State or regulator law, code, or guidance, which may impact the current or future manner of administration of these services.

Changes or modifications to scope of services may result in a modification of the fees located in Appendix B1 (Calculation of Charges). Modifications to the scope of services and/or fees will require a contract amendment which will be negotiated in good faith between the City and the Contractor.

B. COBRA – Initial/Qualifying Event/Election Notices and Premium Collection

Within thirty (30) days after an employee of the City first becomes covered by the Plan, Contractor shall send by first class mail a notice addressed to the employee informing them of their rights and responsibilities under the COBRA law (an “Initial COBRA Notice”). All COBRA notices shall be updated periodically and/or as required by the United States Department of Labor, the Internal Revenue Service, or other legal or regulatory body, to ensure that the notice remains in compliance with existing and newly furnished standards.

Contractor shall review all notices that state a Qualifying Event for COBRA purposes has occurred with respect to coverage under the Plan. For purposes of this Agreement, the term “Qualifying Event” shall have the meaning as defined in this agreement, or otherwise required by Section 4980B(f)(3) of the Internal Revenue Code or any successor provision of law.

If such notice is determined, by the Contractor to have been timely provided and the occurrence of a Qualifying Event is confirmed, Contractor shall provide the following services to each Qualified Member:

- (1) Contractor shall mail to the attention of the Qualified Member a COBRA election package consisting of a notice notifying him or her that he or she has the right to elect to continue his or her Plan coverage on the terms described in the notice (a “COBRA Election Notice”); a form that may be used to elect continuation coverage; and any enrollment forms that must be completed to satisfy the requirements of any insurance company, Health Maintenance Organization or other entity that will provide elected COBRA coverage (a “Coverage

Provider"). The Contractor shall notify the Qualified Member to submit their forms and initial payment within thirty (30) days;

- (2) If the Qualified Member elects COBRA continuation coverage by completing and returning the aforementioned election form(s) and any applicable enrollment forms, and timely pays his or her initial COBRA premium, Contractor shall forward his or her enrollment form information to DHR and San Francisco Health Plan who will notify the Coverage Providers that will be providing the elected coverage;
- (3) Contractor shall send the Continuant, an initial bill with respect to each month of the elected coverage, and shall send a second bill within one week following the due date of the 20th should the Continuant fail to timely pay the original bill by the 20th of the Month in which it is due. For COBRA, the billed amount shall be 102 percent of the "applicable premium" (110 percent with respect to coverage extended from 18 months to 29 months due to disability, unless a different percentage is mutually agreed upon by the parties) within the meaning of Section 4980B(f)(2)(C) of the Internal Revenue Code;
- (4) Should the COBRA Continuant fail to make any periodic premium payment by the end of the applicable grace period (thirty (30) days from due date), Contractor shall notify DHR that the COBRA Continuant's coverage is to be canceled due to the non-payment of premiums;
- (5) Contractor shall receive and review any request by a COBRA Continuant to extend the period of his or her COBRA continuation coverage on account of a determination of disability by the Social Security Administration;
- (6) If Contractor determines that a COBRA Continuant's request to extend the period of his or her COBRA continuation coverage should be granted, Contractor shall so notify DHR and the Coverage Provider who has been providing COBRA coverage;
- (7) Contractor shall notify the COBRA Continuant should a Coverage Provider modify his or her COBRA coverage in any material respect;
- (8) Upon termination of an employee's COBRA coverage, Contractor is to notify DHR that the coverage has ceased;
- (9) Contractor shall notify COBRA Continuant at least sixty (60) days prior to the termination of coverage that their coverage will be expiring, and Contractor shall also provide notice to DHR.
- (10) Should Contractor determine that the COBRA continuation coverage of the COBRA Continuant is to be prematurely terminated due to the non-payment of premiums, the commencement of coverage under another group health plan or Medicare or other circumstances prescribed by the COBRA law, Contractor shall notify him or her in writing to that effect;

With respect to any individual who is a COBRA Continuant on the date this Agreement first becomes effective, Contractor shall provide all of the services described in paragraphs "3" through "10" of subsection above.

If, after Contractor reviews a notification that a Qualifying Event has occurred or that a disability determination has been received, Contractor determines that there is no right to COBRA continuation coverage or to an extension of COBRA continuation coverage based on that notification, Contractor shall provide written notice to the affected individuals that COBRA coverage is not available.

Contractor shall customize the COBRA Election Notice provided to a COBRA Continuant to inform him or her of the right to the extended coverage period.

If a Participant becomes entitled to Medicare prior to being covered on COBRA, they may be allowed to elect the As Needed COBRA plan (medical) for the maximum eligibility period of COBRA coverage. Enrollment in Medicare can be deferred by the participant until after the period of COBRA coverage without penalty.

If at any point in time while on the As Needed COBRA continuation coverage, a COBRA participant becomes eligible and enrolled in Medicare, they must notify DHR and Contractor of the entitlement to Medicare. Coverage on COBRA will then be terminated for the person who is on Medicare. Contractor will provide a notification of Medicare Eligibility Notice as a Participant approaches age 65. This letter shall advise the Participant of how their Medicare enrollment would affect their COBRA coverage.

