

Committee of the Whole

Items for Distribution
February 9, 2016

IX. Finance

C. Nursing Home

1. Monthly Financial Report

E. County Administrator

1. FY 2015 General Corporate Fund Budget Projection Report
2. FY 2015 General Corporate Fund Budget Change Report
6. RFQ 2015-011 Broker Consultant Services for Employee Health Insurance & Related Benefits

To: Nursing Home Board of Directors
Champaign County Nursing Home

From: Scott Gima
Manager

Date: February 3, 2016

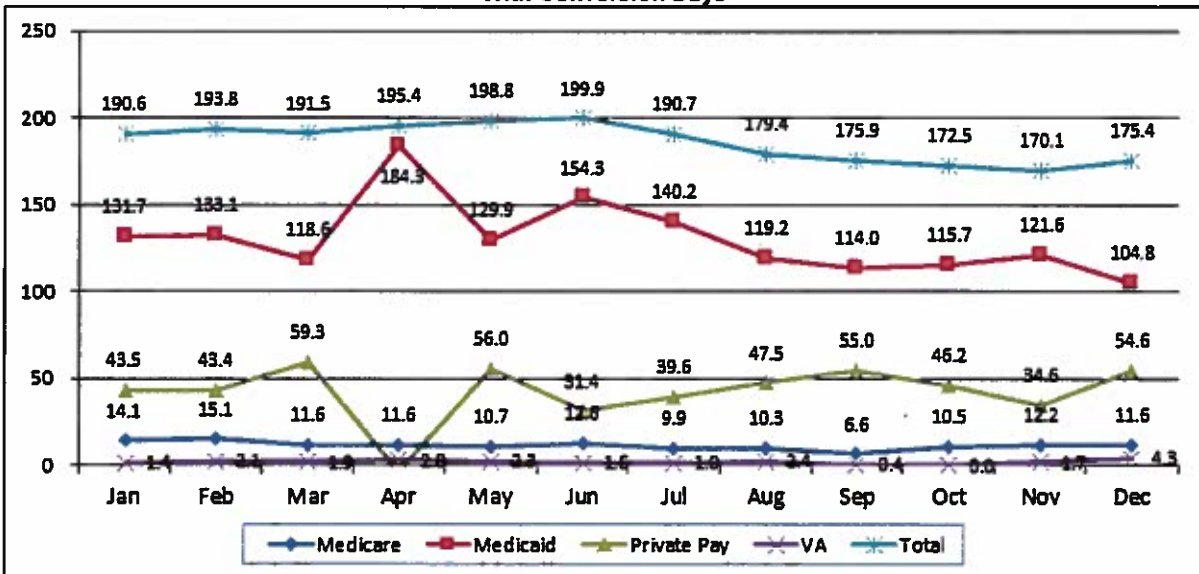
Re: December 2015 Financial Management Report

Statistics

The census increased from 170.1 and 12.2 Medicare in November to 175.4 and 11.6 Medicare in December with 173 conversion days. For the year, the census is 186.1 with the following payor breakdown: Medicaid – 130.5, Medicare – 11.4, Private pay – 42.5 and VA – 1.8. The year to date numbers are with conversion days.

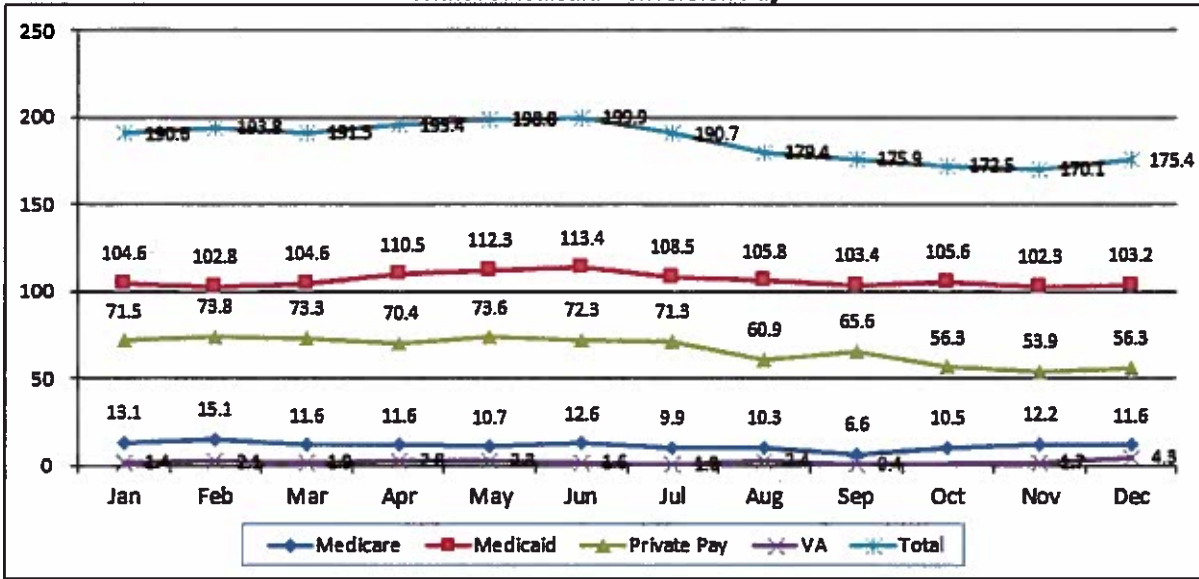
The December census is expected to average 173.4 with 11.8 Medicare and 4.4 VA. I mention VA due to the recent uptick in December which continues into January.

**Average Daily Census by Payor – FY2015
With Conversion Days**



The table below summaries the census without Medicaid conversion days and provides a clearer picture of the payor mix of residents actually in the facility each month. Without the conversion days, the annual census is 186.1 with the following payor breakdown: Medicaid – 106.4, Medicare – 11.4, Private pay – 66.6 and VA – 1.8.

