

TECHNICAL PROPOSAL

New York State Department of
Civil Service

RFP #2008BMC

Actuarial and Benefits
Management Consulting
Services

January 14, 2009

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4.03.1 Organizational Overview

The State of New York is seeking comprehensive benefit management consulting services from an experienced firm to work with responsible parties at the State Department of Civil Service (DCS) in support of the New York State Health Insurance Plan (NYSHIP or Plan). The Segal Company is pleased to submit our proposal in response to the State's Request for Proposal.

Segal brings to this engagement a proven record of experience, along with a tradition of hard work and innovation in helping Public Sector clients manage their health benefits programs. We are familiar with the matters affecting the Plan faced by the State of New York and how those matters relate to budget, administrative and employee relations issues.

Our consulting approach emphasizes constructive dialogue with our clients to arrive at sensible, sustainable, long-term solutions. We want our clients to be comfortable with their decisions. This "comfort factor" extends through all elements of the relationship.

At Segal, we recognize that there are budgetary concerns surrounding benefit plan coverages. We believe that these demands must be met with a clear understanding of the forces at work, with the appropriate objectivity to take a fresh look, and with a mind that is open to change as new ideas are put forth.

Segal will bring added value to a relationship with the State of New York. Our differentiating characteristics include:

- **Stability and Independence:** Founded in 1939, we have extensive experience in providing consulting and actuarial services to public employee benefit programs. Our company is employee owned and independent of any financial, insurance or investment entity. Our only business is providing objective advice to benefits plans.
- **Top Talent:** We will assign an experienced team of Public Sector consultants, headed by a senior officer of the company who has worked on similar consulting relationships with other governmental employers. In addition to the resources of our National Health Practice, our core health consulting team is supported by top specialists in various aspects of employee benefits such as collective bargaining, communications, compliance and administration and technology consulting disciplines. They help build and maintain the systems and techniques used by the core team and will be available for projects originated by the State.
- **Consulting Approach:** We listen. While our team of consultants draws upon years of experience, our focus is on the particular environment in which our client operates. We work closely with our clients to develop strategic solutions to current challenges and to identify future directions.

- **Commitment to Quality and Service:** We maintain a process of full peer review of consulting advice and recommendations. We also follow a quality service protocol, involving our senior officers in discussing service directly with our clients to learn how well we are doing and to identify any areas for continued improvement in our client relationships. Our internal quality control standards require a three-stage production and review process of actuarial work.
- **Commitment to the Public Sector:** We are committed to working in the Public Sector and have dedicated resources specifically for this market.
- **Clear Communication:** To Segal, consulting is a partnership, not telling clients what they ought to do. Further, we recognize that large public benefit programs have the attention of a wide range of people with a diversity of interests. We acknowledge our duty to inform all of these parties fully and fairly, to the extent they have rights to be involved. Knowing that many in this audience are not benefits or human resources experts, we construct our written and oral reports in “plain” language that can be readily understood by our audience.
- **Sensitivity to Collective Bargaining:** At Segal, we understand that employee benefits in the public sector are subject to collective bargaining. We are both expert in and sensitive to this dynamic, thus increasing the likelihood of successful solutions.
- **Leaders in the Public Community:** Our professionals are frequent speakers, authors and advisors to organizations such as the State and Local Government Benefits Association, the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems and the International Foundation of Employee Benefits Plans.
- **Exploring the Cutting-Edge:** Plan sponsors today are facing a number of challenges in continuing to provide meaningful economic security to participants within a budget. Rapidly rising prescription drug costs, participant concern about the quality and cost of medical care, mandated benefits and procedures from both federal and state legislative bodies, and administering benefit programs effectively in an age where everything is becoming available through the internet are just a few examples. We strive to bring new ideas and concepts to our clients' attention in a way that they can be integrated into the organizational fabric. We will help the State of New York consider how each new concept might be of value if implemented.

Thank you for this opportunity. We look forward to discussing any aspect of this proposal in greater detail and to the prospect of developing a long term working partnership with the State of New York.

Further, we have directly responded to the specific questions cited in Section 4.031 of the specifications as follows:

(1) Contact Information

Segal's New York City office, our national headquarters, at One Park Avenue, New York, NY 10016 will be responsible for managing this contract and completing the services requested. The Client Relationship Manager (CRM) will be Dean Hatfield, Senior Vice President, and he can be reached at 212-251-5409 or dhatfield@segalco.com.

(2) Understanding of the State's Needs

As noted in this proposal, Segal has extensive experience helping large governments address the various issues associated with designing, financing and operating health benefits plans. The State's needs are well summarized in its RFP and fall into the following broad categories:

- (A) **Designing:** We understand that plan terms, operations and contribution requirements are subject to collective bargaining. As the majority of our clients bargain with their employees over benefits and many maintain joint labor-management committees with various levels of authority, we know how to analyze and present information that allows responsible parties to understand the difference between positive sum alternatives and zero sum alternatives. While providing meaningful economic security for the perils of ill health is a costly and complex proposition, we are expert in presenting design alternatives that bargaining parties can understand and discuss to optimize alternatives.
- (B) **Financing:** Many of the analytical tools employed in measuring a health plan's efficiency, including the disciplined process of competitive bidding, were first developed by the Segal Company. We have discussed those tools in the body of this proposal. It is critical that the State properly monitor all elements of NYSHIP's financial experience and that DCS be firm but fair in reviewing all aspects emerging financial experience. We regularly help our clients in exactly such efforts by providing them with the assurance that all financial terms are properly employed for the desired risk arrangement and assessed at competitive levels.
- (C) **Operating:** Similarly, Segal has been an industry innovator in developing tools for monitoring hospital, medical and other networks and measuring how networks affect both unit and total claims costs. In addition, our Total Health Management approach to reviewing health care costs, which is based on a data driven review of utilization to show clients exactly where the cost drivers lie and what may be done to accomplish improvements, demonstrates how we understand the most effective way to drive operational changes in such areas as network size, care management and participant education and customer service. We feel that the State of New York will see meaningful improvements in NYSHIP's efficiency if we are engaged.

(3) Business History and Mission Statement

Segal was founded in October 1939 in New York City as the Martin E. Segal Company. The firm's first services focused on consulting for group health insurance. During World War II, wages were frozen, but employers were allowed to offer new benefits or to expand existing benefits to attract and retain valuable employees, especially in industries that supported the war effort. By the war's end in 1945, increased percentages of workers covered by retirement plans prompted Segal to develop an expertise in this area of consulting.

Soon after the war, Segal began offering retirement plan consulting, including actuarial services. By the early 1950s, our leadership in retirement consulting services for collectively bargained plans brought us national recognition when our firm was asked to help set up the first multiemployer pension plan under the Taft-Hartley Act. That allowed us to develop our unique expertise in working with retirement and health plans covering many employers. We currently work with more multiemployer and multiple employer benefit plans than any other benefits consulting firm by far and are aware of the special funding and operational challenges faced by such plans.

During the 1950's, Segal also started gaining experience in the Public Sector as we were engaged by various states and then numerous local governments. We have since defined the three markets we serve with teams of professionals dedicated to each who regularly interact with each other to share the unique challenges and opportunities faced by clients in each market.

Today, Segal currently has about 2,400 clients in all three markets. About 400 of these are in the Public Sector. About half of our clients among the three markets we serve engage us to perform services similar to those described in this proposal.

