

November 1, 2020 to October 31, 2021

V. Scope of Services – Contract Addendum

Our goal is to become City of Coppell's **most trusted outside advisor**. We will do everything possible to make your job easier while we provide the highest level of customer service. We have summarized the primary service areas available to City of Coppell. It is important to ensure each component is integrated so that we best position City of Coppell benefits program.

Strategic Planning - your experience in consulting with clients in redesigning and implementing their benefits programs.

Whether you have identified the problem areas associated with your employee benefit programs or you need a proven process to flesh them out, our teams have been trained to follow a strategic consulting process that has been refined after thousands of client implementations.

The Holmes Murphy Consulting Process

We have learned from experience that every organization's industry, people and culture is unique. So your company's employee benefit programs should not be cookie-cutter either. But before a strategic plan can be developed, we follow a proven process to yield the best results.

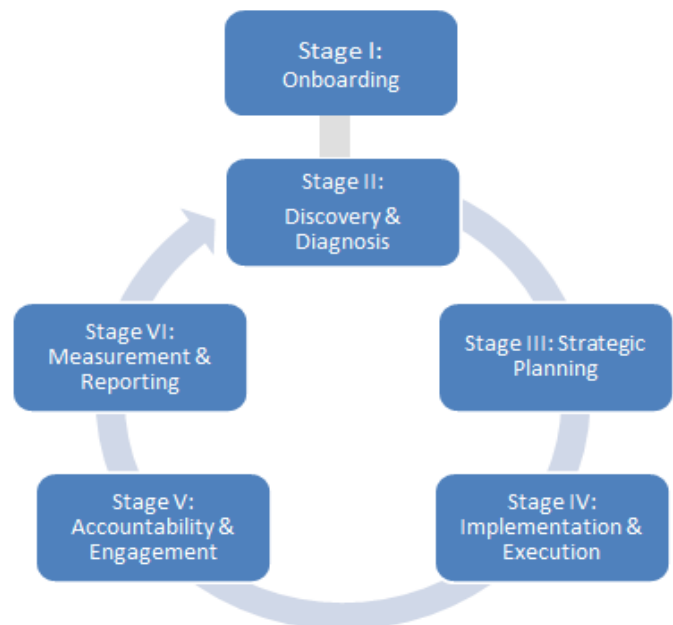
One of the first things our client service team does after we are engaged is to schedule a client kick-off meeting. This enables our team to guide our clients through the following stages:

Stage I: Onboarding

Better known as the "getting to know you" stage. Before we know where we want to take you, we have to understand how you got where you are. The onboarding stage involves a quick ramp-up where we gather material directly from your service providers and a materials checklist we will send directly to you. (We'll be asking for things like an employee census and benefit communications).

Stage II: Discovery and Diagnosis

While we are collecting and beginning to analyze this data, we will be asking questions throughout the consulting process. During the onboarding process,



The information on this page is proprietary. Please do not copy or distribute to others.

data is transformed into information that enables our teams to develop cost projections, utilization analysis and benchmarking with peers in your industry to determine the outliers in your plans. This information along with an informational interviewing process called Core Beliefs; enable our teams to transition to Stage III with a thorough understanding of where we should go next. **We have attached a sample Core Belief's report in the Appendix.**

Stage III: Strategic Planning

This stage is where we align the strategic priorities of your organization with the short and long-term goals for your employee benefit programs. If you did not have a clearly articulated benefit's philosophy when we started, you will have one after we complete this process. After various options are considered, a multi-year plan design will begin to emerge that will have the approval and endorsement of the company's leadership team. This phase involves creative benefits design, actuarial and underwriting projections, contribution modeling and budget impact analysis.

Stage IV: Implementation and Execution

General George Patton said "a good plan implemented today is better than a perfect plan implemented tomorrow". After a multi-year strategic plan has been developed, HMA knows that putting our ideas into action is just as important as having developed the right road map for your organization. HMA will utilize our project management and timeline to implementation tools to identify who has responsibility among our service providers, HMA and client teams for doing what task by what date. Adhering to these milestones enables all parties to measure our progress toward open enrollment and effective date adherence that yields a positive user experience.