**Average Daily Census by Payor – FY2015
Without Medicaid Conversion Days**

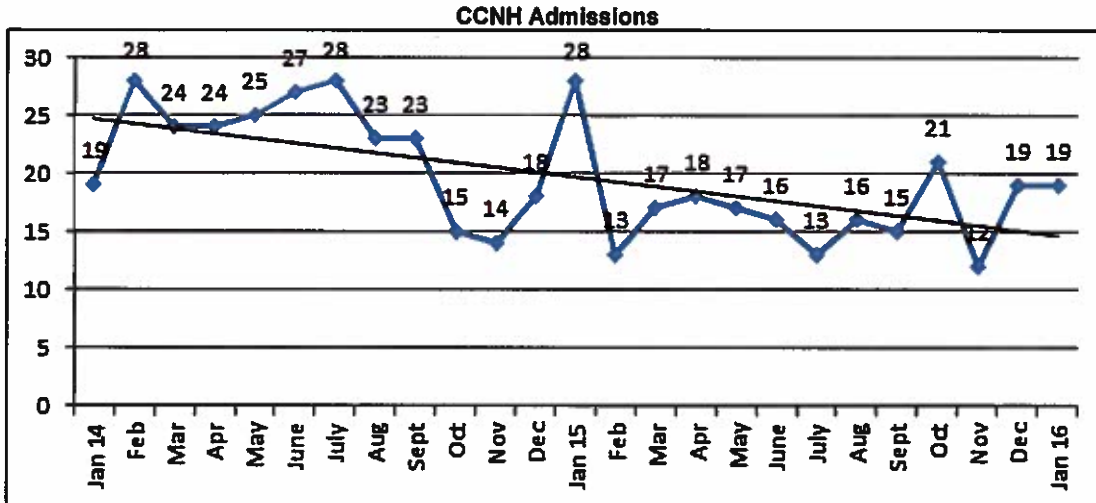


January showed 19 admissions, which is no change from December. Medicare admissions increased slightly from 11 to 12 between the two months. Overall admissions and Medicare admissions are showing improvement in December and January compared to the period between February and September which consistently showed monthly admissions at 10 or below. Non Medicare admissions totaled 7 in January.

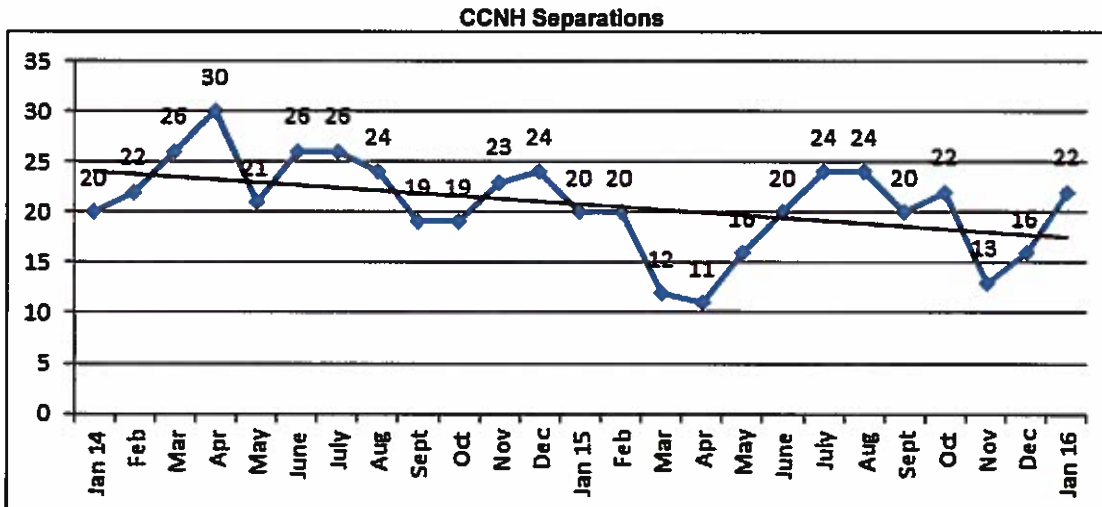
**Admissions and Discharges
December 2014 to January 2016**

	Medicare Admits	Non-Medicare Admits	Total Admits	Discharges	Expirations	Total Discharges/Expirations
Dec	10	8	18	16	8	24
Jan	11	17	28	11	9	20
Feb	7	6	13	14	6	20
Mar	10	7	17	8	4	12
Apr	8	10	18	9	2	11
May	8	9	17	10	6	16
June	7	9	16	13	7	20
July	9	4	13	14	10	24
Aug	7	9	16	17	7	24
Sept	8	7	15	11	9	20
Oct	13	8	21	12	10	22
Nov	6	6	12	10	3	13
Dec	11	8	19	10	6	16
Jan	12	7	19	15	7	22

The chart below summarizes the monthly admissions. In FY2012, monthly admissions averaged 22.2 per month. FY2013 admissions averaged 25.5. The monthly average for 2014 was 22.9. The 2015 YTD average is 16.4.

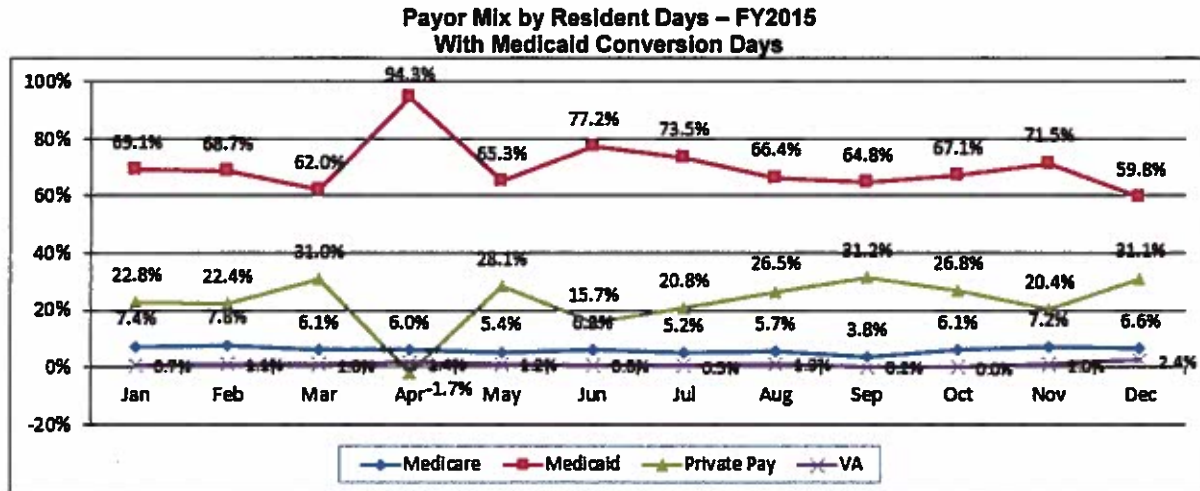


The following chart summarizes separations. In FY2012, the average separations per month was 23.5. The monthly average for FY2013 was 28.1. For 2014, the monthly average was 23.4. The 2015 YTD average is 17.6.