Segal offers a uniquely comprehensive competency in all aspects of employment-related consulting with the focus and objectivity only possible from an independent, employee-owned organization. Unlike other firms, who may be subsidiaries of accounting firms, insurance brokerages, or banking institutions, our independence ensures our focus on customized solutions utilizing our human resources and employee benefits expertise. Segal made a calculated decision not to develop administrative outsourcing services, enabling our consulting to remain entirely unbiased and highly strategic. We help our clients make informed, rational decisions about the best way to use and balance internal versus external technology and administrative capabilities and services, and can assist in choosing the right level of benefit outsourcing and the best outsourcing partners for our clients, as appropriate.

Segal's compensation is typically based on time charges, not commissions. When we do accept commissions, it is in conjunction with a consulting contract outlining services and costs and the commissions are typically an offset to fees negotiated with the client. We accept no contingency income, non-5500 revenue or other "hidden" revenue. Segal maintains strict internal rules against accepting gifts from service providers.

(4) References

Segal has had a national team of professionals dedicated to addressing the needs of Public Sector entities for many years. In addition, our matrix organization supports those professionals with the best practices performed for all clients in all three of the markets we serve. As we note in the detailed description of the proposed services, this unique structure has allowed us to capitalize on the many innovations we have developed in performing vendor searches and evaluations, measuring the cost efficiency of the services performed by our clients' providers and helping clients see that the real economic security needs of their participants are being addressed through the Total Health Management process. We encourage you to contact the references we have included in the response 4.03.3 to review how we have helped them address issues similar to the needs expressed by the State in its RFP.

(5) Summary of Segal Services

Segal, a firm of employee benefits, compensation and human resources consultants and actuaries, has consulted since 1939 on the total rewards provided to public sector employees. We serve the needs of over 400 public sector clients, including:

- State and local governments
- Statewide employee retirement systems and health benefit plans
- Public schools and higher education institutions
- Federal government agencies and other public organizations and entities
- Special districts: transit, utilities, water, toll and port authorities

Our consultants and actuaries have broad experience and extensive knowledge of employee benefits. Many of our professionals have one or more professional certifications and advanced degrees. Our professional staff includes Fellows and Associates of the Society of Actuaries, Members of the American Academy of Actuaries, Fellows, and Members of the Conference of Consulting Actuaries, Enrolled Actuaries, Chartered Financial Analysts and Certified Employee Benefits Specialists.

Our underwriters and actuaries have extensive experience with all types of funding. Whether it be self insuring, health insurance or prescription drug plans through ASO, TPA, or PBM service providers we have the expertise, analytical tools, and actuarial models to assure that our clients are getting "best in class" financial terms and contractual terms. We also have extensive experience in self-funding dental, disability and for jumbo employers crafting cost plus life insurance arrangements. We bring our expertise to bear for our clients by preparing rate and budget projections independent of insurers and administrators. We also prepare our own independent rate calculations rather than relying upon the manual calculations of the insurers and administrators.

Our comprehensive array of results-driven consulting and actuarial services includes strategic planning and program designs that align benefits with staffing needs.

Health and Welfare Plan Consulting

- Medical, dental, disability, prescription drug and vision benefits plan design
- Retiree health plan liability assessments
- Cost management strategies
- Financial forecasting and trend analysis
- Plan trend and industry benchmarking
- Plan administration and compliance strategies
- Vendor selection, contracting and management services
- Quality performance standards - Claims Audit Consulting
- Medical, dental, disability, vision and prescription drug claims administration and transaction processes analysis
- Plan provisions and timeliness of claims adjudication compliance review
- Insurance carriers, third party administrators and self-administered plans review

Communications Consulting

- Communications assessments, employee research and strategic planning
- Organizational change communications
- Compensation and performance management communications
- Personalized communications and benefit statements
- Web site content development and design

Administrative and Technology Consulting

- Strategic initiatives and business objectives review
- Administrative processes, organizational structure and operational technology assessment
- Administrative alternatives feasibility studies
- Process re-engineering
- Technology assessment, acquisition and implementation

Laws and Regulations

Segal's Compliance Practice is available to help clients and their attorneys with current and pending federal, state, and local laws and regulations affecting employee benefit plans. Segal's seminars, workshops, and publications devoted to public sector concerns focus on current and emerging issues and legislation that may affect your organization. Since the nature of this assignment is to help establish a governance structure, there will be a significant involvement of our Compliance Practice

Experience with Plans Subject to Collective Bargaining

The Segal Company employs more actuaries who provide services to collectively bargained plans than any other firm. Our long history of working with multiemployer plans in every industry has given us a level of experience that is unparalleled. Currently, we provide actuarial and consulting services to approximately 1,500 collectively bargained pension and welfare plans nationwide.

Actuarial Technology

We constantly upgrade and enhance our software to keep up with legislative, regulatory, economic, and technological changes.

Segal's health care consultants utilize several analytical tools to measure, monitor, and predict the costs of health and welfare benefit programs. We customize our vast array of technical resources for your specific needs, ensuring that we provide the high level of quality consulting that our clients expect. Segal is on the cutting edge of health care industry trends and relevant legislation, and we update and revise our tools as needed to provide maximum value to our clients. Among the tools are the following resources:

APEX	Health plan underwriting	<ul style="list-style-type: none">• Software application designed to calculate manual medical plan premium rates and to estimate relative values of plan design changes• Reflects client's benefit plan design, geography, and industry• Underlying data and assumptions are updated frequently
CCA	Claims Cost Application tool for measuring costs of retiree health plans	<ul style="list-style-type: none">• Software application developed as a tool for computing baseline health care plan starting costs for valuations of retiree health plans under FAS 106• Reflects client's own population, claim experience, and plan administration expenses
First Data Bank	National drug data file	<ul style="list-style-type: none">• Drug product descriptive information (e.g., NDC elements, generic classification indicator and packaging examples)• Pricing (such as AWP and direct pricing)• HCFA drug product information• Clinical data (such as drug interactions and precautions)
IBNR Model	Model for developing reserves for claims incurred but not reported	<ul style="list-style-type: none">• Spreadsheet template used to develop IBNR reserves• Uses triangulated monthly claims data regarding incurred and paid months

Ingenix Physician Health Charge System	Health care analysis system	<ul style="list-style-type: none"> • Prevailing Healthcare Charges System containing provider charges for private sector health care services • Data are collected from over 150 major contributors, including commercial insurance companies, BCBS plans, TPAs, and self-insured plans • Database is used to price procedures in given areas, evaluate managed care discounts, and support measurement of plan design pricing alternatives
Ingenix Medical and Rx Claims Database	Health care database	<ul style="list-style-type: none"> • Extract of Ingenix de-identified Employer Group book of business data, which consist of eligibility, medical claims, prescription drug claims and inpatient claims for approximately 2.4 million covered lives • Database is used to support normative comparisons of cost and utilization data
Medical Claim Audit Tool	Tool to process detailed claimant data to support Segal claims audit practice	<ul style="list-style-type: none"> • Develops a random sample of claimant records based on various criteria • Assists in validating claims adjudication process and other contractual terms of a benefits plan
PDPA	Prescription Drug Program Analysis tool	<ul style="list-style-type: none"> • Software application designed to perform prescription drug program vendor review of financial performance, contract terms and claims adjudication of plan provisions • Database consists of centrally located detailed claimant data for all clients
Proposal Tech	Electronic RFP tool	<ul style="list-style-type: none"> • Software to automate the health RFP bidding and analyses processes that are performed on behalf of a health benefits program • System has the capability to attach necessary data required by a third party administrator, insurance carrier, or vendor in order to calculate and provide competitive quotations
Rx Omni Pricer	Prescription drug cost underwriting tool	<ul style="list-style-type: none"> • Application used for developing prescription drug premium rates • Uses plan design information and summary level claims data
Quarterly Reporting	Reporting Module	<ul style="list-style-type: none"> • Reporting tool that evaluates cost relative to budget, key utilization statistics and projects costs for the coming year

We note below two areas where our firm has committed significant resources, the cost of which is typically included in our regular time charge rates to be accessed by our clients as they see fit. We have made these commitments because we have found they are necessary for our clients to accomplish their core objective of always providing the highest level of value to the people to whom they are accountable. The prior response discusses our core competencies and we will be pleased to discuss how we might be of service to the Consortium in any of these areas. However, we have made the investment of providing support to our clients in these two areas.

