MEMORANDUM
City of St. Petersburg

To: The Hon. Karl Nurse, Chair, and Members of City Council
From: Mayor Bill Foster
Date: July 12, 2013
Subject: Employee Health and Wellness Center

At the time City Council approved the City health insurance rates and associated projected budget for Plan Year 2013 through 2014, Council made approval contingent upon an employee Health and Wellness Center opening in the near future. At that time, we were in preliminary negotiations with HMA/Bayfront Medical Center to provide these services to City employees. I am pleased to announce that we have concluded contract negotiations with Bayfront, and am asking City Council to approve the resulting Agreement in anticipation of opening our Health and Wellness Center in August.

In the last several years both private and public organizations, especially larger companies who self-fund health insurance, have been turning to on-site wellness centers as a means to reduce long-term health insurance costs and to provide employees easy access to quality medical care. Center services typically are available to employees and their dependents on a no or reduced fee basis, with minimal waiting time both to schedule appointments and at the appointed time at the Center. This increased access to healthcare encourages employees to visit their health care provider, allowing for early identification of potentially serious and chronic health conditions, as well as to encourage healthier lifestyles and seek immediate care for acute or minor illnesses and injuries that might otherwise go untreated, thereby reducing both absenteeism and presenteeism within the organization. In addition, wellness centers provide physician access for employees in the face of a projected physician shortage in the future. While there is a benefit through reduction of health care claims that would otherwise be paid through the provider network, the greater benefit of an onsite wellness center to the organization is realized through long-term management and prevention of chronic conditions and the consequent reduction in large claims through employee wellness and disease management engagement.

The City’s Health and Wellness Center will be a turn-key operation managed by Bayfront Convenient Care Clinics, a partner of the HMA/Bayfront Medical Center group. Bayfront will be responsible for leasing and maintenance of the Center facility; the City will be responsible for the initial cost of Center medical equipment (examining tables, otoscopes, microscope, autoclave, EKG, etc.) and office furnishings (chairs, tables, computers, etc.),
which will become the property of the City upon termination of the contract with Bayfront. The cost of initial equipment acquisition will not exceed $60,585. The Center will be located at 603 7th Street South, Suite 350, in the building which formerly housed the Suncoast Medical Center offices. Parking will be provided free of charge to employees in the attached parking garage. For vehicles too large to access the parking garage, an adjacent surface lot within a short walking distance will accommodate any of the City’s large trucks at no charge.

Services available to employees at the Center will include primary and preventive care, chronic condition management, acute care (treatment of minor illnesses and injuries), dispensing of generic medications, immunizations and vaccines. Pre-employment physicals and drug testing will be phased in as contracts with existing vendors are evaluated and/or expire. Medical records will remain with the Center, and all patient information will be held confidential and not available to City staff.

The Center will be staffed by a full-time board-certified family practitioner, a half-time advanced nurse practitioner (ARNP), and 2 medical assistants. Center staff will be employed and paid by Bayfront; however, the City will have input and approval on facility staff. Initial hours of operation will be 7:00 AM to 5:30 PM Mondays, Wednesdays and Fridays and 9:30 AM to 7:00 PM Tuesdays and Thursdays. Appointments may be made telephonically, in person or on-line through a web portal. Initial visits are expected to last 30 to 40 minutes and subsequent visits are expected to be 15 to 20 minutes. Patient loads will be managed to minimize wait times so that employees can reduce time away from the worksite associated with a Center visit. To encourage Center use, I am allowing full-time employees one hour of paid time to visit the Health and Wellness Center without using their accrued sick or vacation time if the visit is made during their normally scheduled work hours and with proper supervisory approval.

There will be no charge for Center services to employees or their dependents currently enrolled in one of the City’s health insurance plans. Other full-time employees and part-time employees will be eligible to utilize the Center, but will pay a set rate for services received. This rate will be determined by Bayfront; the rate will be discounted and less than the rate normally charged for such services by Bayfront Convenient Care Clinics. Employees using these services will be fully responsible for payment; the City will not be charged a subsidy for services rendered. Dependents of part-time and full-time employees not enrolled in the City’s health insurance plans will not be eligible for Center services. While not initially eligible, we have reserved the right to add retirees and their dependents to those eligible for Health and Wellness Center services at a later date, dependent upon utilization and ROI experienced with active employees.

In addition to the services provided at the City Health and Wellness Center, Bayfront Convenient Care has agreed to provide medical services to City employees at their six Convenient Care Clinics at a flat rate of $125. Employees not enrolled in the City’s insurance will be responsible for the entire $125; those with City health insurance will be responsible for a $50 co-pay (same as current under the insurance plans), and the City
will pay the remaining $75. This will provide a cost-effective alternative to the emergency room for both employees and the City.