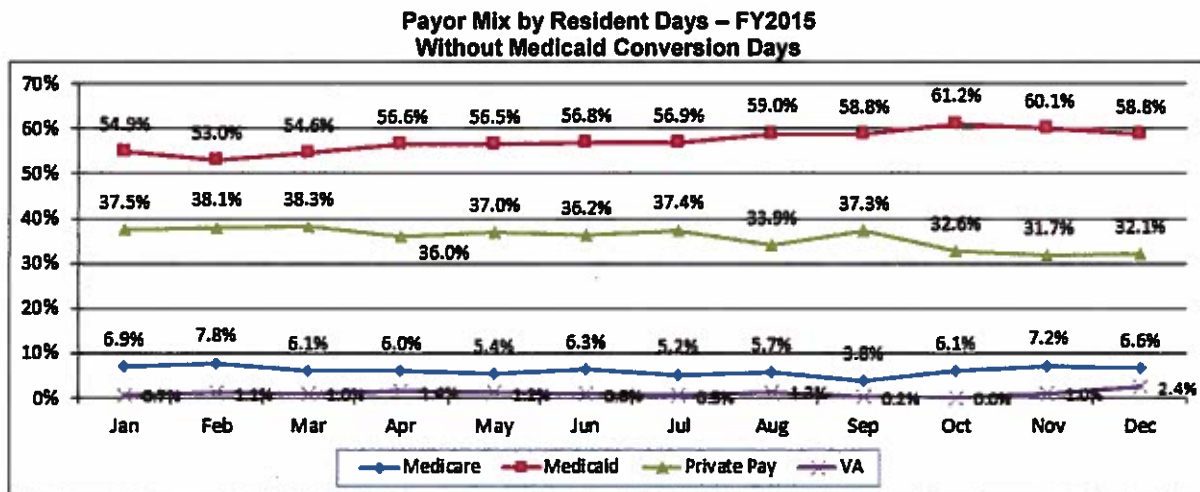


The FY2013 payor mix was Medicare – 8.7%, Medicaid – 56.3% and Private pay 35.0%. FY2014 conversion days totaled as follows: December – 87, January – 970, February, 112, March – 437, April – 70, May – 160, June – 2,139, July – 578 and August – 367. The 2014 payor mix for the year was Medicare – 7.5%, Medicaid – 58.3%, Private pay – 32.8%, and VA – 1.3%.

For 2015, the 12 month payor mix is Medicare – 6.1%, Medicaid – 70.1%, Private pay – 22.8%, and VA – 1.0%.



The annual payor mix without conversion days is Medicare – 6.1%, Medicaid – 57.2%, Private pay – 35.8% and VA – 1.0%.



Net Income/(Loss) & Cash from Operations

December showed a net profit of \$17,125 and cash gain of \$89,122. YTD net income is \$29,937 and YTD cash is \$751,584.

Revenues

- Operating revenues increased from \$1.0266 million in November to \$1.121 million in December. Medicare revenue jumped from \$128k to \$151k. The low number of conversion days (173) had a minimal revenue adjustment impact (about \$7,000).

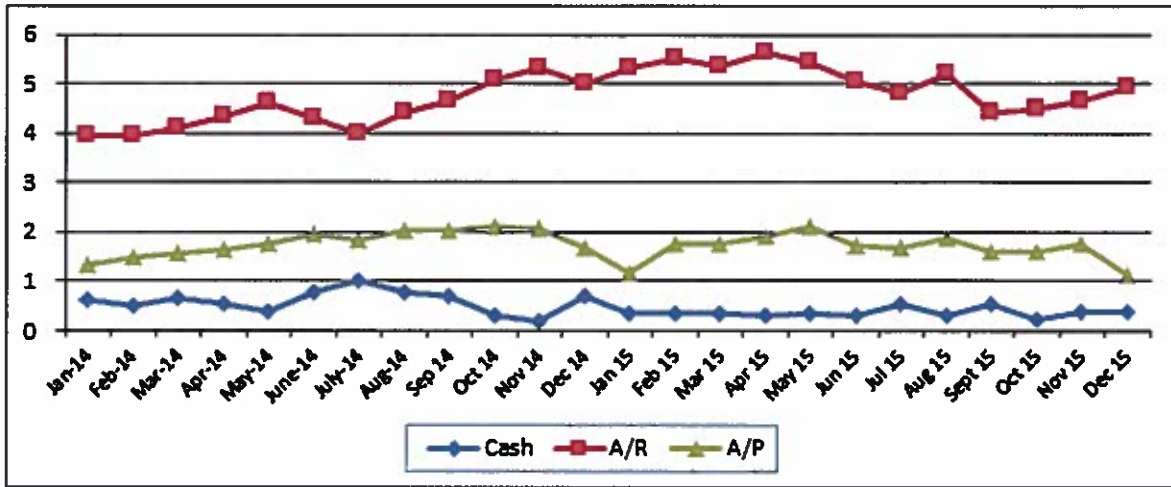
Expenses

- Expenses increased from \$1.188 million in November to \$1.223 million in December. Expenses per day decreased from \$232.83 to \$224.90. YTD cost per day is \$218.28.
- Wages increased from \$482,226 to \$527,551. Wages per day increased from \$94.50 to \$97.05. The average for 2014 was \$83.38 and the YTD average is currently \$87.49 per day. Holiday pay and TOPs usage are contributing to the higher wages and wages per day in December.
- Non-labor fell from \$579,217 to \$547,901. Non-labor expenses per day decreased from \$113.51 to \$100.79. The 2014 average was \$97.61. The 2015 YTD average is \$98.08 per day.

Cash Position

December's ending cash balance was \$367,650. Accounts receivable increased from \$4.649 million in November to \$4.912 in December. A/R is up due to delays from Health Alliance MMAI payments for November and December totaling more than \$400k. Health Alliance has made a \$200k payment within the past two weeks. Accounts payable fell from \$1.750 million in November to \$1.139 million in December.