Access to Legal Resources

While not engaged in the practice of law, Segal takes a proactive role in keeping clients informed on federal legislative, judicial, and regulatory changes and issues that may impact benefit plans. We actively bring issues to our clients before the opportunity for change has passed. Our involvement at the highest levels of the legislative and regulatory process allows us to identify emerging issues to our clients when there is still time to influence the outcome.

We help our clients identify legislative developments and compliance issues and monitor pertinent federal and state legal and regulatory developments through daily review of specialized trade publications such as the BNA Daily Tax Report and Health Care Daily and weekly Pension and Benefits Reporter, Tax Notes Today, and Inside HCFA. In addition, we monitor the release of pertinent government material, and have prompt access to all official documents such as proposed and final regulations, Revenue Rulings, and bills introduced or acted on in Congress. Our research staff in the Washington, DC office includes a number of key members of our National Staff who monitor and report on developments in the employee benefits field.

Information is gathered and reported to our clients in various formats, depending on the context of the information. These formats include contacting clients directly, Segal-hosted educational seminars and workshops, and several regular Segal publications.

Important and breaking issues are made known to our clients through special issues of Segal's Bulletin. The Bulletin provides a concise description of the legislative or regulatory matter with a discussion of the possible implications for public sector plans. A more comprehensive treatment of the issues is provided through our Public Sector Letter, which presents in mini-white paper format, a thorough discussion of significant issues for governmental plans. Each issue of our In Depth publication provides highly focused analysis on a particular benefit issue.

When late-breaking developments can potentially affect a client, the consultants involved alert the client by telephone, letter or both. Consultants notify their clients as to the relevance and possible impact of a new statute, regulation or judicial decision on a client's plan(s) and discuss possible design opportunities. However, because Segal does not practice law, if a legal issue arises, clients are advised to supplement the information and observations that we offer by looking to their attorneys for authoritative legal advice. In addition, clients are encouraged to contact Segal staff members who are familiar with their work whenever a question arises about an issue that can affect their plan.

For example, Segal compliance specialists, under the direction of Kathy Bakich, JD, will be available to work with the State of New York on compliance related topics such as HIPAA and Medicare Part D.

Access to Client Training Resources

Segal's leadership role in national public sector organizations is widely recognized. Our professionals are frequent speakers, authors and advisors to organizations such as the State and Local Government Benefits Association, National Association of State Retirement Administrators, National Council on Teacher Retirement, Government Finance Officers Association, National Association of Government Defined Contribution Administrators, International Foundation of Employee Benefit Plans, College and University Professionals Association – Human Resources, International Personnel Management Association – Human Resources, and WorldatWork. Seeing a need for a state and local government health benefits organization, Segal was instrumental in the founding of the State and Local Government Benefits Association (SALGBA). Today, nearly 15 years after our initial sponsorship and organization of its first two conferences, SALGBA is a thriving organization devoted to the special issues and challenges confronting public-sector health benefit plans.

(6) Services to Facilitate Prompt and Smooth Transition

Segal is experienced in commencing consulting relationships with large, complex clients who are simultaneously involved in multiple activities involving many people at carriers, other consulting firms (often multiple firms) and, of course, at the client itself in many departments and agencies. We typically commence a relationship with a large complex client with a transition meeting with client leadership to prioritize needs and chronicle pending work and the location of various forms of data. Following the establishment of priorities for pending and immediate projects and documenting the location and format of needed data, Segal will assign a senior consultant the responsibility of establishing clear responsibilities and tracking progress. We expect this to be a dynamic activity and have experience in working cooperatively with carriers and other consultants to see that all parties' best efforts are always made to address our clients' needs as defined both in the initial meeting and during the first year of our relationship. Segal has built the management of such a process into the pricing of the services contained in this proposal.

(7) Billing

We have spent considerable effort in developing the pricing proposal. We feel we have developed a compensation arrangement that is fair to the State and our firm. Be assured, however, that as an employee owned firm we are in a position to commit that we are more concerned with satisfying our clients' needs and delivering timely and meaningful insights than we are in managing toward a profit target or a not to exceed project budget. Having noted this, a critical responsibility of the CRM is to monitor the performance of services, the accumulation of detailed billing reports and the production of timely, accurate, understandable and fair statements. Segal maintains a sophisticated time recording system to support CRMs that allows for programming the compensation arrangement set in our consulting arrangement, such as defined rates for ad hoc services and rates and project fee limits for defined services and issuing statements reflective of the details of the arrangement. Billings can be produced with details sufficient to address any reasonable client needs in any reasonable client time frame. We have found that when the compensation arrangement is fully understood by all parties, budgets or fee limits are agreed to in advance and the billing format is mutually developed, there are few issues associated with invoicing.

(8) Qualifications and Experience of IT Staff, and

(9) Overview of IT System to Accept Data

Receipt of Data

As part of our normal valuation process, we pass participant data through a series of standard edit sequences to assess both the accuracy and completeness of the information received.

First, we attempt to resolve data problems using the detailed information we have been provided. However, if we do not have the information required, we will generate a data edit listing showing the missing or unreasonable data and we will request assistance in resolving our specific questions. We typically receive participant data from our clients but can also work with carriers or other vendors.

We are fully aware that some data inadequacies cannot be resolved with specific answers because the actual pieces of information have not been collected or maintained. In those circumstances, we will develop reasonable assumptions for the unavailable data to cover the group of participants in question.

Claims information, on the other hand, is requested from NYSHIP's insurance carriers and prior summary reports developed by the current consultant. Upon engagement, we will issue a data request that will cite the details we need to properly perform the services contained in this proposal. That data request will be quite detailed regarding content but we have significant flexibility regarding media and format. During the initial phase of new consulting assignments, we discuss formats and media with incumbent consultants and carriers. Since we have worked with the State's carriers on other projects, we do not expect any data problems that will affect the timing or budgets contained in this proposal.

Interface with Consulting Team

Professionals in our National Health Practice regularly with professionals in our IT staff to make sure that all analytical tools are properly supported by our technology and all consultants are properly trained and supported by both staffs.

Technology Infrastructure

The Segal Company operates a wide area network (WAN) environment composed of an MPLS primary network with a VPN backup network connecting each office's local area networks (LAN). The Segal Company owns all of its network infrastructure hardware. All data is stored on Intel and AMD-based Windows 2003 servers. File server standards and Storage Area Networks (SAN) ensure fault tolerance to minimize downtime. All application software processing occurs on leased Intel-based personal computers utilizing the most current Windows operating system.

