



City Council Weekly Information Packet

Friday, October 09, 2020

Includes the following documents/information:

- 1) City Council Events Schedule
- 2) State and Federal Update & Grant Opportunities
- 3) Healthcare Fund Review Final Memo
- 4) Age-Friendly Tempe Update



City Council Events Schedule

October 14, 2020 thru October 20, 2020

The Mayor and City Council have been invited to attend various community meetings and public and private events at which a quorum of the City Council may be present. The Council will not be conducting city business, nor will any legal action be taken. This is an event only and not a public meeting. A list of the community meetings and public and private events along with the schedules, dates, times, and locations is attached. Organizers may require a rsvp or fee.

DAY	DATE	TIME	EVENT
Wed	Oct 14	5:30-9:00 p.m.	37th Annual Don Carlos Humanitarian Awards Virtual Info: tempecommunitycouncil.org/don-carlos
Thu	Oct 15	2:00-3:30 p.m.	Maricopa County Community Farmer Roundtable Online via Zoom (registration): https://us02web.zoom.us/meeting/register bit.ly/VirtualFarmerRoundtable
Tue	Oct 20	11:30 a.m.-1:00 p.m.	Valley Metro Clean Air Campaign Awards Online Virtual Event: TBD For more information: https://www.valleymetro.org/valley-metro-champions-clean-air
Thu	Oct 22	3:00-3:30 p.m.	Virtual Ribbon Cutting for Senior Helpers of Tempe https://us02web.zoom.us/meeting/register
Thu	Nov 05	3:00-3:30 p.m.	Virtual Ribbon Cutting for Comfort Suites Phoenix Airport Zoom Link (registration): https://us02web.zoom.us/meeting/register

MEMORANDUM



TO: Mayor and City Council
THROUGH: Andrew Ching, City Manager
FROM: Marge Zylla, Government Relations Officer
DATE: October 9, 2020
SUBJECT: State and Federal Update & Grant Opportunities

Below are summaries of recent actions and announcements at the state and federal level:

- USCM Federal Updates
- Federal COVID-19 Relief Negotiations
- Governor Executive Orders

Please let me know if there are follow-up questions for Tempe's federal lobbyist. Also, please let me know if Tempe staff members are pursuing federal grants so we can arrange for letters of support from our Congressional delegation.

USCM Federal Updates

Via US Conference of Mayors Staff, 10/8/20

[Stimulus Aid Still Alive, Mixed Signals from President Trump – Pelosi says No to Stand-Alone Bill](#)

As the state and local governments' need for emergency fiscal assistance to rehire or prevent further layoffs and furloughs increases, President Donald Trump continues to send mixed signals about any new fiscal relief for states and local governments.

Today, states and localities have laid off more than a million workers. That's more than the 750,000 that were laid off over the Great Recession that began in 2008.

Today, on a call with our top two leaders on the fiscal assistance issue, Conference Vice President Dayton Mayor Nan Whaley and Arlington, TX Mayor Jeff Williams, we have decided to speak out during the confusion and limbo that we are in today following the President's tweets from Walter Reed Hospital and the tweets that have come since the President's return to the White House under doctors' care.

This morning, there were news reports that there may be a move just to bail out the airlines. House Speaker Nancy Pelosi signaled today that there will not be a stand-alone bill for additional airline bailout without a large coronavirus stimulus bill. Despite the confusion and the barrage of tweets, Speaker Pelosi said she is still optimistic about reaching a deal.

The President suddenly turning against federal aid for states and local governments is in contrast to the statement from him this year earlier when he tweeted support for federal aid for our state governments and local governments. That position has been echoed by the two other White House negotiators, Treasury Secretary Steve Mnuchin and Chief of Staff Mark Meadows.

Below, you will find the statement we released today:

“Everyone has been hurt by this pandemic, and it’s clear that the only path ahead is a comprehensive bill that addresses the widespread damage. American families, small businesses, the unemployed, countless hard-hit industries, and state and local governments all need help. The American people have sacrificed through this pandemic recognizing that we’re all in this together. It’s beyond time for Washington to respond in the same spirit.