The annual base fee for operation of the Center is $770,000, billed monthly. The base fee includes facility leasing and maintenance, salaries of Center staff, necessary medical and office supplies, and operating costs (electric, water, cleaning, phones, etc.). This base fee will increase 3% in years two and three of the contract. In addition to the base fee, the City will be responsible for pass-through costs for generic medications dispensed, immunizations and vaccines administered, and laboratory analysis tests. These pass-through charges have been agreed to at a discounted fee schedule and are customary in operations of onsite wellness centers; they are also subject to a 3% increase in years two and three of the contract. Total annual pass-through costs are estimated to be $250,000, bringing the total Health and Wellness Center annual operating cost to approximately $1,020,000. Center operating costs and fees will be funded through the Health Insurance Internal Service Fund (5121-090), and have been included in the projected FY14 budget.

As part of the Agreement, Bayfront will provide in conjunction with the City a Health and Wellness Center marketing campaign, including communication materials and informational meetings at various City locations, for the introduction and ongoing promotion of the Center. In addition, participants will be encouraged to participate in Health Risk Assessments and follow up appointments in order to develop personalized health and wellness plans. The City will pay Bayfront a one-time startup cost of $12,500 for development and implementation of the marketing plan and materials.

Implementation of the employee Health and Wellness Center is an important step toward mitigating our increasing health care costs, as well as providing resources to build a healthier and more productive workforce. I believe that HMA/Bayfront Medical Center and Bayfront Convenient Care Clinics have presented a cost-efficient and effective model to achieve those goals, and recommend City Council approve the proposed Agreement in anticipation of a Health and Wellness Center opening date of August 5, 2013. Representatives from HMA/Bayfront Medical Center and City staff will be available at the July 25, 2013 City Council meeting to answer any questions you may have.

cc: Tish Elston, City Administrator
Gary Cornwell, Director, Human Resources
Vicki Grant, Manager, Benefits
Kanika Tomalin, Health Management Associates
Keith Waldrep, M.D., Bayfront Convenient Care Clinics
A RESOLUTION AUTHORIZING THE MAYOR OR HIS DESIGNEE TO EXECUTE AN AGREEMENT FOR SERVICES FOR CITY OF ST. PETERSBURG EMPLOYEE HEALTH AND WELLNESS CENTER AND A BUSINESS ASSOCIATE AGREEMENT WITH BAYFRONT HMA WELLNESS CENTER, LLC AND ALL OTHER DOCUMENTS NECESSARY TO EFFECTUATE THIS TRANSACTION; APPROVING A TRANSFER OF $243,000 FROM THE UNAPPROPRIATED BALANCE OF THE HEALTH INSURANCE FUND (5121-090) TO THE HEALTH INSURANCE OPERATING FUND (5121) AND A SUPPLEMENTAL APPROPRIATION IN THE AMOUNT OF $243,000 FROM THE INCREASE IN THE UNAPPROPRIATED BALANCE OF THE HEALTH INSURANCE OPERATING FUND (5121) RESULTING FROM THIS TRANSFER TO HUMAN RESOURCES DEPARTMENT (090) PREMIUMS-HEALTH-ACTIVE (5370310); AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, City Council approved the City health insurance rates and associated projected budget for Plan Year 2013 through 2014, contingent on an employee Health and Wellness Center ("Center") for City employees opening in the near future; and

WHEREAS, the establishment of the Center is an important step toward mitigating the City's increasing health care costs, as well as providing resources to build a healthier and more productive workforce; and

WHEREAS, the Administration has concluded negotiations with Bayfront HMA Wellness Center, LLC ("Bayfront"), to provide medical services to employees in a health and wellness center environment which anticipates opening of the Center in August, 2013 and

WHEREAS, the Administration has concluded negotiations with Bayfront HMA Wellness Center, LLC ("Bayfront"), to provide medical services to employees in a health and wellness center environment which anticipates opening of the Center in August, 2013 and

WHEREAS, the final agreement ("Agreement") has been drafted for City Council consideration; and

WHEREAS, the Agreement provides for the execution of a Business Associate Agreement between Bayfront and the City as defined by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"); and

WHEREAS, the Administration recommends execution of the Agreement and the Business Associate Agreement; and
WHEREAS, a supplemental appropriation of $243,000 to Human Resources Department (090) Premiums-Health-Active (5370310) $243,000 will be required.

WHEREAS, this City Council finds that the execution of the Agreement and the Business Associate Agreement is in the best interest of the City.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of St. Petersburg, Florida that the Mayor or his designee is authorized to execute an agreement for services for City of St. Petersburg Employee Health and Wellness Center and a Business Associate Agreement with Bayfront HMA Wellness Center, LLC and all other documents necessary to effectuate this transaction; and

BE IT FURTHER RESOLVED, that there are hereby approved the following supplemental appropriations from the unappropriated balances of their respective funds for fiscal year 2013:

Health Insurance Fund (5121-090)
Transfer to Health Insurance Operating Fund (5121) $243,000

Health Insurance Operating Fund (5121)
Human Resources Department (090) Premiums-Health-Active (5370310) $243,000

This resolution shall become effective immediately upon its adoption.

Approved:

Legal:  
Administration:  

Budget:  

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