Security

All network infrastructure (including servers, switches, and related equipment) is housed in secure and environmentally controlled data centers. Physical security is controlled by card readers, which limit access to members of the Information Technology Department. Network access to all equipment is role-based and controlled by user ID rights and permissions.

All Segal staff members have a unique user ID and password that allows access to network resources as appropriate for the performance of their job. The system requires periodic password changes. Connecting to the WAN through the Internet requires passing additional levels of authentication. Transmission of protected or sensitive data is accomplished through the use of industry standard encryption solutions.

In addition to physical security and access security measures, the Segal network is protected from external intrusion through industry standard firewalls, Intrusion Prevention software and encrypted remote access solutions. The Segal WAN is a private network available only through physical access within Segal offices and secure remote access.

Virus protection is accomplished throughout the company using industry standard anti-virus software, server and workstation security patch management, Web filters and Internet E-mail filters.

All Segal PCs are standardized with the latest and most secure versions of the Microsoft Windows XP operating system and standard applications, and virus protection which includes anti-virus, anti-spyware and intrusion prevention. Additional security enhancements include complex passwords, hard disk encryption, encryption of data on removable devices, regularly scheduled PC updates, monthly security updates, and a required monthly reboot of all PCs.

The Segal Company has never experienced a security breach that compromised our ability to serve clients or client data in our care.

Backup and Retention of Data

All file servers are backed nightly. Full backups are done weekly and incrementally changed files are backed up on a daily basis. Backup tapes are stored offsite, utilizing a nationally available data archive vendor throughout the country. Backup tapes are retained following the appropriate professional standards or government regulations.

Disaster Recovery

Segal performs nightly backups of all server data to guard against data loss due to hardware failure or data corruption. Tapes are stored offsite at a data archive vendor facility in secured and environmentally controlled environments. Backup integrity checks are performed on a regular basis and backup tapes are routinely recalled. Complete restoration of file servers from backups are performed on a test basis.

In addition to tape backup systems, all Segal servers are replicated (near real time) to a secondary data center for immediate recovery operations.

Disaster recovery is accomplished in accordance with a Disaster Recovery plan that is maintained by representatives of all business units. An Incident Management Team is in place to identify and declare an incident. Recovery is performed at a contracted vendor facility. Business continuity plans and disaster recovery tests are performed on an annual basis.

Communication

Segal's web site, www.segalco.com, is an example of our commitment to serving as a source of unbiased information for the employee benefits, compensation and human resources communities. In addition to information about the firm, including descriptions of the full range of services available, it offers abstracts of all recent Segal publications and visitors can request printed copies of past issues.

Our web site also offers a calendar of upcoming speeches and presentations given by our consultants, with registration information for meetings we sponsor. The web site also includes links to other sites in the benefits, compensation and human resources communities. Segal is a member or founding member of many of these organizations.

Segal uses web technology and programs for its intranet, a firewall protected, company-wide medium that allows information sharing and dissemination of new tools and standardized procedures.

4.03.2 Key Subcontractors

Not applicable. The Segal Company will not be using subcontractor services to complete any part of the services requested by the State of New York.

4.03.3 Client References

EXHIBIT O: Client References

Client Reference #: # 1

Project Reference Name: STATE OF NEW HAMPSHIRE

Name of the Client for whom actuarial and benefit consulting services are/were Performed:	STATE OF NEW HAMPSHIRE
Client Contact Information:	
Contact's Name:	Monica Ciolfi, Esq
Contact's Title:	Administrator of Risk and Benefits
Phone Number:	(603) 271-2059
Email Address:	Monica.Ciolfi@nh.gov
Services Rendered Description: In the space provided below, the Offeror should describe the nature of the services in satisfaction of the requirements in RFP, §4.03.3 demonstrating that the Offeror has provided actuarial and benefit consulting services similar in scope to those as set forth in the RFP. .	
<p>We perform the following services:</p> <p>General Health Benefit Consulting, Actuarial Consulting to the Health Plan, GASB OPEB Valuation;, Health Benefit Vendor Claims Audits, Retiree Health Benefits Consulting; and Collective Bargaining Agreement Consulting.</p>	

EXHIBIT O: Client References

Client Reference #: # 2

Project Reference Name: THE CITY OF NEW YORK

Name of the Client for whom actuarial and benefit consulting services are/were Performed:	THE CITY OF NEW YORK
Client Contact Information:	
Contact's Name:	Ms. Dorothy Anne Wolfe
Contact's Title:	Director, Employee Benefits Program
Phone Number:	(212) 306-7348
Email Address:	dwolfe@olr.nyc.gov
Services Rendered Description: In the space provided below, the Offeror should describe the nature of the services in satisfaction of the requirements in RFP, §4.03.3 demonstrating that the Offeror has provided actuarial and benefit consulting services similar in scope to those as set forth in the RFP. .	
<p>We perform the following services:</p> <p>Calculate, review and negotiate final settlements, Review renewals, Review interim settlements, Collective bargaining consulting, Prescription drug consulting, Review RFP process, Retiree health consulting</p>	

EXHIBIT O: Client References

Client Reference #: # 3

Project Reference Name: PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (Pennsylvania)

Name of the Client for whom actuarial and benefit consulting services are/were Performed:	PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)
Client Contact Information:	
Contact's Name:	Mark Schafer
Contact's Title:	Health Insurance Administrator
Phone Number:	(717) 720-4859
Email Address:	mschafer@state.pa.us
Services Rendered Description: In the space provided below, the Offeror should describe the nature of the services in satisfaction of the requirements in RFP, §4.03.3 demonstrating that the Offeror has provided actuarial and benefit consulting services similar in scope to those as set forth in the RFP. .	
<p>We perform the following services:</p> <ul style="list-style-type: none"> All health analytical services, Actuarial services, Communication services, Medical plan consulting, Prescription drug consulting, and Rate setting. <p>PSERS is a statewide retirement system for more than 600 school districts throughout the Commonwealth. The PSERS HOP program covers over 60,000 participating retirees and their spouses, of which about 40,000 participate in an array of Medicare Supplement plans, Medicare Prescription Drug Plans and Medicare Advantage plans offered by the sponsor</p>	

EXHIBIT O: Client References

Client Reference #: # 4

Project Reference Name: LOS ANGELES UNIFIED SCHOOL DISTRICT

Name of the Client for whom actuarial and benefit consulting services are/were Performed:	LOS ANGELES UNIFIED SCHOOL DISTRICT
Client Contact Information:	
Contact's Name:	David Holmquist
Contact's Title:	Director of Risk Management and Insurance
Phone Number:	(213) 241-1676
Email Address	david.holmquist@lausd.net
Services Rendered Description: In the space provided below, the Offeror should describe the nature of the services in satisfaction of the requirements in RFP, §4.03.3 demonstrating that the Offeror has provided actuarial and benefit consulting services similar in scope to those as set forth in the RFP.	
<p>We perform the following services:</p> <p>Complete GASB Valuation Services, Retiree and Active Health Consulting, Benchmarking to other public entities in California, Assistance in negotiations to both parties, Actuarial services in setting rates and managing self insured plans, Strategic Plan Design Consulting, Total Health Management consulting, Manage and consult to the Joint Labor Management Committee, Renewal negotiations, RFPs for all coverages for 2009 - 2011 contracts for medical, life, PBM, dental vision, Claims audit in 2008 on the self insured plan, PBM audit in 2008 on the drug plan, Eligibility audit in 2008 on dependents, Set budgets for Districts benefit expenditures, Monitor all plans, Regulatory and legislative updates and consulting, and Respond and assist in administration of all of the plans.</p>	

