



City of Milwaukee  
Employees' Retirement System

Bernard J. Allen  
Executive Director

David M. Silber, CFA, CAIA  
Chief Investment Officer

Melody Johnson  
Deputy Director

April 14, 2022

Mr. Jim Owczarski  
City Clerk  
Room 205, City Hall

Dear Mr. Owczarski:

Please be advised that an Administration & Operations (A&O) Committee Meeting of the Annuity and Pension Board of the Employees' Retirement System has been scheduled for **Wednesday, April 20, 2022 at 9:00 a.m.** *Special Notice: Due to the COVID-19 pandemic, the meeting will be held remotely via video conference. Instructions on how to observe the meeting will be available on ERS's website ([www.cmers.com](http://www.cmers.com)) prior to the meeting.*

**Please note and observe the following remote attendance etiquette to ensure a smooth and productive meeting:**

- In order to cut down on background noise, participants in the meeting should put their phones on mute when they are not participating.
- At the start of the meeting, the Chairman will announce the names of the members of the Board present on the call, as well as anyone else who will be participating.
- Please request to be recognized by the Chairman if you would like to speak.
- Those participating on the call should identify themselves whenever they speak, and should ensure that the other participants on the call can hear them clearly.

The agenda is as follows:

- I. Approval of Contract Extension for Managed Medical Review Organization, Inc. (MMRO) – Disability Claims Vendor.
- II. Approval of Draft ERS 2023 City Budget Request.

Sincerely,

  
Bernard J. Allen  
Executive Director

BJA:jmw

**THIRD AMENDMENT TO THE CONTRACT BETWEEN  
THE EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE  
AND  
MANAGED MEDICAL REVIEW ORGANIZATION, INC.**

**THIS THIRD AMENDMENT** ("Third Amendment") to the Contract ("Contract") between the Employees' Retirement System of the City of Milwaukee (ERS) and Managed Medical Review Organization, Inc. (CONTRACTOR) is made effective September 1, 2022.

**WHEREAS**, On March 1, 2016, the ERS and CONTRACTOR entered into the Contract, which was subsequently amended in the First and Second Amendments, and

**WHEREAS**, ERS and CONTRACTOR desire to amend the Contract term for an additional three years (3 years) and change certain fees.

**NOW, THEREFORE**, in consideration of the mutual covenants herein stated, ERS and CONTRACTOR do hereby agree to further amend the Contract as follows:

1. The term of the Contract, as set forth in the paragraph entitled "TIME OF PERFORMANCE" is amended to read: "March 1, 2016 through August 31, 2025."
2. The maximum compensation as set forth in the heading of the contract entitled "Maximum Amount of Compensation Not to Exceed" is amended to read "\$500,000."
3. Any and all confidentiality agreements entered into pursuant to Exhibit B are hereby extended until August 31, 2025.
4. The document entitled "Milwaukee ERS Disability Retirement Claims Management Services" located in Exhibit E is replaced with the attached new "Milwaukee ERS Disability Retirement Claims Management Services Effective September 1, 2022."
5. These changes constitute the entire Third Amendment to the Contract. All other covenants, provisions, terms and conditions of the Contract shall remain unchanged.

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**IN WITNESS WHEREOF**, the parties hereto have executed this Third Amendment.

# EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

MANAGED MEDICAL REVIEW  
ORGANIZATION, INC.

Matthew Bell                      Date  
Chair, Annuity and Pension Board

Name \_\_\_\_\_ Date \_\_\_\_\_  
 Print name/title: \_\_\_\_\_

Bernard J. Allen                      Date  
Executive Director, Employees'  
Retirement System

COUNTERSIGNED:

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Comptroller
Date

Approved as to form and execution:

Office of the City Attorney      Date

**Milwaukee ERS Disability Retirement Claims Management Services Effective September 1, 2022**

**APPENDIX B: COST PROPOSAL – FEES WORKSHEET**

<b>MONTHLY ADMINISTRATIVE FEE</b>	Not Applicable
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<b>FIXED COST PER CLAIM</b>		
<b>DISABILITY CLAIM TYPE</b>	<b>ESTIMATED CLAIM</b>	<b>PER CLAIM RATE</b>
<b>Monthly Administrative Fee</b>	Not Applicable	Not Applicable
<b>New Claims<sup>1</sup></b>	Average 30	\$690.00 per claim
<b>Periodic Claim Review<sup>1</sup></b>	Average 136	\$690.00 per claim
<b>Appeal Claim Review<sup>1</sup></b>	Not Applicable	\$690.00 per claim
<b>Medical Assessments<sup>234</sup></b>		
Orthopedic	\$1,750.00 – \$1,950.00 per exam	
Psychiatry	\$1,850.00 – \$2,075.00 per exam	
Neurology	\$1,750.00 – \$1,950.00 per exam	
Internal Medicine	\$1,650.00 – \$1,850.00 per exam	
Occupational Medicine	\$1,750.00 – \$1,950.00 per exam	
All other Specialties	Quoted at time of scheduling	
No Shows and Late Cancellation Fees	Quoted at Time Scheduling	
Functional Capacity Evaluation (FCE)	\$1,250.00 per exam	
<b>IMPLEMENTATION COSTS</b>		<b>RATE</b>
New Program Implementation <ul style="list-style-type: none"> <li>• Program Start-up</li> <li>• Workflow Development</li> <li>• Program Policy Consultation</li> </ul>		\$WAIVED
Customized Web Portal		\$WAIVED
<b>PROFESSIONAL TESTIMONY</b>		<b>PER HOUR</b>
Testimony – Physician Medical Consultant or Medical Director		\$445.00 per hour

<sup>1</sup> The stated Per Claim Rate includes claim files up to 300 pages in length. An additional fee of \$75.00 will be charged for each increment of up to 100 pages in excess of 300 pages. This pricing is based on the sample Medical Record Summary Report provided herein as Exhibit 4 – Sample Summary Report.

<sup>2</sup> Only used if applicable to the circumstances of the claim.

<sup>3</sup> IME/IPE Costs listed in this proposal include medical record review, up to 150 pages. Medical record review in excess of 150 pages are subject to additional costs which will be provided to CMERS at time of scheduling.

<sup>4</sup> There will be IME Addendum Report charges for additional medical records requested to be reviewed after the IME report or for additional questions posed after the IME/IPE report has been finalized.



**City of Milwaukee**  
Employees' Retirement System

**Bernard J. Allen**  
Executive Director

**David M. Silber, CFA, CAIA**  
Chief Investment Officer

**Melody Johnson**  
Deputy Director

April 13, 2022

Members of the Administration & Operations Committee  
Annuity and Pension Board  
789 North Water Street, Suite 300  
Milwaukee WI 53202

Dear Committee Members:

Re: Draft ERS 2023 City Budget Request

The ERS is required to submit the 2023 budget request to the City by May 10, 2022. We have completed estimating these needs for 2023 and have drafted details for your consideration.

This budget request was developed by reviewing the 2021 actual experience and the 2022 adopted budget and adjusting for anticipated changes in activity. Salaries were estimated using current and potential rates of pay, including several positions that we have requested pay range reclassifications.

Major approximate changes we anticipate in the O&M Budget in 2023 compared to 2022 can be summarized as follows:

- Increase of \$389,251 for Salaries
- Increase of \$218,930 for Fringe Benefits
- Decrease of \$2,000 for General Office Expenses
- Increase of \$23,000 for Facility Rent & Property Services
- Decrease of 3,000 for Non-vehicle Equipment Rental
- Decrease of \$114,000 for Professional Services
- Increase of \$99,000 for Information Technology Services
- Increase of \$329,000 for Other Operating Services
- Increase of \$1,438,000 for Equipment

Enclosed for your input and approval is a draft of the 2023 budget request for the Employees' Retirement System. We have also enclosed, for your information, a schedule showing the amounts we recommend as requested by the City for non-Trust activity.