Stage V: Accountability and Engagement

Purchasing employee benefits that yield the greatest value at the most attractive unit costs can be of high importance to clients seeking short-term savings, but creating accountability and engagement among plan beneficiaries is what will flatten trend for years to come. One of the greatest differentiators between HMA and our competitors is the ability to help our clients deploy innovative programs that continue to move the needle after we have picked the low hanging fruit. By deploying proven programs that lead to greater consumer advocacy, transparency and accountability, we help our clients target the inefficiencies in our care delivery in a way that transforms a company's culture, health and productivity.

Stage VI: Measurement and Reporting

We would not be able to continue working with our clients unless we could demonstrate the value of our relationship. This is why we have made investments in financial reporting, utilization and data warehousing systems that enable our account teams to validate whether prescriptive plan changes are making an impact. Whether we are measuring for client satisfaction through surveys or monitoring a "continuously enrolled" population for a clinical intervention program, we share outcomes with our clients to determine the value of change brought about through our involvement in a transparent and collaborative manner.

Whether we end up deploying value-based health programs, narrow or onsite care delivery systems, greater tax savings accounts through consumer-directed programs or clinical accountability programs, HMA has the resources under our roof to transition through every stage of the process and bring greater value for our clients with industry leading satisfaction.

Competitive Marketing and Placement of Plans – assisting with the development of marketing specifications, identification of market conditions, evaluation of proposals, negotiations and placement of insurance contracts, including Private Exchanges.

Our goal in the RFP process is to ensure that the selected vendors match the cultural and business needs for your organization. We streamline the review process by developing models that weigh the carrier responses and create a score in each area based on what is most important to City of Coppel. By doing this, we simplify the process for the benefits team and spend time evaluating the best fit, instead of pouring through hundreds of pages of RFP responses.

Holmes Murphy has established rigorous selection criteria for potential vendors and will recommend a selection after following these steps:

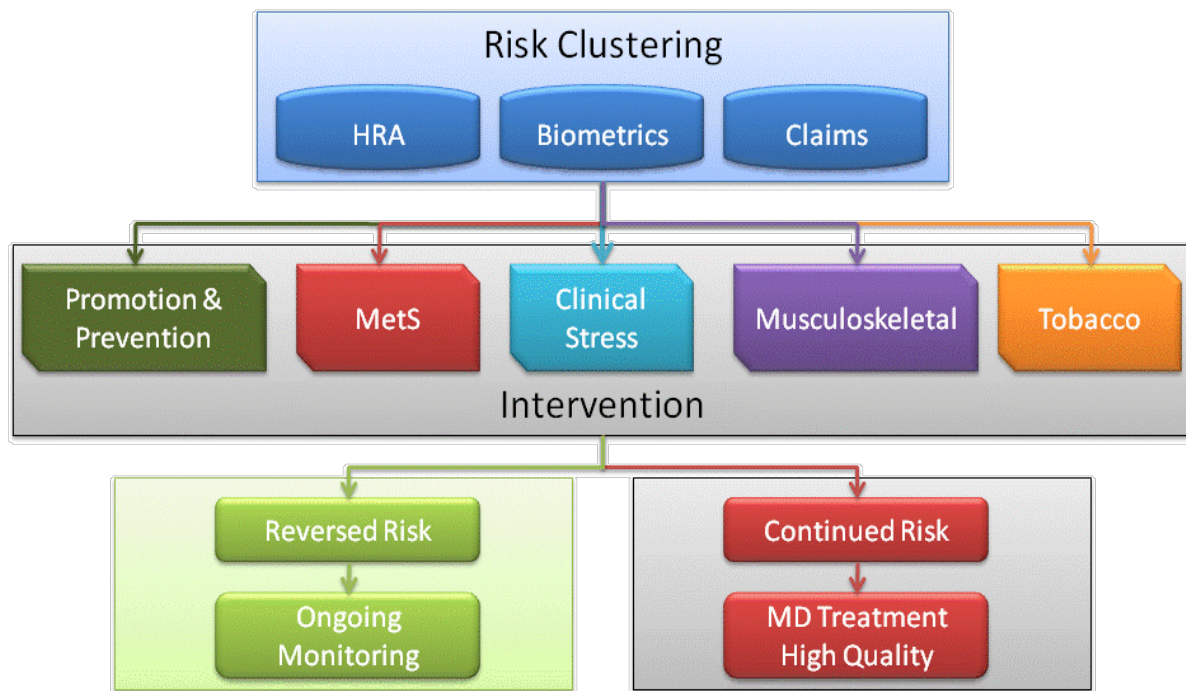
RFP Action Plan	
Step 1	Information Gathering: This phase will include obtaining any missing or outdated information, acquiring historical claims and employee census data, and reviewing current Summary Plan Descriptions.
Step 2	Develop RFP Specifications: This phase will include drafting of the actual RFP document and defining desired vendor service, network and pricing criteria. We will discuss all selection criteria at this point and make any changes and customizations that are needed. The next step is to send the selection criteria to the vendors and receive their submitted proposals.
Step 3	Vendor Negotiation and Selection: Once the proposals are received, they are then evaluated and scored. This helps develop a report for the finalist selection. As we negotiate with vendors, we will also examine your loss history, establish the necessary types of coverage consistent with your risk tolerance, choose vendors that provide superior service, and adopt the optimal funding mechanisms for your specific needs.
Step 4	Implementation & Execution: Holmes Murphy will work with the benefits team and your selected vendor to successfully implement the vendor and plans selected. We will also assist you in creating customized communication pieces to explain the plan to employees.
Step 5	Ongoing Management: After the effective date we will continue to monitor the plan to ensure the vendor and selected plans are meeting the performance requirements set forth during the RFP process.