EXHIBIT O: Client References

Client Reference #: # 5

Project Reference Name: UNIVERSITY OF MISSOURI

Name of the Client for whom actuarial and benefit consulting services are/were Performed:	UNIVERSITY OF MISSOURI
Client Contact Information:	
Contact's Name:	Michael Paden
Contact's Title:	Associate Vice President, Benefits
Phone Number:	(573) 884-3222
Email Address:	Padenm@umsystem.edu
Services Rendered Description: In the space provided below, the Offeror should describe the nature of the services in satisfaction of the requirements in RFP, §4.03.3 demonstrating that the Offeror has provided actuarial and benefit consulting services similar in scope to those as set forth in the RFP. .	
<p>We perform the following services:</p> <p>GASB valuation, Claims audit, Prescription drug audit, FSA vendor search.</p>	

4.03.4 Project Management Team

1. A description of how the Offeror proposes that the Project Management Team will:
 - i. Successfully handle the four (4) tasks (including an indication of the percentage of time, by team member, dedicated to the project and a task(s),
 - ii. Manage the Department account; and
 - iii. Interface with the Department in its delivery of Project Services.

Segal's Proposed Client Team

Dean Hatfield, CEBS
(212) 251-5409
dhatfield@segalco.com
Health Practice Leader
Client Relationship Manager

CORE TEAM

Chris Calvert, MBA
(212) 251- 5310
ccalvert@segalco.com
Lead Health Consultant

Mary Kirby, FSA
(212) 251-5489
mkirby@segalco.com
Lead Health Actuary

Leonard Spangher, CEBS
(212) 251-5228
lspangher@segalco.com
Project Manager/Consultant

Lidia Asparouhova, ASA
(212) 251-5393
lasparouhova@segalco.com
Analyst

Stephanie Le
(212) 251-5272
sle@segalco.com
Analyst

ADDITIONAL RESOURCES

Prescription Drug Management
Consultant/Pharmacist
Sean Brandle
Dr. Ritu Malhorta

Disease Management &
Wellness Consultant/Physician
Nancy Hakes, RN
Dr. Sadhna Paralkar

Regulatory & Compliance
Consultants
Kathy Bakich, JD
Karen Johnson

Collective Bargaining Support
Expert
Elliot Susseles

Public Sector Subject Matter
and Market Experts
Cathie Eitelberg
Lawrence Singer

Medical Claims
Audit Consultant
MaryAnne Watson

In addition to a breadth of technical knowledge ideally suited to meet all of the State's needs, the account team listed above offers a depth of experience with government programs that is unmatched. It includes:

- A member of the company's Office of the Chief Actuary, who is responsible for the delivery and design of all GASB and FASB valuations to our non-union client base,
- The company's lead technical underwriter, responsible for the design and upkeep of all IBNR models and non-discrimination testing services,
- The lead Health Consultant who has been responsible for our long-standing relationship with the City of New York and its municipal unions, and
- Our top technical health care actuary and data analytics expert.

This team will work closely together to deliver all services to you seamlessly. All key service members are located together in our New York headquarters, allowing for easy communication and collaboration to ensure efficient and timely client service. Our approach will be customized based on your needs and desired work style.

Your Segal consulting team has particular experience and expertise in:

- **Identifying emerging issues and proposing innovative solutions to assist our clients in meeting their operational challenges.** For example, Segal is engaged in an initiative that we call the Aquarius Project. Through application of our research on the aging of the population, we can help clients identify employment-related issues arising from client-specific demographics. By understanding the underlying demographic reasons for changes in plan cost and participant acceptance of plan terms, we can better help our clients develop strategies for better managing costs while providing optimal levels of economic security.
- **Presenting complex issues to groups and guiding our clients through decision-making processes.** To Segal, consulting is a partnership, not telling clients what they ought to do. Further, we recognize that large public plans have the attention of a wide range of people with a diversity of interests. We acknowledge our duty to inform all of these parties fully and fairly. We recognize issues of concern to all stakeholders: including the State and participating agencies, covered employees and retirees, plan management and the Department of Civil Service, elected officials and taxpayers.
- **Conducting complex public sector procurement processes for all types of benefit programs.** Over the past six years, we have conducted 16 major procurements for the State of Maryland on all its health benefit programs, as well as for claims auditing services, outsourcing the administration of flexible spending accounts and implementation of a state-of-the-art benefits administration and voice enrollment system. We have assisted numerous other state and local government clients in selecting vendors for their defined contribution retirement plans and health benefits.

- **Working effectively in both open and close session with legislative bodies, administrative staff, benefit plan vendors and other stakeholders.** We understand the needs of public boards, commissions and other governing bodies. For example, we have been consulting in both open and closed sessions of the West Virginia Legislature on the feasibility and effect of approving a bill allowing the Governor to issue Pension Obligation Bonds to fund a severely underfunded state pension system. We have also provided testimony to the Maryland Legislature on the findings and recommendations of retiree health cost studies and reviews of the retirement system actuarial assumptions. We served, for a number of years, as technical consultant to the New Jersey Pension and Health Benefits Commission, a body made up of representatives of the Legislature, Division of Pension and Health Benefits and the public that is responsible for reviewing and commenting on proposed legislation affecting employee benefits in New Jersey.
- **Designing and monitoring major benefits programs and retirement systems that can be easily understood by the eligible participants.** Knowing that the audiences for many of our reports are often not benefits or human resources experts, we construct our written and oral reports in “plain” language that can be readily understood by any parties that may have to rely on them.
- **Working with public sector clients where benefits are the subjects of negotiation with employee groups.** Segal has significant and long-term experience in consulting to joint management/labor boards governing benefit plans. In particular, we work frequently with public sector clients and engage in meet-and-confer structures for discussions of benefits and compensation issues with their employee representative groups. Our recent work with Arlington County, Virginia in the redesign of their retirement program included work with a joint task force composed of all major employee representative groups as did our work with the City of Philadelphia, Pennsylvania that addressed health plan issues.

The “core team” will be implemented by a “resource group” of company leaders in the areas of health actuarial, research and compliance, and public sector consulting, and national health issues. This flows naturally from our matrix structure as described above. This value added component allows us to bring the talents and expertise of our senior most staff without passing that cost on to the Department of Civil Service staff responsible for Plan management.

National Health Resources

Segal understands the value and importance of having a team of health care experts dedicated to researching current health care issues, conducting and reporting surveys, developing and supporting healthcare analytical tools and models for use by health consultants nationally, and developing health consulting protocols, quality standards, and policies. Segal’s National Health Practice, headed by Ed Kaplan, is an internal practice responsible for supporting health consultants on issues regarding policy, research, quality, and systems. Mr. Kaplan, together with key members of his team, Chuck Fuhrer, F.S.A., the company’s senior health actuary and head of health actuarial research, and Sean Brandle, the company’s chief expert and designated point person on prescription drug issues, will be available to the responsible parties at DCS on an as-needed basis to develop or refine analytic tools, monitor and report on relevant healthcare trends, and provide comparative or benchmark data for analysis.

