



AGENDA STAFF REPORT

Control: 26001214

MEETING DATE: 05/05/2026

LEGAL ENTITY TAKING ACTION: Board of Supervisors

BOARD OF SUPERVISORS DISTRICT(S): All Districts

SUBMITTING AGENCY/DEPARTMENT: County Executive Office

DEPARTMENT CONTACT PERSON(S): Kim Derrick, 714-834-2564
Lauren Pierson, 714-834-5376

SUBJECT: Renewal of Contract for Administration of Health Management Program with WebMD

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Concur	Approve agreement to form	DISCUSSION
		3 Votes Board Majority

Budgeted: N/A	Current Year Cost: N/A	Annual Cost: FY 2026-27
		\$266,401
		FY 2027-28 \$1,448,647
		FY 2028-29 \$1,520,509
		FY 2029-30 \$1,232,026

Staffing Impact: No

Current Fiscal Year Revenue: N/A

Funding Source: ISF 29W: 100%

Sole Source: No

County Audit in Last 3 years: No

Levine Act Review

Completed? Yes

Prior Board Action: 3/11/2025 #29, 12/14/2021 #38

RECOMMENDED ACTION(S):

Authorize the Chief Human Resources Officer or designee to execute Amendment Number Two to the Contract with WebMD Health Services Group, Inc. for the administration of the Health Management Program for the County of Orange employees, effective May 1, 2026, through April 30, 2030, for an estimated total of \$4,467,583 for a revised cumulative estimated contract amount of \$12,753,480.

SUMMARY:

Approval of Amendment Number Two will allow the County to continue to provide administration of the Health Management Program for the County of Orange employees, as required under the various Memorandums of Understanding.

BACKGROUND INFORMATION:

Since 2014, as established through negotiated Memoranda of Understanding (MOUs), the County’s Your Pathway to Wellness program has supported employee health through a five percent premium reduction, referred to as the Wellness Credit.

The program consistently achieves over 80 percent participation and has evolved into a flexible, year-round model addressing physical, emotional, financial, and social wellbeing.

The program has contributed to moderating health plan costs and improving employee health outcomes. From 2023 to 2025, participants experienced measurable reductions in key risk factors, including decreases in depression and stress, along with improved compliance with preventive care.

WebMD Health Services Group, Inc. (WebMD) also provides three dedicated onsite staff members who lead education, wellness activities, and program coordination across County departments, further driving engagement and access. These positions, along with WebMD’s services, have become an integral part of our employee wellness strategy, fostering an environment that encourages healthier lifestyles and supports the overall well-being of our workforce.

Rationale to Extend Contract for Three Years

Extending the current contract provides both immediate and long-term financial advantages while maintaining continuity of the County’s Your Pathways to Wellness program.

To demonstrate their shared commitment to a wellbeing strategy that supports the County’s physical, emotional, financial and social wellbeing, WebMD’s proposal includes a one-time \$75,000 Contract Credit that will provide additional flexibility to offset budget pressures and meaningful fee reductions across core services. The following proposed fee reductions would take effect May 1, 2026, which is the final year of the current contract, and stay in effect through April 30, 2030.

Service	Current Fee Per employee per month	Proposed Fee Per employee per month
WebMD ONE Platform	\$1.0000	\$0.8500
Custom Communication Support	\$0.5833	\$0.5000
Enrich Financial Wellness Platform	\$0.2222	\$0.1750
meQuilibrium Emotional Wellness Platform	\$0.6040	\$0.5250
Service	Current Fee Per participant	Proposed Fee Per participant
Lifestyle Health Coaching – Moderate Risk	\$185.00	\$175.00
Lifestyle Health Coaching – Low Risk	\$185.00	\$125.00
Positively Me – Weight Management Program	\$335.00	\$295.00
Service	Current Fee Monthly	Proposed Fee Monthly
Group Coaching Classes	\$3,000.00	Waived
Service	Current Fee Annually	Proposed Fee Annually
Dedicate Wellbeing Services – Onsite staffing positions	\$440,000.00	\$432,500.00
Service	Current Fee Per item	Proposed Fee Per item
Wellness Challenge	\$41,350.00	\$32,500.00
Newsletter	\$5,000.00	\$4,000.00

These reductions represent a 15 percent reduction over the extended three-year contract term and will offer an annual savings to the final year of the current contract term.

Current Contract Estimated Savings \$150,000

Contract Extension Estimated Savings	\$350,000
Contract Credit	<u>\$ 75,000</u>
Total Savings	\$675,000

Finally, by extending the Contract, the County defers an estimated \$125,000 in costs that would be incurred this fiscal year and are associated with a competitive request for proposals process and potential vendor transition, including consulting and implementation expenses. These expenses would be deferred to fiscal year 2029-30.

Extending the Contract will allow for uninterrupted delivery of wellness services, avoiding disruption to employees while continuing to build on existing engagement and program success. Given the County’s current fiscal landscape, this extension represents a cost-effective, low-risk strategy that reduces expenses, avoids additional administrative costs, and preserves a well-established wellness program.

Human Resource Services (HRS) is satisfied with WebMD’s performance under the current contract, which has provided valuable programs and resources to support the County employees’ wellbeing. Throughout the four-year term of the current contract, WebMD has achieved 95.45 percent or higher of their Performance Guarantees. WebMD will continue to offer 14.1 percent in fees at risk for core services and 9.7 percent of fees at risk for health coaching services plus additional 10.8 percent at risk for onsite biometric screening services based on service metrics as it relates to start times, adequate event supplies, staffing, client satisfaction, event cancellations, equipment quality assurance, and reporting.

CONTRACT AND PRIOR BOARD ACTIONS:

On December 14, 2021, the Board approved execution of the Contract with WebMD for the administration of a Health Management Program effective May 1, 2022, through April 30, 2025, renewable for two additional one-year periods per Board policy.

On March 11, 2025, the Board approved Amendment One to the Contract with WebMD for the administration of a Health Management Program to extend the term of the Contract through April 30, 2027.

The Orange County Preference Policy is not applicable to this contract renewal.

This contract includes subcontractors. See Attachment B for information regarding subcontractors and the Contract Summary Form. The Contractor’s performance has been confirmed as satisfactory. HRS has verified there are no concerns that must be addressed with respect to Contractor’s ownership/name, litigation status or conflicts with County interests.

Prior to contract/agreement expiration, the department plans to issue a solicitation to continue services.

An analysis was completed to verify the contract provides County with persons specially trained, experienced, expert and competent to perform the special services in accordance with the law.

As such, HRS requests approval of the contract before your Board today to continue the administration of the Health Management Program for the County of Orange employees.

FINANCIAL IMPACT:

Appropriations for this Contract will be included in Fund 29W FY 2026-27 Budget and will be included in the budgeting process for future years.

The total cost for the three-year amendment is estimated at \$4,467,583. The actual cost will vary based on employees participating in the Wellness Credit Program and the various other Your Pathway to Wellness programs. The three-year extension will deliver approximately \$675,000 in total savings, a 15 percent reduction over the current contract.

The proposed Contract includes provisions that the Contract is contingent upon the availability of funds in the budget approved by the Board for each fiscal year the Contract remains in effect or operation. In the event such funding is terminated or reduced, the County may terminate the Contract, reduce the County's maximum obligation, or modify the Contract, without penalty.

STAFFING IMPACT:

N/A

REVIEWING AGENCIES/DEPARTMENTS:

N/A

ATTACHMENTS:

Attachment A – Amendment Number Two to Contract with WebMD

Attachment B - Contract Summary Form

Attachment C - WebMD Performance Guarantee Summary