Holmes Murphy uses this same level of commitment and expertise to the evaluation of private exchanges. We have created a private exchange team whose sole responsibility is to understand and evaluate the value propositions of the various exchanges. While we offer a proprietary Holmes Murphy exchange solution, we understand that no single exchange model will be an ideal fit for all employers. Our team will bring an unbiased and transparent

evaluation process to the table to assist City of Coppell. We look forward to discussing whether a defined contribution approach makes sense for City of Coppell during our Core Beliefs session.

Clinical Wellness and Disease Prevention

We will assist the City of Coppell develop a strategy for clinical wellness and disease prevention for your population. We will work to understand Coppell specific cluster of risks know as Metabolic Syndrome (Mets). We'll do this by collecting data from Health Risk Assessments, Biometrics, and Claims. We will then recommend an intervention program to proactively identify at-risk plan participants and address risk factors that can lead to the majority of claim dollars spent. Along the way we'll work with Coppell to design the right incentive and communication plan to gain member engagement. Much of this work will begin Stages III & IV after we complete our Discovery and Due Diligence process.



Industry Trends and Emerging Issues – timely information on trends in the benefits industry and emerging benefit issues.

Holmes Murphy has a unique approach to our interaction with the carrier community and views it as a true business partnership. Because of this, we continually meet with their sales teams, underwriters, actuaries and lobbyists to better understand what is trending in the marketplace. In addition, we continually meet with our clients and internally with our account teams to discuss best practice and market responses to emerging benefit issues. We are very active in the benefits community both locally in Dallas and nationally in Washington D.C., which allows us to keep a pulse of what is happening in the benefit marketplace.

To share this information with your team, we have found one method to be most impactful ... we meet. Generally, we have ongoing and frequent operations meetings (weekly, bi-monthly or monthly) to discuss pending questions, current issues or concerns, vendor management, project plan reviews, compliance, and other items. For Coppell we will plan to meet Monthly and more as issues arise. During plan implementations, RFP analyses and open enrollment planning, these meetings may be more frequent. At the beginning of each year, we will discuss expected projects and strategic direction. Based on that discussion, Holmes Murphy will prepare a schedule of strategy-focused meetings throughout the year focused on trends and emerging issues within your plans.