“Supporting cities on the frontline of the pandemic is not a partisan issue. Republicans and Democrats, the Administration, and the Federal Reserve, have all expressed support for providing assistance to state and local governments. It is simply a fact that our recovery will be significantly hampered if Congress and the Administration do not come through with fiscal relief for cities. Mayors are working hard, stretching our budgets, and using every tool at our disposal to keep our communities safe, but the pandemic is a national emergency that requires a strong and comprehensive national response. This crisis is not going away anytime soon, and we urge lawmakers to work in a bipartisan manner to get a bill over the finish line.”

Via US Conference of Mayors Staff, 10/7/20

[President Trump Tweets a Stop on Negotiations, Later Tweets Bail Out Airlines, Later \\$1,200 Checks](#)

Washington leaders and others were surprised yesterday when President Donald Trump tweeted to the world that he was asking his negotiators to stop moving forward on a stimulus deal until after the election. Last night, around 10:00 pm ET, he did a u-turn and tweeted out that we should bail out the airlines. Then, later, another tweet challenging Congress to approve \$1,200 stimulus checks and that he would sign that bill.

The decision to stop the negotiations was agreed to by Senate Majority Leader Mitch McConnell of Kentucky. Both agree that the question of filling the Supreme Court vacancy takes priority over providing economic relief to individuals, households, and businesses.

The President is also saying that the future deal is contingent on his reelection less than a month away.

The political atmosphere yesterday, prior to the President's tweet, was that we were finally going to get the deal done, one that all mayors have pushed so hard for during these turbulent months of 2020.

The President's "kick-ass" memo from Walter Reed Hospital, to get the job done, was an about-face and a slap in the face for those who had optimism as the day began yesterday.

As the Federal Reserve Chair Jerome Powell spoke before a prestigious business group saying that he, in so many words, favored a more substantial amount of money than Senate Republicans, and as House Speaker Nancy Pelosi had scheduled talks with Treasury Secretary Steve Mnuchin, the lights went out on the negotiations and the potential deal was doomed.

While we are disappointed, and many are somewhat confused, there is word coming from the business community and economists that they fear without a financial stimulus deal, the nation's economy will indeed worsen.

Reports indicate that many corporations were holding off laying off employees with the hopes of a new stimulus bill. Layoffs are now expected.

Twenty-six million Americans are already receiving unemployment compensation so a new wave of layoffs will add to that number. Reports indicate that millions of Americans say that they no longer have enough money to pay rent, car payments, utility bills, or food.

And no doubt, in our cities, without emergency fiscal assistance to mitigate budget shortfalls caused by the pandemic, frontline workers will be laid off or furloughed.

Disappointed? Yes. But we're never giving up. Bloodied but not bowed. It's difficult to forecast a future strategy this afternoon. All I know is that I have never seen such hard work done by all mayors as we spent every minute, 24-7, pushing for emergency fiscal assistance for all cities. We stand ready to continue through these days before the presidential election and afterward, to work with the President, the House, and the Senate to do the right thing by coming together on our economic relief to help this faltering economy and rid us of the economic pain that is evident in so many ways, now – and into the months and maybe years ahead of us.

Via US Conference of Mayors Staff, 10/6/20

[President Trump Reverses His "Get The Job Done" Tweet from Hospital to "Stop Negotiating" Tweet From White House Today](#)

This afternoon, President Donald Trump has tweeted, ordering his negotiators on the COVID stimulus package to "stop negotiating until after the election." This tweet is a complete turnaround from the tweet he sent on Friday from Walter Reed Hospital urging his representatives "OUR GREAT USA WANTS & NEEDS STIMULUS. WORK TOGETHER AND GET IT DONE. Thank you!"

The President is saying now that he will not negotiate until after Election Day.

Meantime, the Federal Reserve Chair Jerome Powell, a few hours before the President tweeted to stop negotiating, made a strong plea today for Washington to provide a larger stimulus than anyone was considering.