Research and Compliance

Segal's research and compliance area ensures that consultants are kept apprised of all legislative and compliance-related issues and offer guidance in addressing impact and implications of these issues. Judith Mazo, Segal's Director of Research is a nationally recognized authority in the area of benefits law. As noted below, Ms. Mazo is supported by individuals with focused expertise in areas of health care compliance.

Communications

Segal's communications practice, led by Nennette Kress, includes the development of materials for a wide range of benefit programs, such as flexible benefits, TRC Section 125 plans, 457 plans, 401(k) and other savings plan arrangements and health care cost management. The experienced staff produces brochures, posters, payroll stuffers, video and slide presentations, individualized benefit statements, comprehensive employee handbooks and individual summary plan descriptions as well as computer interactive communications. The staff also conducts seminars, focus groups and training for meeting presenters. The success of program changes often rests on their effective communication to program participants.

Public Sector Collective Bargaining

Elliot Sussels is the head of our Public Sector Collective Bargaining Practice. He has over twenty years of experience as a labor economist and is available to our public sector clients to help develop a collective bargaining strategy. Some of his recent efforts are described in our response to question 6 in the review of our provision of Ad Hoc services.

Administration & Technology

Stuart Lerner of Segal's Administration and Technology Consulting practice will be available for guidance in examining the best practices available for administration of benefit plans. Our consulting team offers practical alternatives to improve a plan's current procedures utilizing either outsourcing vendors or available technology.

Public Sector Expertise

Segal has a long history of service in the public sector, and is leader among benefit consulting firms in the level and scope of its experience and expertise working with municipal, county, and statewide benefit plans. Our commitment to and demonstrated leadership in serving plan sponsors in three major “markets”—multiemployer, public sector, and corporate—makes us uniquely well-positioned to provide services to the diverse population covered by this Plan stewarded by the DCS. Cathie Eitelberg, the head of Segal's Public Sector practice, is widely recognized for the depth of both her experience and commitment to the public sector. Lawrence Singer has been working with the public sector benefits plans, including many that cover multiple employers, for over 25 years. He also served as the Health Benefits Consultant to the New Jersey Pension and Health Benefits Commission; the body assigned the responsibility for reviewing and commenting on all bills affecting employee benefit legislation for over five years.

RESOURCE GROUP LEADERS

National Health Practice

Edward A. Kaplan

Senior Vice President
National Health Practice Leader

Sean M. Brandle

Senior Health Consultant
National Prescription Drug Leader

Charles Fuhrer, F.S.A.

Senior Vice President & Chief Health Actuary
Head of Health Actuarial Research

Research & Compliance

Judith F. Mazo, Esq.

Senior Vice President
Director of Research and Compliance

Kathryn Bakich, Esq.

Vice President
National Director of Health Care Compliance

Karen J. Johnson

Compliance Consultant

Public Sector Market Leaders

Cathie G. Eitelberg

Senior Vice President
National Leader – Public Sector Practice

Lawrence Singer

Senior Vice President
New York Regional Leader -
Public Sector Health Practice

Collective Bargaining

Elliot Susseles

Senior Vice President
National Practice Leader – Public Sector Collective
Bargaining

Communications

Nenette Kress

Senior Vice President
National Practice Leader – Employee
Communications

Administrative & Technology Consulting

Stuart Lerner

Vice President
Administration and Technology

Claims Auditing and Consulting

MaryAnne Watson

Vice President
Claims Auditing and Consulting

EXHIBIT P: Project Team Roster

Project Team Member's Name ¹	Position Title	Subcontractor (Y/N)	Employer
Dean Hatfield	Sr. Vice President	N	The Segal Company
Christopher Calvert	Vice President	N	The Segal Company
Mary Kirby	Vice President	N	The Segal Company
Leonard Spangher	Sr. Consultant	N	The Segal Company
Lidia Asparouhova	Sr. Associate	N	The Segal Company
Stephanie Le	Associate	N	The Segal Company

¹ Employers are required by Federal law to verify that all employees are legally entitled to work in the United States. Accordingly, DCS reserves the right to request legally mandated employer-held documentation attesting to the same for each individual assigned work under the Contract. In accord with such laws, DCS does not discriminate against individuals on the basis of national origin or citizenship

EXHIBIT Q: Biographical Sketch Form

INSTRUCTION: Prepare this form for each **key** staff individual, including subcontractor provided **key** staff, if any.

Name:	Dean Hatfield, CEBS		
Job Title:	Sr. Vice President, Health Practice Leader		
Position Title per RFP – Assumption 6			
In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). The Offeror must include the percentage of time dedicated to the Project and reporting relationships:			
Dean will serve as the client relationship manager, responsible for The State's overall satisfaction with the Segal relationship, ensuring timely, cohesive, and efficient responses on all issues. Ultimately, Dean will also look to involve other resources beyond the Core Team as appropriate; making sure the State receives the best and most knowledgeable Segal professionals on every topic.			
EDUCATION:			
Institution & Location	Degree	Year Conferred	Discipline
University of California, Santa Barbara, CA	BA	1986	Mathematics and Economics
CERTIFICATIONS:			
The International Society of Certified Employee Benefit Specialists (CEBS) designation from the Wharton School of the University of Pennsylvania. Producer License for New York State			
PROFESSIONAL EMPLOYMENT: (Start with most recent)			
Employer	Title	Dates From – To	
The Segal Company	Sr. Vice President	2008 – Present	
UnitedHealthcare	NE Regional VP	2007 – 2008	
PROFESSIONAL EXPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)			
Mr. Hatfield has over 22 years of specialized consulting expertise. Most recently, he served as Northeast Regional Vice President of UnitedHealthcare, where he focused on strategy and market development. Mr. Hatfield also spent over 16 years with another major consulting firm, where he managed their largest health care practice and acted as lead consultant for several of their premier accounts.			
Mr. Hatfield joined Segal's New York office in 2008 as a Senior Vice President and Health Practice Leader. He has over 22 years of experience working with employers on a wide range of employee benefit services including benefit strategies, funding and plan management. Mr. Hatfield's current responsibilities include providing consulting advice to clients regarding plan design, vendor management, compliance, M&A due diligence, benefit integration, data analytics, and financial management. He also serves as an international benefits resource for his global clients.			
REFERENCES: (Provide and the Name and Phone Number of two references)			
Name: Kathy Kost			
Phone: 408-433-7708			
Name: Bill Minor			
Phone: 408-428-6937			

EXHIBIT Q: Biographical Sketch Form

INSTRUCTION: Prepare this form for each **key** staff individual, including subcontractor provided **key** staff, if any.