Day-to-Day Administrative Support – basic services you can expect from your consulting team.

Some of the general day-to-day resources you can expect from your Holmes Murphy account team include the following:

- Coordinate all Holmes Murphy activities relating to the employee benefits program
- Communicate with human resources or benefits personnel regarding benefits program issues
- Provide plan design consultation, benefit analysis, network disruption analysis, and cost analysis
- Review and implement complete cost containment procedures, where applicable
- Conduct meetings with management or benefits personnel, at agreed upon regular intervals
- Provide compliance support and guidance
- Conduct periodic review of market trends to ensure plan compliance
- Create custom employee communications
- Provide resources for COBRA, HIPAA, HIPAA Privacy, Section 125, and FMLA questions
- Provide resources for provider questions or issues
- Act as a resource for hardship provisions or late entrants
- Ensure implementation of policy changes with vendors
- Obtain renewals and compile renewal analysis with plan changes and plan alternatives
- Update benefit comparisons and review renewal contracts for accuracy
- Act as a resource for difficult claim situations
- Provide ongoing compliance assistance with state and federal mandates

Also part of the core service team, Holmes Murphy offers a Benefit Coordinator, an in-house dedicated advocate to field benefits questions. The Benefit Coordinator provides HR with an

additional level of administration assistance. Clients who utilize the Benefit Coordinator as designed will experience a reduction in the number of general benefits inquiries from their employees.

The Benefit Coordinator assists with routine tasks like ordering new ID cards, claims issues, availability of benefits, qualifying events, or even how HSA and HRA plans work and what their maximum annual HSA contribution can be.

Vendor Management – assisting with management of benefits vendors.

We view vendors as partners necessary for delivering a simple and effective employee benefits experience for your most valued asset, the Partners and Associates of City of Coppel. In fact, Holmes Murphy has an internal "Carrier Relations" committee to ensure that our relationships are strong and connected. In addition, we prefer to communicate the strategic plan to the vendors. This allows them to bring innovative solutions to our attention that may meet the needs of our customers. In the end, our goal is to help the vendor be successful in their relationship with you. This approach helps us to achieve the best level of resources and solutions for our customers.

Specifically, Holmes Murphy will act on City of Coppel's behalf to negotiate the best balance of cost and services. We will monitor performance guarantees, ongoing reporting requirements, manage service issues, and drive to problem resolution. In addition, we leverage the data gathered by our service team to identify issues, negotiate fees and guarantees during the renewal/RFP process, and improve vendor performance.

Benchmarking – tools and resources offered to assist with benchmarking.

Holmes Murphy will utilize a combination of national information and custom benchmarking surveys to help identify your competitive positioning. We have experience with all the major data warehouse systems, including Ingenix, Medstat, and IBM Watson which include granular benchmarking information at detailed levels. In addition, we often conduct industry-specific surveys for our clients. We will enjoy supporting you in any specific survey initiatives you might have, including focused surveys of other groups or employees of City of Coppel.

We will use the existing Coppel claims data, plan performance, and plan design and benchmark to peers, other employers, normative benchmarks, and best-practice Plans. From that information we will provide a gap analysis of the Coppel plan performance, costs, and plan design to the appropriate benchmark. The gaps represent opportunities for improvement. We will value each gaps and provide recommendations.

Cost Projections - the process for projecting plan cost and assisting clients with their budgeting requirements.

Our actuarial team has created a proprietary budget model that is customized for each of our clients. It reflects actual budget, plan design, claims experience and employee contributions to help create real time change impact on the projected budget. Administration fees, migration assumptions, legislative impacts and overall trend factors are all variables within the model.

This model, as with any of our other proprietary tools, can be reviewed in a live demo by City of Coppell at any time.

Financial Reporting and Analysis – experience reporting, underwriting, ongoing management assistance, including regular supervision of claims activity reports from carriers.