Conference President Louisville Greg Fischer, on behalf of our organization, issued the following statement expressing "disappointment":

“On the very day that the Fed Chairman called for aggressive action on the economy, the nation’s mayors are deeply disappointed with President Trump’s decision to walk away from negotiations on a COVID relief bill until after the election. Now is not the time for ultimatums, but a time to re-double our efforts to address and alleviate the pain of the American people.

“Today’s failure to deliver badly needed fiscal assistance to cities of all shapes and sizes is going to amount to increased job losses, decreased public safety and a greatly impaired economic recovery. Cities across the country have been struggling with budget shortfalls for months as a direct result of the pandemic, and hundreds of bipartisan mayors have been echoing the call to congressional and administration leaders for an economic lifeline in the form of immediate flexible fiscal relief.

“The victims of today’s failure will be the American people – residents in cities across the country – led by Republicans, Independents and Democrats – who will see critical services further reduced or eliminated entirely. It will be impossible to make up for the time that will be lost – and the suffering that will be felt by Americans across the country, so we urge leaders on both sides of the aisle to get back to the hard work required to finalize a package that will provide much-needed relief. This crisis is far from over and the American people deserve better.”

House Speaker Nancy Pelosi also issued a statement. [Click here to read it.](#)

The tweet today was a big surprise coming from President Trump. Certainly a mood change from his attitude about a new stimulus package over the weekend.

Usually, in the political world, there is the October surprise. October of 2020 has begun already with a number of surprises and the way things are going, we will probably have more and more October surprises.

Meantime, so many Americans are suffering economic and yes, physical pain. And as the Federal Reserve Chairman Powell said today – with or without a substantial stimulus investment, the nation will slowly struggle, bringing hardships to individuals, households, and businesses.

[Fed Reserve Chair Powell Warns of Weak Economic Recovery Without Stimulus, "Hardship for Households and Businesses"](#)

Addressing the National Association for Business Economics this morning, Federal Reserve Chairman Jerome Powell warns the nation that the United States will have a weak recovery without sufficient economic relief coming from Washington. He says providing too much stimulus would not be a problem.

His words before the virtual conference, "Too little support would lead to a weak recovery, creating unnecessary hardship for households and businesses. By contrast, the risks of overdoing it seems, for now, to be smaller." Further, he said, "Even if policy actions ultimately prove to be greater than needed, they will not go to waste."

Mr. Powell led the United States' central bank to cut their interest rates to near zero in March and the central bank has pledged to keep rates low until the economy rebounds with higher employment. He and his colleagues have been urging Congress to pass additional fiscal stimulus.

As the coronavirus cases are on the rise again here in October of 2020, he warned of a renewed threat to the nation's economy, "Consumption held up well through August after the expiration of expanded unemployment insurance benefits indicating that savings from transfer payments continue to support economic activity. Still, since it appears that many will undergo extended periods of unemployment, there is likely to be a need for further support."

Federal COVID-19 Relief Negotiations

As noted in the USCM updates above, the level of engagement and momentum surrounding federal aid package negotiations has been shifting throughout the week. Today, Majority Leader Mitch McConnell reportedly stated that a COVID relief package is unlikely in the coming few weeks. Some are anticipating that, in the event that the White House and House Majority arrive at a compromise, that the Senate Majority would not necessarily support it. A Wall Street Journal article (available to subscribers at [this link](#)) notes that the White House is reportedly working on a \$1.8 trillion relief package. Aid to local governments continues to be part of negotiations. Tweets from reporters on this topic at [this link](#), [this link](#) and [this link](#).

Governor Executive Orders

The Governor has issued a number of Executive Orders in the past months. They can be found at [this link](#). No Executive Orders were issued this week.



Memorandum

TO: Mayor and City Council

FROM: Bill Greene, City Auditor

DATE: October 16, 2020

SUBJECT: HEALTHCARE FUND REVIEW – FINAL MEMO

Attached is our final report on the subject consulting engagement. Copies of this report will be posted to the Internal Audit Office website.