**Cash, Accounts Receivable & Accounts Payable
As of December 2015**



General Corporate Fund FY2015 Revenue Projection Report

January	FY2014 - YTD 1-31-15	FY2014 Total (13 month budget)	FY2015 - YTD 1-31-16	FY2015 Budget	Projected % to be Received	Projected \$\$ to be Received	\$ Difference to Original Budget
Property Taxes	\$8,969,425	\$8,969,425	\$9,597,983	\$9,641,093	99.55%	\$9,597,983	-\$43,110
Back Taxes	\$3,628	\$3,628	\$6,662	\$8,000	83.28%	\$6,662	-\$1,338
Mobile Home Tax	\$8,697	\$8,697	\$9,316	\$9,000	103.51%	\$9,316	\$316
Payment in Lieu of Tax	\$6,415	\$6,415	\$1,720	\$5,000	34.40%	\$1,720	-\$3,280
Hotel Motel Tax	\$33,742	\$33,742	\$29,753	\$28,500	104.40%	\$29,753	\$1,253
Auto Rental Tax	\$34,849	\$34,849	\$30,556	\$32,000	95.49%	\$30,556	-\$1,444
Penalties on Taxes	\$572,623	\$572,623	\$638,320	\$671,000	95.13%	\$638,319	-\$32,681
Business Licenses & Permits	\$41,699	\$41,699	\$35,078	\$36,500	96.10%	\$35,078	-\$1,422
Non-Business Licenses & Permits	\$1,434,482	\$1,434,482	\$1,513,848	\$1,700,960	89.00%	\$1,513,848	-\$187,112
Federal Grants	\$321,377	\$373,965	\$299,958	\$394,570	76.02%	\$299,958	-\$94,612
State Grants	\$187,777	\$187,777	\$148,416	\$186,211	79.70%	\$148,416	-\$37,795
Corporate Personal Property Replacement Tax	\$860,306	\$860,306	\$925,605	\$1,019,530	90.79%	\$925,605	-\$93,925
1% Sales Tax	\$1,445,354	\$1,445,354	\$1,039,766	\$1,519,211	74.09%	\$1,125,569	-\$393,642
1/4% Sales Tax	\$5,914,534	\$5,914,534	\$4,981,376	\$5,522,911	98.43%	\$5,436,213	-\$86,698
Use Tax	\$665,573	\$665,573	\$650,384	\$594,618	109.38%	\$650,384	\$55,766
State Reimbursement	\$1,592,133	\$1,592,133	\$2,476,708	\$2,302,998	107.54%	\$2,476,708	\$173,710
ILETSB Police Training Reimbursement	\$6,091	\$6,091	\$9,701	\$0	0.00%	\$9,701	\$9,701
State Salary Reimbursement	\$336,790	\$336,790	\$151,317	\$315,139	48.02%	\$151,317	-\$163,822
State Revenue Salary Stipends	\$45,500	\$45,500	\$53,358	\$45,929	116.17%	\$53,358	\$7,429
Income Tax	\$3,088,217	\$3,088,217	\$3,432,036	\$3,271,228	104.92%	\$3,432,036	\$160,808
Charitable Games License/Tax	\$55,277	\$55,277	\$62,549	\$45,000	139.00%	\$62,549	\$17,549
Off-Track Betting	\$36,814	\$36,814	\$27,241	\$44,500	61.22%	\$27,241	-\$17,259
Local Government Revenue	\$629,452	\$629,452	\$677,479	\$602,061	112.53%	\$677,479	\$75,418
Local Government Reimbursement	\$617,996	\$617,996	\$590,443	\$620,561	95.15%	\$590,443	-\$30,118
General Government - Fees	\$4,281,394	\$4,281,394	\$4,045,298	\$4,358,156	92.82%	\$4,045,298	-\$312,858
Fines	\$1,079,320	\$1,079,320	\$925,334	\$1,019,075	90.80%	\$925,334	-\$93,741
Forfeitures	\$23,140	\$23,140	\$12,962	\$18,000	72.01%	\$12,962	-\$5,038
Interest Earnings	\$8,140	\$8,140	\$6,245	\$9,150	68.25%	\$6,245	-\$2,905
Rents & Royalties	\$1,234,197	\$1,234,197	\$1,088,608	\$1,020,078	106.72%	\$1,088,608	\$68,530
Gifts & Donations	\$34,164	\$34,164	\$100,056	\$102,179	97.92%	\$100,056	-\$2,123
Sale of Fixed Assets	\$8,535	\$8,535	\$4,913	\$0	0.00%	\$4,913	\$4,913
Miscellaneous Revenue	\$323,569	\$323,569	\$169,093	\$121,052	139.69%	\$169,093	\$48,041
Interfund Transfers	\$795,959	\$871,906	\$750,507	\$804,669	100.00%	\$804,669	\$0
Interfund Reimbursements	\$374,511	\$374,511	\$392,880	\$424,823	100.00%	\$424,823	\$0
Other Financing Sources	\$0	\$0	\$2,535,000	\$2,535,000	100.00%	\$2,535,000	\$0
TOTAL	\$35,071,680	\$35,200,215	\$37,420,471	\$39,028,702	97.49%	\$38,047,215	-\$981,487

General Corporate Fund FY2015 Expenditure Projection Report

January	FY2014 YTD 1-31-15	FY2014 Total - 13 Month Budget	FY2015 - YTD 1-31-16	FY2015 Budget	Projected % to be Spent	Projected \$\$ to be Spent	\$ Difference to Original Budget
PERSONNEL							
Regular Salaries & Wages	\$15,167,038	\$15,167,038	\$14,655,506	\$14,916,605	98.25%	\$14,655,506	-\$261,099
SLEP Salaries	\$7,145,960	\$7,145,960	\$6,474,771	\$6,519,005	99.32%	\$6,474,771	-\$44,234
SLEP Overtime	\$571,914	\$571,914	\$428,923	\$449,141	95.50%	\$428,923	-\$20,218
Fringe Benefits	\$3,042,708	\$3,042,708	\$2,828,743	\$2,963,922	95.44%	\$2,828,743	-\$135,179
COMMODITIES							
Postage	\$241,637	\$241,637	\$173,009	\$213,542	81.02%	\$173,009	-\$40,533
Purchase Document Stamps	\$920,000	\$920,000	\$925,000	\$1,065,000	86.85%	\$925,000	-\$140,000
Gasoline & Oil	\$246,266	\$246,266	\$159,832	\$169,518	94.29%	\$159,832	-\$9,686
All Other Commodities	\$785,925	\$785,925	\$822,154	\$917,511	89.61%	\$822,154	-\$95,357
SERVICES							
Gas Service	\$469,933	\$469,933.48	\$282,981	\$386,011	73.31%	\$282,981	-\$103,030
Electric Service	\$814,835	\$814,835	\$818,114	\$830,000	98.57%	\$818,114	-\$11,886
Medical Services	\$850,079	\$850,078.72	\$740,201	\$804,137	92.05%	\$740,201	-\$63,936
All Other Services	\$4,514,136	\$4,514,182	\$4,796,507	\$5,157,059	93.01%	\$4,796,507	-\$360,552
CAPITAL							
Vehicles	\$248,960	\$248,960	\$299,952	\$299,953	100.00%	\$299,953	\$0
All Other Capital	\$24,903	\$24,903	\$62,384	\$75,218	82.94%	\$62,384	-\$12,834
TRANSFERS							
To Capital Improvement Fund	\$778,662	\$778,662	\$765,305	\$765,305	100.00%	\$765,305	\$0
To All Other Funds	\$191,356	\$191,356	\$213,362	\$254,581	83.81%	\$213,362	-\$41,219
DEBT REPAYMENT							
	\$961,245	\$961,245	\$3,056,650	\$3,057,225	99.98%	\$3,056,650	-\$575
TOTAL	\$36,975,556	\$36,975,602	\$37,503,396	\$38,843,733	96.55%	\$37,503,397	-\$1,340,336