The Contractor, or its subcontractors, shall not apply any surcharge, service fee, or any other fee associated with the Continuant's method of payment (e.g. check, Automated Clearing House ("ACH"), or on-line payments via ACH) toward their COBRA premium. If such fees are required, they shall be fully borne and paid for by the Contractor, and not passed to either the participant, or the City for payment.

Contractor will archive all COBRA documents electronically for a period of eight (8) years. Upon City request, Contractor shall provide all documents and their associated mailing dates of COBRA notices.

C. Account Management Services And Customer Service Support (Web/IVR/Call Center/Appeals)

DHR will have access to the City's dedicated account manager who will be available to DHR staff to answer questions, process files, run reports and perform any other duties necessary to successfully administer the COBRA. The Contractor shall keep DHR informed of any changes in Account Management which directly impacts the account.

Contractor shall make available to DHR electronically or by another method that is mutually agreeable to the parties (i) a COBRA procedures manual, and (ii) forms for DHR to use in providing information to Contractor.

Contractor will provide a toll-free customer service number for City participants. Contractor will make customer service representatives available, at a minimum, Monday to Friday 7:00 am to 7:00 pm PST.

Contractor shall provide to DHR and to Qualified Members access to Contractor employees who are familiar with the Plan through a toll-free telephone number and “Live Chat” instant messaging during the regular business hours of Contractor and voicemail for after-hours calls.

Contractor will maintain a website for COBRA continuants to access account information.

Contractor’s offices will be closed for the following Holidays; New Years Day, Martin Luther King Jr. Day, President’s Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Thanksgiving Day, Day after Thanksgiving, and Christmas Day.

D. COBRA Operational Reporting

Contractor will maintain a website for DHR to run real-time reports and view COBRA continuant information. DHR access will be limited to eligibility, enrollment, and member information relating to As Needed Cobra Services. The Contractor shall provide, on the website, a downloadable monthly report to the designated Healthy Workers Program Coordinator at DHR that identifies the newly Qualified Members who received an As Needed COBRA Election Notice and the As Needed COBRA continuants enrolled during the previous monthly cycle. Information regarding As Needed COBRA continuants will include qualifying event notice history, initial notice history, payment history, payments by benefit period, benefit plan listing, and paid through date. The Contractor will ensure that the As Needed COBRA Services data is partitioned from the City’s other separate COBRA Services data, to insure that there will not be any risk of privacy breaches.

E. COBRA Premium Reporting, Remitting, Reconciliation, and Invoicing

Contractor shall remit 100% of the applicable premium to the applicable Coverage Provider, accompanied by information that identifies the COBRA Continuant, the amount of his or her premium and the coverage period to which the premium payment relates. The amount by which a premium payment exceeds the applicable premium (typically, 2 percent of the applicable premium) shall be retained by Contractor as additional compensation for its services. Contractor shall send a monthly premium report and premium payments to:

San Francisco Community Health Authority
Finance Department
Attn: Khanh Pham
P.O. Box 194247
San Francisco CA 94119

Fully-Insured plans¹ include:

- As Needed Healthy Workers Health Plan

¹Subject to change, at the City’s option; changes will be done by Amendment. Contractor shall agree to the Amendment to account for the City’s Coverage Providers.

Contractor shall reconcile premium/eligibility discrepancies with the applicable Coverage Provider.

The Contractor shall invoice DHR for the fees (Appendix B1-Calculation of Charges) associated with the services in this Appendix A3, quarterly for the prior quarter's services.

Invoices and any financial reports shall be directed by Contractor to DHR to the following address:

City and County of San Francisco
Department of Human Resources
Attn: Brent Lewis
1 South Van Ness Ave. - 4th Floor
San Francisco, CA 94103

F. COBRA Eligibility File Processing

DHR will enter the information into the Contractor's web portal with the necessary information needed to administer the As Needed COBRA program on a monthly basis or increased frequency, if needed.

Section III- DHR Responsibilities

A. Eligibility Processing

The DHR shall promptly and accurately furnish to Contractor such information as Contractor reasonably deems necessary or appropriate for the discharge of its responsibilities and services in this Appendix A3.

DHR shall submit information on a monthly basis into the Contractor's web portal including the information that Contractor deems necessary to discharge its responsibilities under this Agreement, including but not limited to name, address, Social Security number, plan information, coverage information and costs, and enter that information into Contractor's administrative software system to create an electronic file with respect to the subject matter of this Appendix.

Should the City become a party to any collective bargaining agreement containing any provision that refers to or impacts, either directly or indirectly, the manner in which COBRA is to be provided to any employee who is a member of the collective bargaining unit that is a party to the agreement, DHR shall provide Contractor with a complete copy of the pertinent contract language when first reasonably possible before the effective date of that collective bargaining agreement.