Holmes Murphy has developed a proprietary financial reporting system that generates a consolidated summary of historical losses and trends customized for City of Coppell. Our experience reporting package includes specific exhibits to highlight large loss claims, stop loss reimbursements, lag reports for medical/rx and dental experience, aggregate stop loss tracking, annual budget to actual reporting, and future trend projections and utilization studies.

The following is an example of three different types of reporting and analysis we can provide:

Key Indicator Reporting

Holmes Murphy's Analytics Department developed a proprietary **Monthly Financial Summary Report (MFSR)**, a monthly snapshot of how the plan is performing financially and administratively against predetermined targets. Vendor reports are loaded into a database each month and a user-friendly report including comparisons to budget along with graphs and charts is produced. This type of reporting brings critical management information to the surface, making business and strategy decision making more effective.

The MFSR allows us to closely monitor the actual performance of the plan and identify any potential discrepancies for City of Coppell. We will be able to send this report to City of Coppell on a **monthly basis** or less frequently, if you prefer. We believe that by taking a proactive approach, we can identify potential trends early and recommend necessary actions before the next budget cycle.

Cost Driver Analysis

Our primary role in reporting and analysis is to **bring life to vendor data**, integrating **benchmarking and industry studies**, to support strategic planning and decision making. It should not be your job to sort through potentially hundreds of pages of reports to identify trends. We will provide the analysis of **integrated vendor data**, including medical, pharmacy, dental, and disability. The end result is a meaningful summary of the information providing clear answers. Integrated with our financial reporting activities, we will actively review the **clinical utilization reports** for trends in healthcare services, so that you know not only what your costs have been, but also where they are coming from and why. We will also work with the City's Clinic to analyze the cost/benefit of the Clinic's impact on the health plan expenses.

The Cost Driver Analysis is completed on an annual basis and is utilized as a starter to the strategic planning process. City of Coppell's Cost Driver Analysis will be customized to meet your needs, to monitor vendor performance, and to recommend and model specific program strategies. Through the Cost Driver, our goal is to identify the plan strategies that will add the greatest value to your benefit program and to your employees.

Plan Efficiency Analysis

In concert with the Cost Driver Analysis, Holmes Murphy uses an analytical method that we refer to as Plan Efficiency to measure the financial performance of City of Coppell's medical benefit programs. This method allows us to measure network and plan design performance and to **benchmark your efficiency rate compared to the industry**. On an on-going basis, we will expand our Plan Efficiency Analysis program to monitor vendor performance and to model specific program strategies, such as vendor modifications or plan design changes. The end result of the analytical process will not only offer observations of what is happening, but will also include recommendations and solutions that could be implemented to influence future outcomes.

Employee Contributions and Plan Design Modeling – assisting with establishing employee contributions to meet firm objectives.

We utilize a **proprietary, interactive budget modeling tool** referenced above which will assist City of Coppell in making decisions based on your strategic plan. Our interactive budget modeling tool incorporates all aspects of a benefit plan: annual budget, plan design components and participant contributions. We will identify areas within the plan design that have the potential to create selection issues. We are able to **measure complete budget impact** to enable the City of Coppell team to make efficient and effective decisions for the strategic direction of your plan and budget.

Holmes Murphy will also enlist the support of our healthcare and data management analysts to actively review the clinical utilization reports for trends in healthcare services. Integrated with our financial reporting activities, we will provide meaningful answers to what the utilization drivers are at the root level. In addition, we will continuously work to identify the strategies that will have the greatest impact on utilization including plan design, contribution and condition management programs. Whether City of Coppell adopts an incentive, disincentive, contributory or outcomes based approach to health plan management, our team is able to model the anticipated budgetary impact and migration assumptions.

Annual Reporting Requirements – assist in meeting annual reporting deadlines.

Each Holmes Murphy client team keeps an annual project plan document to monitor dates and keep a status log of ongoing projects. There is a section included that tracks and monitors all annual reporting deadlines. As part of this process, the account team works in tandem with our communication teams to ensure that all reporting deadlines are met and those that require employee-facing notices are sent in advance of required deadlines.