General Corporate Fund FY2015 Summary Projection Report

FUND BALANCE 12/31/14	\$4,342,769	
BEGINNING FUND BALANCE % OF BUDGET -	11.18%	
ADD FY2015 REVENUE	\$39,028,702	Budgeted
LESS FY2015 EXPENDITURE	\$38,843,733	Projected
Revenue to Expenditure Difference	\$184,969	\$543,818
FUND BALANCE PROJECTION - End FY2015	\$4,527,738	\$4,886,587
% OF 2015 Expenditure Budget	11.66%	13.03%

GENERAL CORPORATE FUND - FY2014 BUDGET CHANGE REPORT

General Corporate Fund Original Budget As Of:	1/1/2015
Expenditure	\$35,588,094
Revenue	\$35,588,094
Revenue/Expenditure Difference	\$0

General Corporate Fund Budget As Of:	2/8/2016			
Expenditure	\$38,843,733	% Inc/Dec	9.15%	Revenue/Exp. \$184,969
Revenue	\$39,028,702	% Inc/Dec	9.67%	

EXPENDITURE CHANGES

Department	Description	Expenditure Change	Revenue Change	Difference
Coroner	Creation of new position - Deputy County Coroner	\$31,545	\$0	(\$31,545)
Circuit Court	Increase in Contract Attorney Compensation	\$12,000	\$0	(\$12,000)
County Clerk	Re-Encumber funds for computer purchase ordered but not received in FY2014	\$6,780	\$0	(\$6,780)
Administrative Services	Budget Error in Personnel Staffing Budget for FY2015	\$6,596	\$0	(\$6,596)
Planning & Zoning	Increase to cover engineering & appraisal services for property demolition project	\$2,950	\$0	(\$2,950)
Physical Plant	Re-encumber funds for projects initiated but not completed in FY2014 at Satellite Jail	\$19,808	\$0	(\$19,808)
Physical Plant	Re-encumber funds for equipment ordered in 2014 but not received until 2015	\$1,318	\$0	(\$1,318)
Plannint & Zoning	Reappropriate funds unspent in 2014 on Planning contracts to cover completion of Contracts in 2015	\$1,428	\$0	(\$1,428)
County Board	Appropriate funds required for Amendment to IGA regarding Clinton Landfill Permit Application	\$25,800	\$0	(\$25,800)
Sheriff	Howard Buffet Foundation Grant for K-9 Program	\$78,856	\$78,856	\$0
EMA	Grant for Tracking System for Volunteers/Professionals	\$3,747	\$3,747	\$0
Circuit Court	Increase in Juror Fees	\$87,514	\$0	(\$87,514)
Treasurer	Back Pay of Stipend	\$3,929	\$3,929	\$0
Planning & Zoning	Engineering Inspection	\$3,000	\$0	(\$3,000)
Planning & Zoning	Demolition Project	\$28,200	\$0	(\$28,200)
Juvenile Detention Center	Increase Staffing Reimbursement & Staffing	\$34,120	\$185,000	\$150,880
Probation/Court Services	Increase Staffing Reimbursement & Staffing	\$35,400	\$150,000	\$114,600
Recorder	Increase in Purchase Document Stamps	\$300,000	\$450,000	\$150,000
General County	Receipt of BOJ Mental Health Collaboration Program Grant	\$25,000	\$25,000	\$0
Sheriff	Journey Foundation Grant	\$1,047	\$1,047	\$0
VAC	Additional Donations	\$1,000	\$1,000	\$0
Debt Service	2015 Bond Refunding	\$2,535,000	\$2,535,000	\$0
County Clerk	Transfer Surplus Funds to Automation	\$3,772	\$0	(\$3,772)
County Clerk	Transfer Grant Fund Reimbursement to Automation	\$3,000	\$3,000	\$0
Sheriff	Ballistic Vests from Donation	\$4,029	\$4,029	\$0
TOTAL		\$3,255,639	\$3,440,608	\$184,969

Changes Attributable to Recurring Costs	\$510,125	\$785,000	\$274,875
Changes Attributable to 1-Time Expenses	\$2,745,514	\$2,655,608	(\$89,906)



CHAMPAIGN COUNTY ADMINISTRATIVE SERVICES

1776 East Washington Street, Urbana, Illinois 61802-4581

*ADMINISTRATIVE, BUDGETING, PURCHASING & HUMAN RESOURCE
MANAGEMENT SERVICES*

Debra Busey, County Administrator

BOARD ACTION WORKSHEET

February 8, 2016

RFQ 2015-011 – EMPLOYEE HEALTH INSURANCE & RELATED BENEFITS BROKER CONSULTANT SERVICES

REPORT:

1. Requests for Qualifications for this project were released by Champaign County on December 14, 2015. The RFQ was sent to all firms who had previously indicated an interest in providing this service to the County. Appropriate notices were placed in the Legal Notices section of the News Gazette newspaper, and the RFQ was posted on the County's web site.
2. On January 19, 2016, proposals were received from the following nine firms:
 - a. American Central Insurance Services
 - b. Barham Benefit Group
 - c. Dimond Brothers Insurance
 - d. Arthur J. Gallagher & Co.
 - e. Horton
 - f. Segal Consulting
3. The 2015-011 Evaluation Team (Chris Alix, County Board Representative; Astrid Berkson, County Board Representative; Stan Harper, County Board Representative; Angela Lusk, AFSCME Representative; Josh Jones, FOP Representative; Debbie Heiser, Insurance Specialist; Deb Busey, County Administrator) individually reviewed all proposals, utilizing the evaluation rating form established for this project. Upon compilation of all individual evaluations, the Evaluation Team met, and reached consensus on a short-list of four firms to be offered the opportunity for individual interviews with the Evaluation Team. The four short-listed firms were:
 - a. American Central Insurance Services
 - b. Barham Benefit Group
 - c. Dimond Brothers Insurance
 - d. Arthur J. Gallagher & Co.

