



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Ian Appleyard
Director, HRM

SUBJECT: Claremont Behavioral Services Inc.
agreement extension

DATE: May 17, 2020

City Administrator Approval

Date: June 11, 2020

RECOMMENDATION

Staff Recommends That The City Council Approve A Resolution Authorizing The City Administrator To Extend An Agreement With Claremont Behavioral Services, Inc. ("Claremont") For Employee Assistance Program ("EAP") And Related Services For All Non-Sworn City Employees And The Sworn Employees Of The Oakland Fire Department ("OFD") And Respective OFD Dependents In An Amount Not To Exceed \$270,132.64 (\$135,066.32 In Contract Year 2020-2021 And \$135,066.32 In Contract Year 2021-2022) With Options To Extend The Agreement In One-year Or Two-year Increments Provided Service Rates Do Not Increase More Than 4% Year-Over-Year.

EXECUTIVE SUMMARY

Resolution No. 83956 C.M.S. (**Attachment A**) authorized an agreement with Claremont to provide EAP and related services to the City through June 30, 2020. Resolution No. 85678 C.M.S. (**Attachment B**) amended the original resolution to fund additional services for the sworn employees of the Oakland Fire Department (OFD) required by union negotiations. The City should extend Claremont's agreement because services provided by Claremont have been both acceptable and economical over the entire agreement term. The City should extend in the manner recommended because doing so balances accountability and operational efficiency. The amount proposed for each of the first two contract years is a budgeted estimated to cover non-sworn renewal cost, sworn OFD renewal cost, \$20,000 for OFD clinical visits.

BACKGROUND / LEGISLATIVE HISTORY

Before the City's agreement with Claremont, the City provided EAP services to non-sworn City employees through a combination of in-house professional staff and a provider panel comprised of RFP-selected contractors. Once the professional staff retired, the City broadly evaluated the available employee support providers and determined that a third-party provider would offer better services and be more cost efficient. The City conducted a request for proposal and selected Claremont through City Council action. The initial Council item authorized an agreement with Claremont through June 30, 2020. Because Council's authorization ends this fiscal year, another council resolution is needed to reauthorize the services.

City Council
June 16, 2020

ANALYSIS/POLICY ALTERNATIVES

Claremont provides several services that are instrumental in maintaining a healthy, informed, and productive workforce. These services provide broad support for employees, satisfy compliance requirements, and are benefits tied to labor agreements. Services include, but are not limited to:

- Counseling Visits
- Legal/Financial Services
- Elder/Child Care Referrals
- School/College Assistance
- Pet Care Referrals
- Adoption Assistance
- Free Brown Bag Seminars
- Onsite for Critical Incident Stress Debriefings (CISD's)
- Unlimited HR & Management Consultations
- Unlimited Onsite Employee Orientations
- Unlimited Onsite HR/Manager Orientations
- Unlimited Access to Claremont Personal Advantage (CPA) Enhanced Web Site

Informal employee and management surveys indicate regular use of Claremont's services. Additionally, Utilization Reports show how important Claremont's services are to City employees. Utilization reports covering 7/1/2019 through 1/31/2020 follow this report for both non-sworn City Employees (**Attachment C**) and sworn Fire employees (**Attachment D**).

Overall Claremont provides exceptional services to City employees, and has done so since being retained. Moreover, those services come at a reasonable cost:

City of Oakland Claremont Cost History					
Fiscal Year	2015/16	2016/17	2017/18	2018/19	2019/20
Budgeted Amount	\$158,329	\$163,426	\$168,800	\$174,353	\$180,127

***Budgeted Amount. The annual Claremont Cost has never surpassed the budgeted amount. Budget amounts based on 4,288 non-sworn and 486 sworn employees.**

Based on staff analysis, Claremont provides a comprehensive, cost-efficient service that provides essential support to City employees.

FISCAL IMPACT

The contract with Claremont is capitated. This means it functions like a health-care contract in which a medical provider is given a set fee per patient regardless of treatment required. Here, the City pays a contracted rate per eligible employee, referred to as a "per-employee-per-month" rate for services. Capitated fees are billed monthly based on a headcount provided by the City. Accordingly, there may be monthly fluctuations in cost. In addition to capitated fees, Claremont occasionally charges for clinical visits. Such fees are paid based on employee

utilization and vary over time. The proposed resolution addresses these uncertainties in two ways. First, the amount proposed for the first two years of the contract slightly exceeds the cost estimates. This allows some room for unexpected cost caused by uncontrollable circumstances and varying employee utilization. Second, the proposed resolution ties future extensions to service rates, not estimated total cost. This allows the City Administrator to use the correct metric to manage the EAP program and to avoid unnecessary resolutions to correct cost underestimates.