We appreciate the cooperation of the Internal Services staff during this project. Please contact me if you have any questions about our results.



Memorandum

TO: Tom Duensing, Deputy Internal Services Director - Finance
Rebecca Strisko, Deputy Internal Services Director – HR

FROM: Bill Greene, City Auditor (X8982)

CC: Andrew Ching, City Manager
Steven Methvin, Deputy City Manager, Chief Operating Officer
Ken Jones, Deputy City Manager, Chief Financial Officer
Kathleen Broman, Manager, HR Benefits

DATE: September 30, 2020

SUBJECT: HEALTHCARE FUND REVIEW

Purpose

We performed an analysis of claims processed through the City's healthcare programs (medical and medication) to identify trends that may assist HR Benefits to operate the plan in a more efficient manner. We also reviewed the claims payments reconciliation to determine whether adequate internal controls are present to ensure payments made to third-party administrators were accurate and justified.

This review was initiated in FY2015-16 but was delayed multiple times due to changing project priorities. Because the auditor assigned to this project recently transferred to a position outside the IAO, we closed the project and are issuing this memo to present any findings and suggestions for improvement identified.

Background

The City is self-insured for healthcare. Employees' premiums, along with the City's contributions, are maintained in a healthcare fund to pay claims for employees and other covered parties. The City's healthcare process involves multiple parties, each playing a specific role as shown in the following table:

Party	Function/Role
Hays Companies	Benefits consulting firm
Cigna National Open Access Network	Network of healthcare providers
Allegiance Benefit Plan Management, Inc.	Third-party administrator for overall health plan
Express Scripts Pharmacy, Inc.	Pharmacy provider
DirectPath, LLC	Service that helps employees with any issue related to healthcare including medical coding and billing accuracy, cost comparisons for planned procedures, determination if providers are in or out of network
Sun Life Assurance Co.	City's stop-loss insurance coverage
CareCentrix, Inc.	Cigna-designated durable medical equipment and supply company
Accredo Health Group, Inc.	Express Scripts affiliated provider of specialty medicine

Rising healthcare costs, along with the complexity of the healthcare system, insurance and the administrator's plan rules make finding viable solutions to manage costs a major challenge. There are over 60,000+ diagnostic codes used to classify various health conditions. Coupled with multiple layers of providers, facilities, third-party administrators and networks, the complexity cultivates an environment where the average insured employee may struggle to understand the process. Explanation of Benefits (EOB), the need for pre-authorization of procedures, and in-network vs, out-of-network provider can also present challenges to employees. Even when employees possess the skills necessary to navigate the process, the time burden to do so can be significant. DirectPath can help with many needs of employees to obtain authorizations, evaluate if their diagnostic codes were billed correctly, provide comparison cost reports to help the employee make better informed decisions, and verify if the claims were paid consistent with the plan's rules.

Scope and Methods

The objective of this consulting engagement was to provide information as described in the purpose statement above. The work performed does not constitute an audit in accordance with *Government Auditing Standards*. An audit would have required several additional steps including documentation of an assessment of internal controls, a risk assessment, and a validation of electronic data provided to IAO. The time period covered in this review was FY2016-17 and FY2017-18 for claims data. The claims data included both medical and pharmacy claims activity for this time period. The data set was obtained directly from Allegiance (the third-party administrator for the healthcare fund). There were 302,199 claims records included in the data set. Current contracts and other documents related to the healthcare services covering the period reviewed were also evaluated.

We employed the following methods to complete this engagement:

- Claims Analysis
- Walk-throughs of Processes
- Interviews with Key Employees and Third-party Providers
- Analysis of pertinent financial data, policies and procedures, and other documentation

Results

1. A thorough reconciliation of all detailed claims transactions to the City's payment records would help ensure the accuracy of payments made to third parties.