4. On February 2nd and 4th, the Evaluation Team conducted interviews with the four short-listed firms. At the completion of the interviews, and based upon the compilation of the individual ratings of the evaluation team members, the top-ranked firm was Gallagher Benefit Services, Inc. The Evaluation Team further recommended that the Agreement with Gallagher Benefit Services be negotiated with an initial two-year term with service fees in the amount of \$50,000/year, and three additional one-year extensions with service fees in the amount of \$55,000/year (this was a request to negotiate the 5-year \$55,000/year fee proposed by Gallagher).
5. On February 5, 2016, pursuant to negotiations with the County's representatives Debbie Heiser and Deb Busey, Gallagher Benefit Services provided an agreement which encompasses the services required under RFQ 2015-011, with a fee of \$50,000/year for the first two years of the contract term, and \$55,000/year for the three additional one-year renewals.

RECOMMENDATION

The RFQ 2015-011 Evaluation Team recommends the award of contract for Employee Health Insurance and Related Benefits Broker/Consultant Services to Gallagher Benefit Services, Inc.

CONSULTING AGREEMENT

This Consulting Agreement (this "Agreement") is made by and between Gallagher Benefit Services, Inc., ("Gallagher") and County of Champaign (the "Client").

The Client wishes to enter into a consulting relationship with Gallagher on the terms and conditions set forth in this Agreement, and Gallagher is willing to accept such a consulting relationship.

In consideration of and in reliance upon the previous paragraph and the terms and conditions contained in this Agreement, the Client and Gallagher agree as follows:

1. Engagement

The Client engages Gallagher as an employee benefits consultant as stated in this Agreement and Gallagher accepts this engagement. During the time that Gallagher is performing services for the Client under this Agreement, and for all purposes outlined in this document, Gallagher's status will be that of an independent contractor of the Client.

2. Term and Termination

The Effective Date of this Agreement is April 1, 2016. The term of Gallagher's engagement under this Agreement (the "Consulting Period") will begin as of the Effective Date and will remain in effect for two (2) years from the Effective Date. **Thereafter, the Consulting Period will be automatically extended for additional one year periods.** Either party may terminate this Agreement by giving the other party at least thirty (30) days written notice of its intent to terminate. In the event such termination is effective during the Consulting Period (including any renewed Consulting Period), Client shall be responsible to Gallagher for any services performed prior to the date of termination and Gallagher shall be responsible to Client to continue to provide services until the date of termination of this Agreement.

3. Services

Gallagher will provide employee benefits management consulting services to the Client and consult with its employees, representatives, agents and contractors as to such matters as more fully described in Exhibit A attached to this Agreement and incorporated herein. Gallagher will perform other services as the Client and Gallagher mutually agree in writing.

4. Compensation

Subject to any changes as may be mutually agreed by the parties, Gallagher will receive, as compensation for its services under this Agreement, fees in the amount of \$50,000 per year for the first 2 years and \$55,000 for each subsequent renewal year, which amount will be billed in annual installments and paid on an annual basis.

For additional information regarding Gallagher compensation, please see the Gallagher revenue disclosure policy and schedule set forth in Exhibit B.

In the event an insurance company cancels or refuses to renew an insurance coverage that had been placed by Gallagher, on behalf of the Client, Gallagher will use its best efforts to obtain appropriate replacement coverage from another insurance company.

5. Performance and Scope

(a) Gallagher Not a Fiduciary Under ERISA. To the extent that one or more of the Client's employee benefit plans are subject to the Employee Retirement Income Security Act of 1974, as amended

("ERISA") and in spite of any other provision of this Agreement to the contrary, the parties agree and acknowledge that:

(i) Gallagher's services under this Agreement are not intended in any way to impose on Gallagher or any of its affiliates a fiduciary status under ERISA; and

(ii) this Agreement does not provide Gallagher, and the Client will not cause or permit Gallagher to assume, without prior written consent of Gallagher, any:

(A) discretionary authority or discretionary control respecting management of any "employee benefit plan" within the meaning of Section 3(3) of ERISA (an "ERISA Plan"),

(B) authority or control respecting management or disposition of the assets of any ERISA Plan, or

(C) discretionary authority or discretionary responsibility in the administration of any ERISA Plan.

(b) **Reliance.** In the performance of its duties, Gallagher may rely upon, and will have no obligation to independently verify the accuracy, completeness, or authenticity of, any written instructions or information provided to Gallagher by the Client or its designated representatives and reasonably believed by Gallagher to be genuine and authorized by the Client.

(c) **No Practice of Law.** Gallagher will not be obligated to perform, and the Client will not request performance of, any services which may constitute unauthorized practice of law. The Client will be solely responsible for obtaining any legal advice, review or opinion as may be necessary to ensure that its own conduct and operations, including the engagement of Gallagher under the scope and terms as provided herein, conform in all respects with applicable State and Federal laws and regulations (including ERISA, the Internal Revenue Code, State and securities laws and implementing regulations) and, to the extent that the Client has foreign operations, any applicable foreign laws and regulations.

(d) **Subcontractors.** Gallagher may cause another person or entity, as a subcontractor of Gallagher, to provide some of the services required to be performed by Gallagher hereunder; provided, that Gallagher shall remain responsible for all acts and omissions of any such subcontractors (each of which shall be bound by Gallagher's obligations under this Agreement). Gallagher shall seek prior written approval from Client for any subcontractors providing substantive consulting, professional or managerial services. Prior written approval shall not be required for clerical, office, secretarial, IT back-up, administrative or similar support services.

(e) **Conflict of Interest.** Gallagher's engagement under this Agreement will not prevent it from taking similar engagements with other clients who may be competitors of the Client. Gallagher will, nevertheless, exercise care and diligence to prevent any actions or conditions which could result in a conflict with Client's best interest.

(f) **Acknowledgements.** In connection with Gallagher's services under this Agreement, Client agrees that:

(i) Although Gallagher will apply its professional judgment to access those insurance companies it believes are best suited to insure the Client's risks, there can be no assurance that the insurance companies Gallagher has accessed are the only or are the best suited ones to insure the Client's risks.