Plan Audits

We will assist the City in audits of vendor performance, performance guarantees, compliance deficiencies, contract provisions, and pharmacy rebates. We will conduct audits at the direction of the City's HR or Internal Audit team.

Project Management Process

Currently this process is a manual process with Excel worksheets to manage the annual work plan and timelines, and daily service log. However, we are moving to Microsoft SharePoint in the near future.

VI. Communication Support

We understand the communication challenges of a diverse workforce. And, we understand the budget constraints that most companies face today when it comes to communicating with employees about their benefits. This is why our communication team has included for City of Coppell a library of materials to support annual enrollment activities within our scope of service offering.

The following communications have been included in our pricing:

- Change/enrollment announcement email
- Enrollment poster
- Change/enrollment newsletter
- Executive letter or cover letter announcing changes
- Benefits enrollment guide
- Required notices (Medicare Part D, CHIP, Special Enrollment Rights, Newborn and Mothers Health Protection, etc.)
- Employee meeting presentation

Within our scope of services, we will modify these to include your plan provisions, logo, image preferences, and color preferences. Many of our clients choose this approach for its combination of efficiency and low cost.

A number of our clients need and prefer a more customized, deeply integrated employee communication approach that includes messages outside of enrollment (health improvement, wellness, benefits resources, new hire orientation, other languages, etc.) and a broader array of electronic, print, and interpersonal media. These unique, custom communication services are available outside the scope of services and fees we have documented here.

Most custom employee communication projects require some outside supplier services, such as graphic design, translation, web design or programming, stock image purchases, printing, shipping, postage, or A/V production (videography, studio time, voiceover work, reproduction, etc.). These services are not included in our scope of services. Upon request, we can obtain bids from outside suppliers as needed. When our clients engage Holmes Murphy to coordinate these outside supplier services on their behalf, we charge a separate production coordination fee of 10% of the total outside supplier fees.

In the broader health and welfare arena, effective communication aligns your efforts with your participants' needs, increasing their perceived value of your programs. Communication (or lack

of it) can make or break the return on investment for these programs. One of our challenges is to help you shape your participants' behaviors toward a better bottom line. This means bridging the gap between organizational goals and employee perceptions.

We start with several premises:

- Perceptions are reality.
- Participants have one thing in common: they are all different.
- Participants' needs change as they pass through various life stages.

Holmes Murphy will assist in developing a wide variety of employee communication and related tools. We have included a premium Benefits Communications Package for City of Coppell that includes the following: Benefits Enrollment Guide, Benefits Updates, and Benefits at a Glance, Open Enrollment Presentation, Postcard mailer, Poster, and Special Notices.



VII. Health Care Reform and Compliance Support

Prior to the passage of the Affordable Care Act (ACA), Holmes Murphy proactively formed a multi-disciplinary team to respond to the ongoing challenges our clients would face. This team continues to interpret and guide our clients and account teams with members represented from our Compliance, Actuarial, Communications, and Clinical support groups. This national advisory group is led by Ed Oleksiak, J.D., M.B.A. Ed was recently asked to serve on the National Association of Health Underwriter's (NAHU's) National Legislative Council as Vice Chair for this next legislative session and has agreed to serve as the Chairman of the Council after his Vice Chair term.

The ACA has many complex requirements for employers and health plans. Many employers are starting to focus more attention on the ACA's rules and, as a result, have more questions than ever.

Holmes Murphy has prepared a Health Care Reform Toolkit that will serve as a one-stop guide for upcoming health care reform concerns. It is designed to help you address health care reform issues, topic-by-topic, step-by-step.

Each section of the toolkit focuses on a single subject and includes:

- An executive summary;
- An action checklist to help you take the appropriate actions to achieve compliance; and
- A list of supporting documents that Holmes Murphy & Associates can provide upon request.