Sincerely,

Daniel Gopalan, CPA  
ERS Chief Financial Officer

**Employees' Retirement System - City of Milwaukee**

**Summary of 2023 Draft Budget Request as compared to 2022 Adopted Budget and 2021 Actual Expenditures**

2021 Actuals			2022 Adopted Budget	2023 Requested Draft	Variance with Current Authority	Primary Details Resulting in Variance to the 2020 Adopted Budget
\$	3,415,177	Total Salaries	\$ 3,598,228	\$ 3,987,479	\$ 389,251	The increase is due to new positions and projected raises after DER
	1,395,387	Fringe Benefits (Budget Rate)	1,655,185	1,874,115	218,930	This line item is dependent on the Salaries Expense. The Budgeted Fringe rate is calculated by the Comptroller's Office.
		<b>Operating Expenditures</b>				
	186,824	General Office Expense	213,000	211,000	(2,000)	Decreased in postage and mailings to members
	1,979	Other Operating Supplies	5,000	5,000	-	
	533,753	Facility Rent & Property Services	612,000	635,000	23,000	Increase projected due to new lease for 789 Building
	19,770	Non-vehicle Equipment Rental	28,000	25,000	(3,000)	Decreased to reflect increase of copier usage and maintenance fees
	8,929,249	Professional Services	12,234,000	12,120,000	(114,000)	Reduction in projected legal fees and lower RE investment consulting fees.
	778,736	Information Technology Services	1,432,000	1,531,000	99,000	Increase is attributable to IT infrastructure maintenance and software renewal cycle.
	637,670	Other Operating Services	1,034,400	1,363,400	329,000	Increase in training costs, and increase related to cyber insurance
\$	11,087,981	<b>Total Operating Expenditures</b>	\$ 15,558,400	\$ 15,890,400	\$ 792,300	
		<b>Equipment Purchases</b>				
	379,683	Equipment	598,000	2,036,000	1,438,000	IT infrastructure upgrades and Filenet upgrade
\$	379,683	<b>Total Equipment Purchases</b>	\$ 598,000	\$ 2,036,000	\$ 1,438,000	
\$	16,278,228	<b>Total Regular O&amp;M</b>	\$ 21,409,813	\$ 23,787,994	\$ 2,378,181	
<b>\$</b>	<b>16,278,228</b>	<b>Total All ERS</b>	<b>\$ 21,409,813</b>	<b>\$ 23,787,994</b>	<b>\$ 2,378,181</b>	

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**Employees' Retirement System**  
**Analysis of 2023 Operating Expenditure and Equipment Draft Budget Request as compared to 2022 Authority and 2021 Actual Expenditures**

2021 Actuals		2021 Adopted Budget	2022 Adopted Budget	2023 Draft Request	Variance with Current Authority	Primary Details Resulting in Variance to the 2022 Adopted Budget
<b>General Office Expense</b>						
149,447	Postage & Mailing	145,000	168,000	165,000	(3,000)	Reduced due to prior years utilization trend
14,656	Subscriptions, Publications	15,000	15,000	16,000	1,000	Slight increase based upon 2021 costs
14,137	Supplies-Forms	15,000	15,000	15,000	-	
8,584	Supplies-Office	20,000	15,000	15,000	-	
<b>186,824</b>	<b>Total General Office Expense</b>	<b>195,000</b>	<b>213,000</b>	<b>211,000</b>	<b>(2,000)</b>	
<b>Other Operating Supplies</b>						
1,979	Computer Parts	5,000	5,000	5,000	-	
<b>1,979</b>	<b>Total Other Operating Supplies</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>	
<b>Facility Rent &amp; Property Services</b>						
393,600	Office Space	465,000	424,000	450,000	26,000	789 Lease is up in 2023
87,431	Telephone	128,000	123,000	120,000	(3,000)	Reduced due to prior years utilization trend
35,946	Electricity	33,000	32,000	32,000	-	
11,344	Property & Liability Insurance	15,000	15,000	15,000	-	
5,431	Building Machinery Maintenance	17,000	18,000	18,000	-	
<b>533,753</b>	<b>Total Facility Rental &amp; Property Serv</b>	<b>658,000</b>	<b>612,000</b>	<b>635,000</b>	<b>23,000</b>	
<b>Non-vehicle Equipment Rental</b>						
19,770	Copier-Lease & Repair	26,000	28,000	25,000	(3,000)	New vendor, expect costs to be reduced
<b>19,770</b>	<b>Total Non-vehicle Equipment Rental</b>	<b>26,000</b>	<b>28,000</b>	<b>25,000</b>	<b>(3,000)</b>	
<b>Professional Services</b>						
168,769	Actuary Services	125,000	125,000	125,000	-	
556,833	Asset Management	514,000	514,000	484,000	(30,000)	Reduced due to prior years utilization trend
199,668	Audit	250,000	250,000	250,000	-	
300,000	Custody	300,000	300,000	300,000	-	
12,796	Memberships	18,000	18,000	15,000	(3,000)	Reduced due to prior years utilization trend
88,804	City Attorney	270,000	200,000	200,000	-	
7,190,448	Investment Manager Fees	8,680,000	10,000,000	10,033,000	33,000	Investment assets are larger, this will increase manager fees
28,206	Legal Services	240,000	200,000	115,000	(85,000)	Reduced due to prior years utilization trend
97,923	Medical-Council	130,000	145,000	145,000	-	
141,832	Medical-Exams And Reviews	310,000	310,000	275,000	(35,000)	Reduced due to prior years utilization trend
26,471	Other Professional Services	64,000	50,000	50,000	-	
117,500	Reporting Services	120,000	122,000	128,000	6,000	Small increase due to higher costs for reporting tools
<b>8,929,249</b>	<b>Total Professional Services</b>	<b>11,021,000</b>	<b>12,234,000</b>	<b>12,120,000</b>	<b>(114,000)</b>	
<b>Information Technology Services</b>						
705,790	Systems Support	1,229,000	1,048,000	1,140,000	92,000	Increase due to Filenet upgrade
64,451	Software Upgrades & Maintenance	342,000	233,000	274,000	41,000	Increase due to Software subscription renewals
8,494	Hardware Upgrades & Maintenance	135,000	151,000	117,000	(34,000)	Decrease due to Infrastructure maint. & where we are in the replacement cycle
<b>778,736</b>	<b>Total Information Technology Services</b>	<b>1,706,000</b>	<b>1,432,000</b>	<b>1,531,000</b>	<b>99,000</b>	
<b>Other Operating Services</b>						
262	Meeting Expenses	2,000	2,000	2,000	-	
5,427	Board Training	30,000	30,000	50,000	20,000	Expect more in-person training for 2023