(ii) Any compensation of the types described above and disclosed to it does not constitute a conflict of interest and the Client expressly waives any claims alleging any such conflict of interest.

(iii) The final decision to choose any insurance company has been made by the Client in its sole and absolute discretion. The Client understands and agrees that Gallagher does

not take risk, and that Gallagher does not guarantee the financial solvency or security of any insurance company.

(iv) The compensation payable to Gallagher is solely for the services set forth under this Agreement, including Exhibit A. Any additional administrative, claims representative or other services (collectively, "Additional Services") will be governed by the terms of a separate agreement covering the Additional Services.

(v) The Client is responsible for immediate payment of Gallagher's fees (if applicable) and payment of premiums for all insurance placed by Gallagher on Client's behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow Gallagher to immediately terminate this Agreement, at its option, without notice to the Client, and may allow an insurance company for the Client's risks to cancel any applicable policies in accordance with the terms of such policies.

6. Confidentiality

(a) Client Information. Gallagher recognizes that certain confidential information may be furnished by the Client to Gallagher in connection with its services pursuant to this Agreement ("Confidential Information"). Gallagher agrees that it will disclose Confidential Information only to those who, in Gallagher's reasonable determination, have a need to know such information. Confidential Information will not include information that (i) is in the possession of Gallagher prior to its receipt of such information from the Client, (ii) is or becomes publicly available other than as a result of a breach of this Agreement by Gallagher, or (iii) is or can be independently acquired or developed by Gallagher without violating any of its obligations under this Agreement. However, disclosure by Gallagher of any Confidential Information pursuant to the terms of a valid and effective subpoena or order issued by a court of competent jurisdiction, judicial or administrative agency or by a legislative body or committee will not constitute a violation of this Agreement.

(b) HIPAA Privacy. Gallagher and the Client will each comply with any prohibitions, restrictions, limitations, conditions, or other requirements to the extent they apply to them directly or indirectly pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing regulation concerning privacy of individually identifiable health information as set forth in 45 CFR Parts 160-164, as amended from time to time. Where required, the Client, as a representative of the health plans and Gallagher will enter into a separate Business Associate Agreement.

(c) Use of Names; Public Announcements. No party will use, in any commercial manner, the names, logos, trademarks or other intellectual property of the other party without its prior written consent. Except as may be required by law, no party will issue any press releases or make any public announcements of any kind regarding the relationship between the parties without the other party's prior consent.

7. Indemnification Rights and Limitation of Liability

(a) Indemnification. Each party ("Indemnifying Party") will promptly defend, indemnify and hold the other party ("Indemnified Party") harmless from and against any and all claims, suits, actions, liabilities, losses, expenses or damages which the Indemnified Party may incur as a result of any violation by the Indemnifying Party of any law, or any loss or expense to the Indemnified Party caused by the misrepresentation, negligent act or omission, or any breach of any of the Indemnifying Party's obligations under this Agreement.

(b) Limitation of Liability. Notwithstanding any other term or provision of this Agreement, each party shall only be liable for actual damages incurred by the other party, and shall not be liable for any indirect, consequential or punitive damages. Furthermore, the aggregate liability under this Agreement, if any, of either party to the other for claimed losses or damages shall not exceed \$20,000,000. This provision applies to the fullest extent permitted by applicable law.

8. Notices

Any notices, requests and other communications pursuant to this Agreement will be in writing and will be deemed to have been duly given, if delivered in person or by courier or sent by express, registered or certified mail, postage prepaid, addressed as follows:

If to the Client: County of Champaign
Attention: County Administrator
1776 E. Washington Street
Urbana, IL 61820

If to Gallagher: Gallagher Benefit Services, Inc.
Attention: John Malachowski
101 S. Main Street, Suite 200
Decatur, IL 62523

Either party may, by written notice to the other, change the address to which notices to such party are to be delivered or mailed.

9. Miscellaneous

(a) **Severability.** The various provisions and subprovisions of this Agreement are severable and if any provision or subprovision or part thereof is held to be unenforceable by any court of competent jurisdiction, then such enforceability will not affect the validity or enforceability of the remaining provisions or subprovisions or parts thereof in this Agreement.

(b) **Entire Agreement: Amendment.** This Agreement, including all exhibits hereto, constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether oral or written, between the parties regarding the subject matter hereof. Except for changes in carriers and/or lines of coverage noted in Exhibit B which may occur upon unilateral approval of the Client, this Agreement may be modified or amended only by a written instrument executed by both parties.

(c) **Governing Law: Rule of Construction.** This Agreement will be construed, interpreted and enforced in accordance with the laws of the State of Illinois without giving effect to the choice of law principles thereof or any canon, custom or rule of law requiring construction against the drafter.

(d) **Successors.** This Agreement shall be binding upon and shall inure to the benefit of all assigns, transferees and successors in the interest of the parties hereto.

(e) **Counterparts.** This Agreement may be executed by the parties in several counterparts, each of which shall be deemed to be an original copy.

(f) **Survival of Provisions.** Sections 5(a), 6 and 7 will survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Consulting Agreement to be duly executed on the date first written above.

COUNTY OF CHAMPAIGN

By:

Name:

Title:

Date:

GALLAGHER BENEFIT SERVICES, INC.

By:

Name:

Title:

Date:

**EXHIBIT A
SCOPE OF SERVICES**

Subject to any changes and additions as may be mutually agreed by the parties in writing, availability and delivery of data from the insurance carrier and other third party vendors, Gallagher will provide the following services:

CONSULTING SERVICES PROVIDED ON AN "AS NEEDED" BASIS

RENEWAL ANALYSIS:

- Review and evaluate carrier projections
- Prepare "shadow" renewal projection
- Coordinate carrier negotiations
- Create employee contribution modeling reports
- Review identified benchmarks of projected plan costs
- Develop "working" rates for Client analysis and approval
- Assist with budget projections
- Provide renewal alternatives with cost impact of benefit plan changes

PERIODIC PLAN FINANCIAL REPORTS: (FREQUENCY TO BE MUTUALLY AGREED UPON)

- Summary of plan costs
- Analysis of actual vs. budget
- Employee contributions
- Large claims tracking
- Identification of costs for specific line of coverage
- Comparison of plan costs to aggregate stop-loss projections, if applicable
- Utilization review
- Comparison to prior claim period
- Plan trends

ANNUAL FINANCIAL REPORTS (END OF YEAR ACCOUNTING):