Renewal rates proposed by Claremont follow this report for both non-sworn City Employees (**Attachment E**) and sworn fire employees (**Attachment F**).

While the actual fiscal impact will vary depending on future employee count and clinical visit usage, the following cost estimates are based on Claremont's proposed renewal rates:

City of Oakland – Non-sworn Claremont EAP Rate Estimate				
Year	2020-2022	2022-2024	2024-2026	2026-2028
Per employee per month	\$2.43	\$2.53	\$2.64	\$2.74
Annual Cost Estimate	\$103,430.52	\$107,686.92	\$112,368.96	\$116,625.36

*Amounts based on 3547 non-sworn employees.

City of Oakland – Sworn OFD Claremont EAP Rate Estimate				
Year	2020-2022	2022-2024	2024-2026	2026-2028
Per employee per month	\$2.15	\$2.24	\$2.33	\$2.42
Annual Cost Estimate	\$11,635.80	\$12,122.88	\$12,609.96	\$13,097.04
Clinical Visits	\$90	\$95	\$99	\$103
OFD budget for Clinical Visits	\$20,000	\$21,500	\$23,000	\$24,500
Annual Cost Estimate	\$31,635.80	\$33,622.88	\$35,609.96	\$37,597.04

*Amounts based on 451 sworn employees.

Total EAP Program cost – Estimated

Fiscal Year	Cost Estimate
2020/21	\$135,066.32
2021/22	\$135,066.32
2022/23	\$141,309.80
2023/24	\$141,309.80
2024/25	\$147,978.92
2025/26	\$147,978.92
2026/27	\$154,222.40
2027/28	\$154,222.40

Funding for contract services to non-sworn employees will be budgeted within the Fringe Benefits Fund (1300), Undetermined Organization (00000), Accrued Health/FICA/Medicare Account (21516), Undetermined Project (0000000), Undetermined Program (0000).

Funding for contract services to sworn Fire Department employees will be budgeted within the General Purpose (1010), Fire Human Resources Organization (20811), Miscellaneous Contract Services Account (54919), Administrative Project (1000009), Personnel Resource Management Program (PS16).

PUBLIC OUTREACH / INTEREST

There are no public outreach opportunities associated with this report further than the required publication on the City's website.

COORDINATION

Development of this report was coordinated with internal staff in HRM, OFD, Budget Bureau, City Attorney's Office, and City Administrator's Office.

SUSTAINABLE OPPORTUNITIES

Economic: *There are no economic, environmental, or social equity opportunities associated with this report.*

Environmental: *There are no economic, environmental, or social equity opportunities associated with this report.*

Race and Equity: *There are no economic, environmental, or social equity opportunities associated with this report.*

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Approve A Resolution Authorizing The City Administrator To Extend An Agreement With Claremont Behavioral Services, Inc. ("Claremont") For Employee Assistance Program ("EAP") And Related Services For All Non-Sworn City Employees And The Sworn Employees Of The Oakland Fire Department ("OFD") And Respective OFD Dependents In An Amount Not To Exceed \$270,132.64 (\$135,066.32 In Contract Year 2020-2021 And \$135,066.32 In Contract Year 2021-2022) With Options To Extend The Agreement In One-year Or Two-year Increments Provided Service Rates Do Not Increase More Than 4% Year-over-year.

For questions regarding this report, please contact ANDREW LATHROP, RISK MANAGER, at (510) 238-7165.

Respectfully submitted,



IAN APPLEYARD
Director, Human Resources Management
Department

Prepared by:
Andrew S. Lathrop, Risk Manager

Attachments (6):

- A: Resolution No. 83956 C.M.S.
- B: Resolution No. 85678 C.M.S.
- C: Utilization Report 7/1/2019 to 1/31/2020 City of Oakland
- D: Utilization Report 7/1/2019 to 1/31/2020 Oakland Fire Department
- E: Claremont EAP Renewal – City of Oakland (Non-Sworn)
- F: Claremont EAP Renewal – City of Oakland (Sworn Firefighters)