Name:	Christopher Calvert, MBA		
Job Title:	Vice President		
Position Title per RFP, – Assumption 6	Lead Consultant		
In the space provided below describe the individual’s proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). The Offeror must include the percentage of time dedicated to the Project and reporting relationships:			
Chris will serve as the lead consultant on non-actuarial project work, and be available as part of the team to work with The State on all matters. He will work closely with Dean and Mary to ensure timely, cohesive, and efficient responses on all issues.			
EDUCATION:			
Institution & Location	Degree	Year Conferred	Discipline
Cornell University	BS	1990	Economics
Baruch College/Mount Sinai Medical Center	MBA	1998	Healthcare Administration
CERTIFICATIONS:			
PROFESSIONAL EMPLOYMENT: (Start with most recent)			
Employer	Title	Dates From – To	
The Segal Company	Vice President	2001 - Present	
Medco Health Solutions	Financial Analyst	1998 - 2000	
Oxford Health Plans	Hospital Contractor	1996 - 1998	
New York Hospital – Cornell Med Center	Administrator	1990 - 1996	
PROFESSIONAL EXPERIENCE: (Include only that experience which is significant and relevant to the individual’s performance of Project Services to the Department program)			
<p>Mr. Calvert joined Sibson in 2001 as a Health Consultant and was promoted to Senior Health Consultant in 2003. He became a Vice President in 2005. Mr. Calvert has 18 years experience working within the healthcare industry. He advises corporate and public sector clients in plan design for active employees and retirees (medical, dental, life, and disability), performs competitive bidding, union negotiations, flex pricing, claims analysis, and underwriting. He is also Co-Chair of Segal’s Consumerism Committee and a member of our Rx Consulting Team. Prior to joining Segal, Mr. Calvert worked in various capacities throughout the healthcare industry, including:</p> <ul style="list-style-type: none"> o Serving as a financial consultant for a pharmaceutical benefits manager o Managing network contracting for a large insurance company o Developing disease management programs for a major insurer o Managing financial operations at a major academic medical center 			
REFERENCES: (Provide and the Name and Phone Number of two references)			
Name: Ms. Coco Stachnick			
Phone: (231) 933-3750			
Name: Ms. Sarah Gaunt			
Phone: (410) 685-5069			

EXHIBIT Q: Biographical Sketch Form

INSTRUCTION: Prepare this form for each **key** staff individual, including subcontractor provided **key** staff, if any.

Name:	Mary Kirby, FSA		
Job Title:	Vice President		
Position Title per RFP, – Assumption 6			
In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). The Offeror must include the percentage of time dedicated to the Project and reporting relationships:			
Mary will serve as the lead consultant on actuarial project work , and be available as part of the team to work with The State on all matters. She will work closely with Dean and Chris to ensure timely, cohesive, and efficient responses on all issues.			
EDUCATION:			
Institution & Location	Degree	Year Conferred	Discipline
St. John's University	BS	1987	Mathematics
Stevens Institute of Technology	MS	1991	Applied Mathematics and Statistics
CERTIFICATIONS:			
She is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries.			
PROFESSIONAL EMPLOYMENT: (Start with most recent)			
Employer	Title	Dates From – To	
The Segal Company	Vice President	2005 - Present	
	Senior Health Consultant	2002-2005	
	Health Consultant	2000-2002	
Buck Consultants	Associate Actuary	1998-2000	
Actuarial Sciences Associates	Health Actuary	1992-1998	
Equitable Life	Financial Analyst	1990-1992	
PROFESSIONAL EXPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)			
Ms. Kirby joined Segal's New York office as a Health Consultant in 2000. She was promoted to Senior Health Consultant in 2002 and became a Vice President in 2005. In 2006, she was named to the Office of the Chief Actuary. Ms. Kirby has over sixteen years of experience in employee benefit plans. She has advised corporate and public sector clients in plan design for active employees and retirees (medical, dental, life, and disability), competitive bidding, reserve calculation and valuation, FAS 106, GASB 43/45, FAS 112, union negotiations, flex pricing, claims analysis, and underwriting.			
REFERENCES: (Provide and the Name and Phone Number of two references)			
Name: Ms. Helen Simmons			
Phone: (212) 919-3386			
Name: Mr. Michael Paden			
Phone: (573) 884-3222			

EXHIBIT Q: Biographical Sketch Form

INSTRUCTION: Prepare this form for each **key** staff individual, including subcontractor provided **key** staff, if any.

Name:	Leonard Spangher, CEBS		
Job Title:	Sr. Consultant		
Position Title per RFP, – Assumption 6			
In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). The Offeror must include the percentage of time dedicated to the Project and reporting relationships:			
Len will be responsible for the delivery of technical and analytical work to the State, working with a team of analysts lead by Lidia to deliver accurate and timely GASB reports, quarterly reports, and appropriate aggressive renewals.			
EDUCATION:			
Institution & Location	Degree	Year Conferred	Discipline
New Jersey Institute of Technology	BS	1994	Statistics and Actuarial Science
New Jersey Institute of Technology	MS	1995	Management with a Specialization in Finance
CERTIFICATIONS:			
He has earned the designations Managed Healthcare Professional (MHP) from the Health Insurance Association of America in 2001 and Certified Employee Benefits Specialist (CEBS) from the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania in 2005. In 2008, he served as the President of the Northern NJ Chapter of ISCEBS.			
PROFESSIONAL EMPLOYMENT: (Start with most recent)			
Employer	Title	Dates From – To	
The Segal Company	Sr. Consultant	Jan 2001 - Present	
Buck Consultants	Assistant Actuary	May 1995 – Jan 2001	
PROFESSIONAL EXPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)			
Mr. Spangher joined Segal's New York office in 2001 as a Health Benefits Senior Analyst. He was promoted to Health Benefits Consultant in 2002, and more recently, to Senior Consultant. Mr. Spangher is an expert in FAS 106 post-retirement welfare benefits accounting, FAS 112 post-employment welfare benefits accounting, non-discrimination testing of health and welfare plans, IBNR reserving and settlement calculations, migration analyses, welfare benefits plan renewal negotiations, and active and retiree health and welfare benefits plan design. He currently works with a variety of clients including: The City of New York, Lockheed Martin, Elmira School District, The National Basketball Association, National Baseball Hall of Fame and Museum Inc., and Monmouth University.			
REFERENCES: (Provide and the Name and Phone Number of two references)			
Name: Dennis Steiner			
Phone: 212-306-7370			
Name: Al Del Greco			
Phone: 201-974-6290			

EXHIBIT Q: Biographical Sketch Form

INSTRUCTION: Prepare this form for each key staff individual, including subcontractor provided key staff, if any.

Name:		Lidia Asparouhova, A.S.A.	
Job Title:		Sr. Associate	
Position Title per RFP, Assumption 6			
In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). The Offeror must include the percentage of time dedicated to the Project and reporting relationships:			
Lidia will be the lead technician on the core team, working in conjunction with Stephanie under the direction of Len, Mary, and/or Chris to complete all technical and analytical exercises.			
EDUCATION:			
Institution & Location	Degree	Year Conferred	Discipline
Boston University	MS	2004	Actuarial Science
Lake Forest College	BS	2001	Economics & Computer Science
CERTIFICATIONS:			
Ms. Asparouhova has completed the exam requirements for attainment of the Associate, Society of Actuaries designation.			
PROFESSIONAL EMPLOYMENT: (Start with most recent)			
Employer	Title	Dates From – To	
The Segal Company	Sr. Associate	2006 - Present	
BCBS of Massachusetts	Actuarial Analyst	2003-2006	
PROFESSIONAL EXPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)			
Ms. Asparouhova has expertise in advising clients on design, financing, administration, data mining and predictive modeling analysis, anticipating future trends, and cost management for all types of healthcare, group insurance, and flexible benefits programs. She has also been involved in FAS 106 post-retirement welfare benefits accounting, FAS 112 post-employment welfare benefits accounting, IBNR calculations, and active and retiree health and welfare benefits plan design. Relevant projects:			
<ul style="list-style-type: none"> • City of New York – IBNR analysis, medical and pharmacy claim settlements, renewal analysis • City of Scranton – benchmarking analysis, Disease Management Vendor marketing analysis • University of Missouri – GASB 43/45 valuation, disability vendor RFP 			
REFERENCES: (Provide and the Name and Phone Number of two references)			
Name: Amy E. Dandrea			
Phone: (508) 941-7417			
Name: John Rose			
Phone: 202-994-9628			