- Executive summary of program expenses
- Claims by size
- Physician visit details
- Benefits paid by type of service
- Plan funding/budget comparison
- Fixed expense comparison

LEGISLATIVE AND CORPORATE COMPLIANCE SUPPORT:

- Provide legislative updates, including Technical Bulletins and Directions newsletters
- Evaluate plan design to assist with compliance with state and federal regulations
- Review benefit plan documents, including summary plan descriptions, contracts, employee summaries, and policies/procedures
- Conduct periodic seminars on regulatory issues
- Assist with the review and evaluation of COBRA and HIPAA compliance procedures
- Provide general information and guidance to assist with compliance with ERISA, FMLA, USERRA, Medicare Part D and other Federal legislation that directly affects the administration of plan benefits
- Provide template or sample compliance notices, certificates of creditable coverage and enrollment forms as reasonably requested by Client

CARRIER MARKETING AND NEGOTIATIONS, AS DIRECTED BY CLIENT:

- Work with Client to develop a strategy to identify goals, analyze program costs and review both current and alternative funding arrangements
- Manage the renewal process with the current carrier to control costs
- Implement carrier renewal strategies with Client
- Develop timeline covering every aspect from RFP preparation to the delivery of employee communications
- Provide analysis of employee disruption report and preparation of geo-access report
- Provide analysis of discounts offered by various carriers by using CPT codes and carrier pricing data
- Manage RFP development that tailors the RFP to the desires, needs and financial directions provided by Client
- Explore alternative funding solutions
- Evaluate vendor responses to track variations in coverage and costs as they are identified
- Conduct finalist interviews to investigate and document intangibles such as personalities, service orientation and responsiveness
- Draft renewal analysis report, based on renewal negotiation, covers program and claims cost projections as well as complete information on benefit designs
- Facilitate decision process by coordinating close collaboration and discussions among the Gallagher team and Client

DAY TO DAY ADMINISTRATIVE ASSISTANCE

- As needed, provide assistance to insurance specialist and staff for claims and administrative issues that arise with carriers.
- Assist the County employees in settling claims or grievances relating to insurance benefits issues.
- Assist the County's personnel in processing of enrollments, terminations, changes, COBRA notification process and applications, and other forms for administration and claims.
- Provide service for day-to-day contact on insurance matters.

EMPLOYEE EDUCATION PROGRAMS:

- Educational meetings on coverage and trends

COMMUNICATION MATERIALS:

- Assist with the drafting and distribution of participant Satisfaction Surveys
- Assist with the drafting and distribution of Open Enrollment-New Member Orientation summary information and any other communications pertaining to the health and welfare program
- Provide annual open enrollment guidance and assistance
- Assist with participant wellness initiatives, as directed by Client

BENEFIT ADMINISTRATION ASSESSMENT:

- Periodic evaluation of internal plan enrollment and benefit termination processes
- Review, coordinate and implement Client agreed upon plan "best practices" to help limit plan liability and increase participant satisfaction
- Help identify opportunities for streamlining and improving administration procedures

MARKET BENCHMARKING STUDIES:

- Industry Surveys

BENEFIT PLAN DESIGN (OR REDESIGN):

- Help Client identify business and HR objectives that impact benefits
- Review with Client possible benefit strategies to meet their objectives
- Help Client evaluate/review current scope of benefits package – e.g., types & levels of coverage
- Work with Client to develop funding and contribution strategies
- Assist with budget projections for design alternatives

EXHIBIT B
COMPENSATION DISCLOSURE STATEMENT

What follows is the disclosure of our actual fees and/or commissions related to Client's Group Health Plan(s) and any relationships, or agreements Gallagher has with the insurance company involved in this transaction. Gallagher, as agent of record, will receive the following initial and renewal sale commissions expressed as percentage of gross premium payments, or fees as agreed upon by Client:

Line of Coverage	Insurance Company	Effective Date	Commission ¹ / Supplemental Compensation ²	Direct Fees ³
Consulting / GBS	N/A	04/01/2016	None	\$50,000 / year

It should also be noted that:

- **Gallagher is not an affiliate of the insurer whose Contract is recommended. This means the insurer whose contract is recommended does not directly or indirectly have the power to exercise a controlling influence over the management or policies of Gallagher.**
- **Gallagher's ability to recommend other insurance contracts is not limited by an agreement with the Insurance Carrier.**
- **Gallagher is effecting the transaction for the Plan(s) in the ordinary course of Gallagher business.**
- **The transaction set forth is at least as favorable to the Plan(s) as an arm's length transaction with an unrelated party.**
- **Gallagher is not a trustee of the Plan(s) and is neither the Plan Administrator of the Plan(s), a fiduciary of the Plan(s), nor an employer which has employees in the Plan(s).**

For Employers and Plan Sponsors Subject to ERISA: This Disclosure Statement is being given to the Client (1) to make sure Client knows about Gallagher's and Gallagher affiliates' income before purchasing the insurance product and (2) for plans subject to ERISA, to comply with the disclosure, acknowledgment and approval requirement of Prohibited Transaction Class Exemption No. 84-24⁴, which protects both Client and Gallagher⁵. Disclosure must be made to an independent plan fiduciary for the ERISA Plan(s), and Client acknowledges and confirms that this is a reasonable transaction in the best interest of participants in its ERISA Plan(s).

For more information on Gallagher's compensation arrangements, please visit <http://ajg.com/compensation>. In the event a client wishes to register a formal complaint regarding compensation Gallagher receives, please send an email to Compensation_Complaints@ajg.com or send a letter to: AVC Compliance Officer, c/o Internal Audit Department, Arthur J. Gallagher & Co., Two Pierce Place, Itasca, IL 60143.

¹ Commissions include all commissions/fees paid to Gallagher that are attributable to a contract or policy between a plan and an insurance company, or insurance service. This includes indirect fees that are paid to Gallagher paid by a third party, and includes, among other things, the payment of "finders' fees" or other fees to Gallagher for a transaction or service involving the plan.

² Gallagher companies may receive supplemental compensation referred to in a variety of terms and definitions, such as contingent commissions, additional commissions and supplemental commission.

³ Direct Fees include compensation to Gallagher paid for directly by the plan sponsor.

⁴ Which allows an exemption from a prohibited transaction under Section 408(a) of the Employee Retirement Income Security Act of 1974 (ERISA).

⁵ In making these disclosures, no position is taken, nor is one to be inferred, regarding the use of assets of a plan subject to ERISA to purchase such insurance.