# Employees' Retirement System

## Analysis of 2023 Operating Expenditure and Equipment Draft Budget Request as compared to 2022 Authority and 2021 Actual Expenditures

2021 Actuals		2021 Adopted Budget	2022 Adopted Budget	2023 Draft Request	Variance with Current Authority	Primary Details Resulting in Variance to the 2022 Adopted Budget
-	Due Diligence	20,000	20,000	20,000	-	
276	Office Repairs	5,000	5,000	5,000	-	
454,548	Fiduciary Insurance	780,000	700,000	955,000	255,000	This line item includes deductible of \$500k
7,583	Printing Services (MPR)	18,000	18,000	18,000	-	
69	Pool Autos	400	400	400	-	
21,806	Miscellaneous Services	28,700	29,000	29,000	-	
1,897	Staff Training	59,000	50,000	90,000	40,000	Expect more in-person training for 2023
28,802	Temporary Services	100,000	60,000	60,000	-	
117,000	Indirect Cost	112,000	120,000	134,000	14,000	This line item is based upon Salaries amount
<b>637,670</b>	<b>Total Other Operating Services</b>	<b>1,155,100</b>	<b>1,034,400</b>	<b>1,363,400</b>	<b>329,000</b>	
	<b>Equipment</b>					
379,683	Equipment	875,000	598,000	2,036,000	1,438,000	Filenet upgrade
<b>379,683</b>	<b>Total Equipment</b>	<b>875,000</b>	<b>598,000</b>	<b>2,036,000</b>	<b>1,438,000</b>	
<b>11,467,664</b>	<b>Grand Total</b>	<b>15,641,100</b>	<b>16,156,400</b>	<b>17,926,400</b>	<b>1,770,000</b>	



**Employees' Retirement System - City of Milwaukee**  
**2023 Non-Trust Recommendations for City Budget**

2021 Actuals			2021 Adopted Budget	2022 Adopted Budget	2023 Budget Request	Recommendation Over (Under) Current Authority
Non Trust Line Items Estimated by ERS						
\$	58,006	PABF Payroll	\$ 83,250.00	\$ 78,000.00	\$ 49,000.00	\$ (29,000.00)
	10,000	PABF Lump-Sum Supplement Contribution	10,000	10,000	10,000	\$ -
	71,000,000	Employers' Retirement Fund - Employer's Pension Contribution*	71,000,000	71,000,000	-	\$ (71,000,000.00) *
	4,507,962	Group Life Insurance Premium	4,560,000	4,560,000	4,742,400	\$ 182,400.00 #
	24,543	Retirees' Benefit Adjustment Fund	40,000	32,000	25,000	\$ (7,000.00)
<b>Total Non ERS Estimates</b>			<b>\$ 75,693,250</b>	<b>\$ 75,680,000</b>	<b>\$ 4,826,400</b>	<b>\$ (70,853,600)</b>

\* Pending Actuarial Valuation

# Upcoming RFP for Group Life in May 2022 will determine 2023 rates