IAO noted that current practice for recording accounting transactions related to the healthcare fund is based on weekly "Claims Batch Request for Funding Reports" which is a summary report used as the source document for payments to Allegiance and Express Scripts. However, a detailed claims listing is not provided supporting the summarized amounts. A process to compare detailed claims data (redacted for HIPAA compliance) to the weekly "Claims Batch Request for Funding Reports", including a review of variances, is necessary to verify accuracy of reports and further support entries to the City's financial records.

Recommendation:

Develop and implement a process to reconcile payments requests to supporting claims data prior to making payments to Allegiance or Express Scripts.

2. We identified potential duplicate claims that require further research to ensure the City did not overpay.

IAO identified what may be duplicate claims based on claim number, dates, diagnostic codes and potential resubmissions of claims. IAO staff is currently working with Allegiance to identify underlying reasons for the possible duplicate claims noted. It is possible that the further work may find that no actual duplications exist. Most duplicate tests attempt to identify exact matches of data, for example a claim number that matches a claim number. The potential duplicate claims we identified have *similar* but not identical attributes.

We provided the full detail of the possible duplicate claims to HR and Allegiance and recommend that either Human Resources review the data or request the help necessary to determine if these are duplicates.

Recommendation:

Request assistance from Allegiance, along with support provided by IAO, to research the potential duplicate claims identified and establish procedures to review claims data

for potential duplicates in the future.

3. A third-party processor for managing retiree payments can provide a more customer-friendly process and increase efficiency by allowing Human Resource staff to reallocate their time to other value-added areas.

Currently, the Human Resources department processes the receipt of payments from Medicare eligible retirees using United Healthcare. Checks are received in the City's mail and then processed by preparing a deposit which is handed off to the City's customer service personnel for deposit. A journal is created and then the data is entered to PeopleSoft. There are an estimated \$40,000 in payments received in HR each month relating to approximately 500 individuals.

Use of a third-party provider specializing in administering and processing premium collection for retiree's payments would decrease the risk HR assumes by receiving payments and likely provide easier payment options for retirees. This change would also allow Human Resource staff to allocate the time spent processing premiums to other needs.

Recommendation:

Consider working with Procurement to identify third-party providers that could process retiree premium payments.

4. Routine analysis and audit of pharmacy activity and medical claims may help identify cost savings.

We isolated claims related to the pharmacy (drug) program to determine its impact of overall cost on the healthcare fund. Total pharmacy costs for the two cycles reviewed were \$8,452,892 of the total claims of \$37,679,764 (or an estimated 22.5% of the fund's costs).

We sampled the 30 highest pharmacy claims and requested additional information from Express-Scripts. One expensive medication was identified whereby Express-Scripts hired a third-party to negotiate a better price. However, we could not verify, based on available data, if the savings was shared with the healthcare fund. Similarly, Express-Scripts obtains rebates from pharmaceutical companies that reduce the cost of medications. The rebates are shared with the healthcare fund and the aggregate credits were present; however, the details of the specific individual rebates, related claims and amounts could not be evaluated due to insufficient information being provided by Express-Scripts. (Note: Allegiance only acts as a claims consolidator for Express-Scripts and does not have any direct involvement in the pharmacy program).

Many of the pharmaceutical companies offer rebates that are available directly to consumers through a local pharmacy specifically to those without or not claiming through insurance. Express-Scripts may also participate with the pharmaceutical companies in these rebates. There may be opportunity for additional cost savings to

the healthcare fund through monitoring of these activities and following up with Express- Scripts on third-party negotiated savings and the pharmacy rebates to ensure they are passed on to the healthcare fund.

The IAO is currently performing additional steps to document controls in place to prevent payment of fraudulent, duplicative, and overbilled medical claims. We also plan to survey other cities to identify common payment controls employed by other jurisdictions and determine if a medical claims audit is performed (either internally or contracted out). The IAO will report on these issues in a subsequent memo.

Recommendation:

Monitor third-party negotiated savings and the pharmacy rebates by requesting regular detail about the two activities and reconciling the activity to the fund.