As new regulations and guidance are released, the Health Care Reform Toolkit will continue to expand and be updated. **A copy of the Toolkit and associated short and long-term impact studies have been included in the Appendix.**

Holmes Murphy monitors regulatory and legislative developments in three primary ways:

- Internal compliance department provides overall guidance regarding current and proposed regulatory activities.
- Webinars, conference calls, electronic resources, and ongoing communications via email with our clients, including compliance alerts and other guidance documents. We will send these to you actively and will schedule sessions to review the information with you as necessary.
- Through our relationship with outside services like Thompson Reuters, National Association of Health Underwriters, and health carrier and legislative councils.

Holmes Murphy has regular internal communications that are distributed via e-mail as well as monthly meetings where we share information on pending and new legislation. As mentioned above, we also have access to the EBIA Checkpoint system which offers as a large resource for many compliance and ACA related questions.

In addition to the regular day-to-day interactions you will have with Holmes Murphy, we regularly deliver several items to help your team stay up-to-date with benefit news, trends, and compliance information. These services include:

- A weekly electronic newsletter, alternating with *Benefits Alert* one week and *Compliance Alert* the next.
- *Legislative Updates*, which go into further detail on important benefit-related compliance issues for employers.
- Video updates from our Compliance team which highlight areas of particular concern to our clients.
- Periodic webinars or on-site seminars on timely topics.

Holmes Murphy updates our clients with regular **compliance alerts** and other guidance documents. We will send these to you actively and will schedule sessions to review the information with you as necessary. We disseminate this information by **e-mailing regular, timely, compliance updates** prepared by both our internal compliance team, as well as bulletins prepared by third-party sources.

Holmes Murphy has significant expertise in educating health plan participants about health & welfare benefits, from enrollment materials to consumerism tools, rising costs, wellness and health care reform. Since March 2010, we have been heavily focused on educating employers, plan sponsors, and prospective plan participants about the impact of health care reform. As part of this focus, our team created a series of written communications addressing key messages on various elements of the law including:

- *Ten things You Don't Know About Health Care Reform*
- *Health Care Law Overview*
- *What the Health Care Law Means to Us*
- *New Fees and Taxes*
- *Subsidies 101*
- *Your 2020 Coverage Options*
- *Tips to Help You Choose*
- *Preparing for 2020*

IX. Compensation

Compensation:

There are three options for compensation to Holmes Murphy. Our proposed fee is \$105,000 annually. This number includes all items covered in the scope of services.

- Option 1: Fee only – net all commissions out of products and Holmes Murphy would invoice City of Coppell \$8,750 per month. If HMA receives any indirect commissions paid to us due to carrier commissions built into their products, we are committed to disclosing to the City, and where possible will offset our fixed fee, or provide additional services to the City.
- Option 2: Commission only – Apply typical schedule of commissions to each product. We would adjust commission percentages appropriately if the typical range produces any excess over the target of \$105,000.
- Option 3: Combination – when a fee and commission combination is used, we would typically apply a Per Employee Per Month (PEPM) charge for the medical and a separate PEPM for the dental, and leave a mutually agree upon commission percentage in the other ancillary lines of coverage.

Each method has pros and cons, but we are agnostic as to the method our customers prefer.

Third party vendors that could be used by City of Coppell with the assistance of Holmes Murphy will have charges for the actual service performed. This list includes the majority of these types of service, but may not be exhaustive as new services may become available over time

- COBRA Administration
- FMLA Administration
- Biometric Testing
- Metabolic Syndrome program
- 6055 & 6056 reporting
- Benefit enrollment technology
- Telemedicine
- Transparency tool
- FSA Administration
- HSA Administration
- Data warehousing and mining technology
- Tobacco Testing
- Select Ad hoc Wellness Reporting

Please see pricing below for the Third Party vendors/services that the City has requested quotes for at time which are separate from the above monthly consulting:

COBRA Services	\$0.50 to \$1.50 Per Employee Per Month (varies by vendor)
Naturally Slim	\$385 Per Participant
Alight	\$5.00 Per Employee Per Month
Responder Health	\$3.50 Per First Responder Per Month

Please let us know if you have any questions.

Sincerely,

David Gibson, CEBS
Vice President

Cc: Sean Sendelbach