

OFFICE OF THE MAYOR
Telephone: (716) 286-4310

May 23, 2019

The City Council
Niagara Falls, New York

*RE: Proposed Claims Audit Service Agreement between the City of Niagara Falls and
the Seneca Consulting Group*

Council Members:

As the City of Niagara Falls is a self-insured entity with regard to the health insurance benefits provided to its employees, sound accounting principles dictate that the City must periodically undertake a review of its medical and pharmacy benefit claims. To that end, attached for your review, please find the proposed Claims Audit Service Agreement between the City and the Seneca Consulting Group. The Seneca Consulting Group is a risk management consultant known for assisting its clients in managing issues related to the costs of medical and pharmacy benefits. Previously, the City has utilized the Seneca Consulting Group's services with regard to the IRS reporting required under the Affordable Care Act.

Under the proposed Claims Audit Service Agreement, the Seneca Consulting Group will analyze all of the City's medical and pharmacy claims in detail for overcharges and compliance capabilities as well as enhancing the City's coordination of benefits by identifying ineligible dependents.

By way of compensation, the Seneca Consulting Group would receive 50% of all dollars recovered as a result of the medical and pharmacy claims audit. Therefore, for this portion of the audit, the City will have no upfront costs as the consultant will only be paid out of monies that it recovers. Relative to the dependent eligibility audit, Seneca Consulting Group would receive \$25.00 for each employee with dependent coverage; based upon the 605 employees in question, the total amount of compensation for this service would be \$15,125.00. Sufficient funding exists within the Human Resources budget line A.1430.0000.0451.000.

Will the Council so approve and authorize the Mayor to execute the same?

Respectfully submitted,

PAUL A. DYSTER
Mayor

Funding is in place

Daniel Morello
City Controller

Kennedy_____ Scott_____ Tompkins_____ Voccio_____ Touma_____