



AGENDA REPORT

TO: Steven Falk
Interim City Administrator

FROM: Ian Appleyard
Director, HRM

SUBJECT: Claremont EAP – Contract
Modification

DATE: May 2, 2023

City Administrator Approval 

Date: May 11, 2023

RECOMMENDATION

Staff Recommends That City Council Adopt A Resolution Authorizing The City Administrator Or Designee To Negotiate, Update, And Execute An Agreement With Claremont Behavioral Services, Inc. (“Claremont”) For Employee Assistance Program (“EAP”) And Related Services For: (1) All Non-Sworn City Employees And Their Respective Eligible Dependents And (2) All Sworn City Employees And Their Respective Eligible Dependents In An Amount Not To Exceed A Total Amount Of Two Hundred Fifty Thousand Dollars In Contract Year 2023-2024 With Options To Extend The Agreement In One Or Two Year Increments Through Fiscal Year 2029 In Amounts Not To Exceed Two Hundred And Fifty-Eight Thousand Dollars In Contract Year 2024-2025, Two Hundred Sixty-Six Thousand Dollars In Contract Year 2025-2026, Two Hundred Seventy-Two Thousand Dollars In Contract Year 2026-2027, Two Hundred Eighty Thousand Dollars In Contract Year 2027-2028, And Two Hundred Ninety Thousand Dollars In Contract Year 2028-2029 For A Total Not To Exceed One Million Eight Hundred Sixteen Thousand Dollars, And (3) Waiving The Local And Small Local Business Enterprise (L/SLBE) Participation Requirements.

EXECUTIVE SUMMARY

On April 15, 2022, the City of Oakland issued a request for proposal (“RFP”) for Employee Assistance Program (“EAP”) and related services. Claremont Behavioral Services, Inc. (“Claremont”), the City’s long-time EAP and related services provider was selected as the most qualified proposer. On July 2, 2022, The Oakland City Council Issued [Resolution No. 89323](#) (**Attachment A**) granting the City Administrator Authority to negotiate and execute a contract with Claremont. Subsequently, the City Administrator executed a contract with Claremont that provided EAP and related services for all non-sworn City employees and their respective eligible dependents, and all sworn City employees of the Oakland Fire Department (“OFD”) and their respective eligible dependents. This contract did not include Oakland Police Department (“OPD”) sworn personnel because OPD supported its sworn members through another provider, Health Net. However, Health Net announced that as of June 30, 2023, it is ceasing EAP operations in California.

Because OPD sworn personnel would otherwise be left without EAP support, the City is adding those members to its Claremont contract. This results in approximately 710 new EAP members and an additional \$50,000 of cap space in each upcoming contract year.

Finance and Management Committee
May 23, 2023

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 third-party provider panel. However, in-house attrition left the City unable to effectively manage and monitor EAP services. To address this deficiency, the City compared services provided by the City's traditional internal program and associated costs against the services and costs of utilizing a third-party provider. Based on that comparison, the City concluded that converting to a third-party provider would be more cost effective and provide better services than restructuring and rebuilding the City's internal capacity. Subsequently, the City conducted an RFP and selected Claremont through City Council action. The initial Council item authorized an agreement with Claremont through June 30, 2020. In 2020, the City Council extended the agreement for two more years. In April of 2022, the City conducted another RFP. Although Claremont was the only respondent, the City found Claremont qualified and deserving of the contract award.

The City Council granted the City Administrator authority to negotiate and contract with Claremont through fiscal year 2028-2029 with an overall total not to exceed \$1,516,00.00. However, the current contract does not cover sworn OPD personnel. OPD currently provides EAP services to its sworn personnel through the third-party vendor Health Net. However, recently Health Net notified all its California clients that Health Net would cease operating EAP services in California effective June 30, 2023. On July 1, 2023, OPD needs a new EAP partner. Given its current relationship with the City, Claremont is the logical choice.

A City Council resolution granting authority to the City Administrator is required to add sworn OPD personnel and eligible dependents to the EAP contract. Also, a City Council resolution is required to increase the not-to exceed contract amount to cover additional personnel.

ANALYSIS AND POLICY ALTERNATIVES

Claremont provides several services that are instrumental in maintaining a healthy, informed, and productive workforce. While services are provided because they increase the productivity of City employees, some services are also provided because they satisfy compliance requirements and/or constitute bargained for benefits. 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 (CISDs)
- 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. A Utilization report from 7/1/2022 through 4/30/2023 is attached (**Attachment B**).