HR Benefits should work with Hays to coordinate a periodic medical and pharmacy claims audit (recommend an audit every three-years reviewing the prior three years of claims) to verify that claims were coded and costed correctly, and to identify trends and patterns both in medical and medication claims that are valuable to manage the fund.

MEMORANDUM

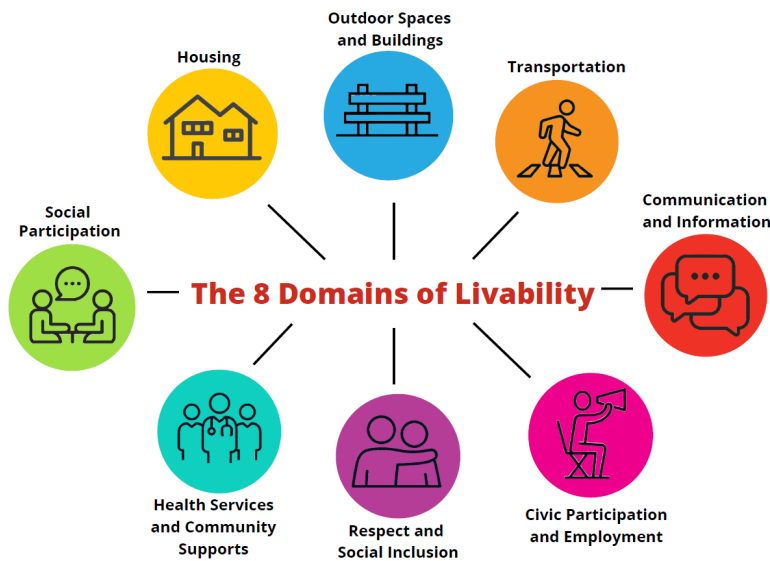
TO: Mayor and Council
THROUGH: Naomi Farrell, Human Services Director
FROM: Marie Raymond, Education, Family & Community Support Manager
DATE: October 9, 2020
SUBJECT: Age-Friendly Tempe Update



Age-Friendly Tempe:

At the March 5, 2020 City Council Work Study Session, council authorized the Mayor to send a letter to the AARP state office indicating City of Tempe’s commitment to achieving an Age-Friendly Community Designation. Tempe’s application was accepted, and the city was welcomed into the AARP Network of Age-Friendly States and Communities. The purpose of this memo is to inform Mayor and council about our current progress towards achieving the Age-Friendly Community Designation.

Staff presented information to Department Directors and asked their support in moving forward with a commitment to create a livable community. This commitment entails looking for positive improvements that we can make or are already in the process of making for older adults. There are 8 domains of livability that influence the health and quality of life for older adults. The domains framework will help prioritize our work to become age-friendly. The domains include:



Tempe has many in-progress performance measures that help to make our community more livable and, with the help of various city departments we will be able to identify additional in-progress measures, measures that overlap, and possible gaps that need attention.

Communities participating in the AARP Network of Age-Friendly Communities commit to improving their age-friendliness and submit to a rigorous assessment cycle. The first phase of the cycle includes: establishing

mechanisms to involve older people in all stages of the age-friendly cities and communities process; conducting a comprehensive and inclusive baseline assessment of the age-friendliness of the community; developing a three-year community-wide action plan based on assessment findings; and identifying indicators to monitor progress against the plan. We are currently building our action teams who will be responsible for guiding our age friendly efforts through assessment, planning, implementation and evaluation phases. The action teams will be comprised of representatives from city departments who are already leading in-progress strategic priorities that align with the Age Friendly domains and also employees who are working with the older adult population, caregivers and families. Additionally, to the team, we will add:

- Residents that are age 50 or older, both long-standing and new residents
- People from both the volunteer & local business sectors
- ASU staff members from colleges with specific interest in older adult populations
- Philanthropic & Non-Profit Organizations

Our goal is to have a diverse representation on the Action Team, in terms of gender, socio-economics and race.