The DHR will notify Contractor within thirty (30) days after an employee of the City first becomes covered by the Plan, Contractor shall send by first class mail a notice addressed to the employee informing them of their rights and responsibilities under the COBRA law (an "Initial COBRA Notice").

B. Qualifying Events

The City shall notify Contractor as soon as possible, but not later than thirty (30) days, following the occurrence of any of the following events:

- (1) The commencement of coverage for any person under the Plan (for “Initial COBRA Notice”)
- (2) termination (other than by reason of gross misconduct) of a covered employee's employment;
- (3) reduction of hours of a covered employee's employment;
- (4) a covered employee failing to meet eligibility requirements for the As Needed Healthy Workers Health Plan for reasons other than being enrolled in another health plan;
- (5) a covered employee becoming entitled to Medicare benefits under Title XVIII of the Social Security Act;
- (6) a proceeding regarding the City's bankruptcy under title 11 of the United States Code that affects the benefits of a retired employee or his spouse or dependents of the City; or
- (7) in accordance with any change in a law or regulation requiring group health plan continuation coverage after the date of this Agreement, any other event the occurrence of which requires notification by the City to a plan administrator, but only after Contractor advises the City of such change.

Such notification shall be made by electronic transmission via Contractor’s web portal, fax, e-mail, or U.S. mail, using forms provided by Contractor for this purpose.

C. Eligibility Processing and Reconciliation

DHR shall review each monthly report generated by Contractor and shall provide notification to the Contractor, within thirty (30) days after the report was sent or made available to DHR, of any errors or omissions in the report. The Contractor will supply, upon request, a set of instructions that DHR may use to verify the accuracy of Contractor’s monthly reports.

D. New Plan Year Support

Upon agreement between the City and Contractor, after the Agreement is signed, the City shall obtain from the Coverage Provider, authorization for Contractor to communicate with Coverage Provider directly regarding the subject matter of this Agreement.

E. Coverage Providers

The City warrants and represents to Contractor that the list of group health plans and of the coverage providers under each such plan is complete and accurate as of the date of this Agreement. Should the City, during the term of this Agreement, establish any new group health plan or add any coverage provider to its current group health plan, the City agrees to notify Contractor in writing of same within seven (7) days thereafter.

The City hereby acknowledges its understanding that Contractor cannot assure the City’s compliance with COBRA without having, at all times, complete and accurate information as to the group health plans and coverage options of the City.

Fully Insured Coverage Provider¹:

- San Francisco Health Plan - As Needed Healthy Workers Health Plan

¹Subject to change, at the City's option; changes will be done by Amendment. Contactor shall agree to the Amendment to account for the City's Coverage Providers.

- b. **Appendix B(1) is hereby added in its entirety, as attached and incorporated into this Agreement as though fully set forth below:**

**Appendix B(1)
Calculation of Charges**

As Needed Cobra Services Calculation of Charges

As Needed Cobra Service charges and rates will be invoiced based on the actual volumes. Contractor shall submit invoices as outlined in Appendix A3 (As Needed Cobra Services), Section E (As Needed COBRA Services Premium Reporting, Remitting, Reconciliation, and Invoicing).

| As Needed COBRA Services (Services contained in Appendix A3) | Applicable Charges/Rate |
|--|---|
| First year implementation fee | WAIVED |
| Takeover fee for current continuants | Included |
| Carrier Feed Set-Up | Included |
| Eligibility Feed Set-Up | Included |
| Annual Fees | |
| Annual Renewal Fee | None |
| Open Enrollment Packets | Included |
| Monthly Fees | |
| Qualifying Event Notices | \$20.00 per notice |
| Per As Needed COBRA Services Participant Fee | \$0.00 |
| Carrier Data Feeds (fee per feed) | included |
| Eligibility File Feed | included |
| Administration monthly minimum | None |
| Open enrollment Packets | Included |
| 2% Administrative Fee (retain or return) | Retained |
| Administration monthly minimum | None |
| Additional Services | |
| DOL Initial general Notice | \$10.00 per notice |
| Medicare Part D notice | Included |
| Underpayment Letters | Included |
| Premium and collection | Included |
| Bundling Discount | Not Applicable |
| Compensation | In no event shall the amount of this Appendix B(1) exceed \$7,500 (seven thousand five hundred dollars) annually. |

3. **Effective Date.** Each of the modifications set forth in Section 2 shall be effective on and after July 1, 2015.

4. **Legal Effect.** Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment effective July 1, 2015.

HEALTH SERVICE SYSTEM

CONTRACTOR

P&A Administrative Services, Inc.




CATHERINE J. DODD PhD, RN.
Director, Health Service System

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

APPROVED AS TO FORM:

Dennis J. Herrera
City Attorney

I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.



GUSTIN R. GUIBERT
Deputy City Attorney



MICHAEL RIZZO, PRESIDENT
P&A Administrative Services, Inc.
17 Court Street, Suite 500
Buffalo, NY 14202

City vendor number: **94982**