Overall, Claremont provides exceptional services to City employees and has done so since being retained. We anticipate no change in service quality with the addition of OPD sworn personnel and their eligible dependents. Moreover, EAP supports City employees and promotes the City's priority to be a responsive government agency.

FISCAL IMPACT

The contract with Claremont is capitated. This means the contract functions like a healthcare contract in which a medical provider is given a set fee per patient regardless of the treatment required. Here, the City pays a contracted rate per eligible employee, referred to as a "per-employee-per-month" ("PEPM") 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 is sometimes owed a fee for clinical visits or other fee-for-service services. Such fees are paid based on employee utilization and vary over time.

The current contract uses a common price for employees of \$3.03 PEPM but maintains different services for sworn vs. non-sworn employees. There are also specific rates for additional fee-for-service services. This pricing covered the first year of the contract and was intended to cover the second year, but after the first two years, prices are subject to renegotiation. Ultimately, the realized fiscal impact will vary depending on future employee count and fee-for-service usage. To account for this uncertainty, HRM originally budgeted conservatively. Given the addition of OPD, HRM has revised its estimate and maintained its conservative approach.

Total EAP Program fiscal impact – Estimated (Original)

Fiscal Year	Budget
2022/23	\$200,000
2023/24	\$200,000
2024/25	\$208,000
2025/26	\$216,000
2026/27	\$222,000
2027/28	\$230,000
2028/29	\$240,000

Total EAP Program fiscal impact – Estimated (with OPD)

Fiscal Year	Budget
2022/23	N/A
2023/24	\$250,000
2024/25	\$258,000
2025/26	\$266,000
2026/27	\$272,000
2027/28	\$280,000
2028/29	\$290,000

While HRM recommends increasing the not-to-exceed amounts for each upcoming contract year, this does not represent a significant budget impact because reductions in OPD's EAP expenditures directly offset the increases to HRM's EAP expenditures.

Funding for EAP services is contained within the Fringe Benefits Fund (1300), Undetermined Organization (00000), Accrued Health/FICA/Medicare Account (21516), Undetermined Project (0000000), Undetermined, Program (0000). No additional budgetary adjustment is necessary.

The contract year for this contract runs from July 1 through June 30 for all contracted years.

PUBLIC OUTREACH / INTEREST

No public outreach opportunities are 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, Controller's Bureau, City Attorney's Office, and City Administrator's Office.

PAST PERFORMANCE, EVALUATION AND FOLLOW-UP

Claremont has provided satisfactory and compliant services throughout the entirety of its relationship with the City as evidenced by usage reports, internal audits, and customer surveys. Although services have always been satisfactory, City personnel continue to monitor both Claremont and the EAP program to ensure a continued relationship makes sense.

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic opportunities associated with this report.

Environmental: There are no environmental opportunities associated with this report.

Race & Equity: No race and equity opportunities are associated with this report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That City Council Adopt A Resolution Authorizing The City Administrator or Designee To Negotiate, Update, And Execute An Agreement With Claremont Behavioral Services, Inc. (“Claremont”) For Employee Assistance Program (“EAP”) And Related Services For: (1) All Non-Sworn City Employees And Their Respective Eligible Dependents And (2) All Sworn City Employees And Their Respective Eligible Dependents In An Amount Not To Exceed A Total Amount Of Two Hundred Fifty Thousand Dollars In Contract Year 2023-2024 With Options To Extend The Agreement In One Or Two Year Increments Through Fiscal Year 2029 In Amounts Not To Exceed Two Hundred And Fifty Eight Thousand Dollars In Contract Year 2024-2025, Two Hundred Sixty-Six Thousand Dollars In Contract Year 2025-2026, Two Hundred Seventy-Two Thousand Dollars In Contract Year 2026-2027, Two Hundred Eighty Thousand Dollars In Contract Year 2027-2028, And Two Hundred Ninety Thousand Dollars In Contract Year 2028-2029 For A Total Not To Exceed One Million Eight Hundred Sixteen Thousand Dollars, And (3) Waiving The Local And Small Local Business Enterprise (L/SLBE) Participation Requirements.

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

Respectfully submitted,



IAN APPLEYARD
Director/Human Resources Management
Department

Prepared by:
Andrew S. Lathrop, Manager Risk and Benefits

Attachments (2):

- A: Resolution No. 89323
- B: Utilization Report