EXHIBIT Q: Biographical Sketch Form

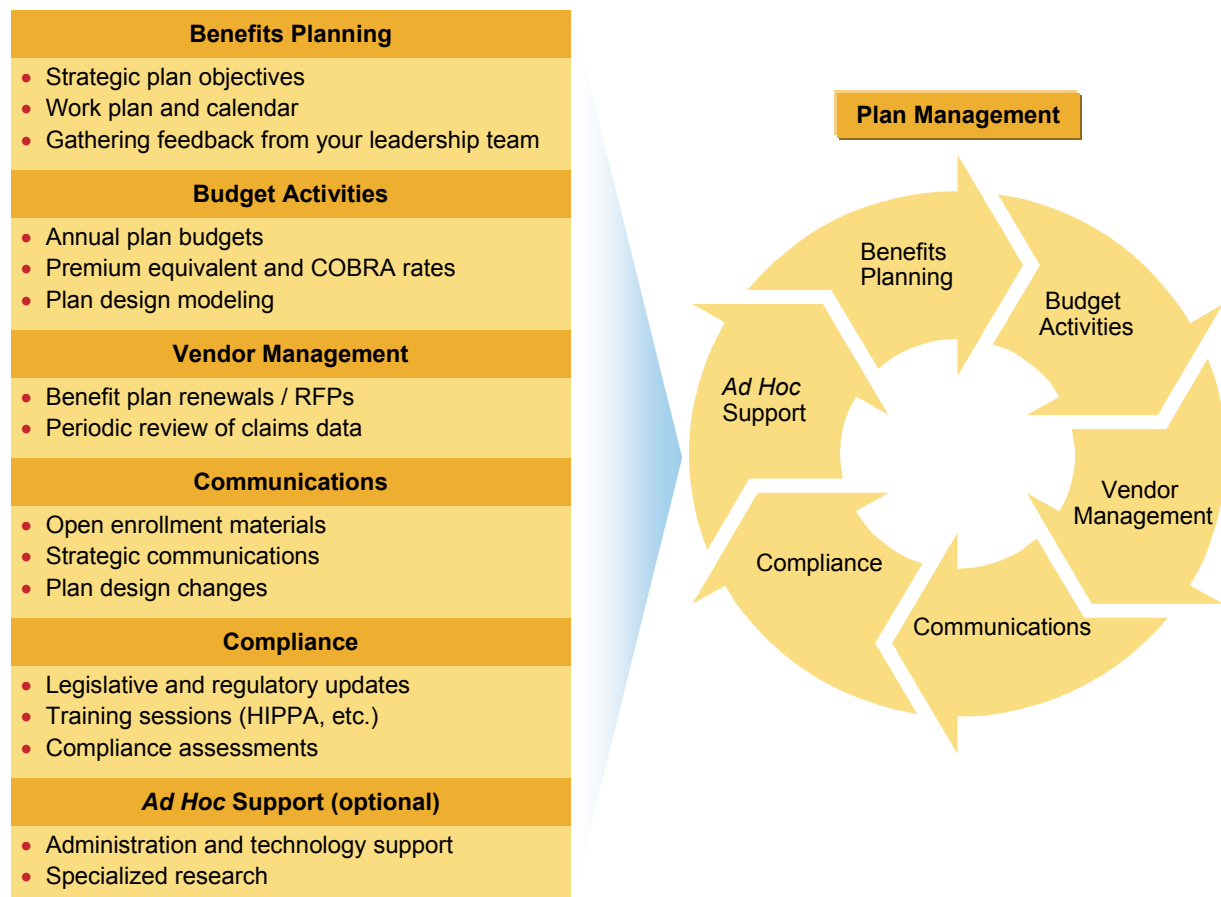
INSTRUCTION: Prepare this form for each **key** staff individual, including subcontractor provided **key** staff, if any.

Name:	Stephanie Le		
Job Title:	Associate		
Position Title per RFP, – Assumption 6	Analyst		
In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). The Offeror must include the percentage of time dedicated to the Project and reporting relationships:			
Stephanie will serve as an underwriter and analyst, assisting Lidia and Len in the completion of all appropriate tasks.			
EDUCATION:			
Institution & Location	Degree	Year Conferred	Discipline
University of California, Berkeley	Bachelors	2006	Economics and Political Science
CERTIFICATIONS:			
PROFESSIONAL EMPLOYMENT: (Start with most recent)			
Employer	Title	Dates From – To	
Segal	Associate	2008 - Current	
United Healthcare	Financial Analyst	2007 - 2008	
Actuarial Management Corporation	Actuarial Analyst	2005 - 2007	
PROFESSIONAL EXPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)			
<ul style="list-style-type: none"> ○ Ms. Le has worked as an underwriter and health data analyst, setting premium rates, exploring the value of various programs, and calculating reserves and settlements. ○ She has also worked at a current NYSHIP vendor analyzing the value of hospital and physician contracts. 			
REFERENCES: (Provide and the Name and Phone Number of two references)			
Name: Tom Garrity			
Phone: 602-265-2323			
Name: Kem Lim			
Phone: 510-384-3265			

Upon contract award, our team would conduct a kick-off meeting to confirm objectives, review an initial draft of the project plan, confirm roles and responsibilities and to establish operating principles. Our approach to working with you will be customized, however, below are key elements that we recommend:

- **Service Action Plan:** We will collaborate with responsible parties at the DCS on a service action plan to assure the timely delivery of our services and coordination with our service partners.
- **Monthly Conference Call:** To monitor and update our service action plan, we will conduct monthly conference calls with all responsible parties at the DCS, service vendors (as needed) and Segal.
- **Meetings:** We will be available to perform the services described in the RFP to review plan utilization, claims experience, financial performance, project deliverables and ad hoc projects as needed.
- **Compliance:** Our Compliance consultants will be available for periodic questions and answers relative to benefit compliance issues.

Our full suite of health and benefit plan management services operates on a continuum in which each category of service informs or drives other essential services.



2. **A description of the process by which the Offeror proposes to provide notification to the Department of actual or anticipated events impacting the delivery of project Services and the presentation of options available to minimize or eliminate the impact of those events on the delivery of Project Services.**

Seamless delivery of high-quality client services is paramount to Segal's continued success as a firm. As such, we work hard to ensure that nothing gets in the way of our ability to meet our commitments to clients. The account team is aware of the dedication that Segal offers to our long-standing book-of-business, and stands ready to provide this same level of service to the State. We do not anticipate any instance or events that would impact our ability to deliver our services.

With nearly 1,000 professionals in 19 offices throughout the United States, Segal has outstanding resources to ensure that we can meet our client commitments, even in the rare instance of an unforeseen event creating a service delivery challenge. If such an event does occur, one of the senior members of our team will reach out to responsible parties at DCS immediately via phone and email to notify you of the situation, inform you of our plans for addressing the challenge, and confirm with you that our proposed solution is acceptable.

3. **A description of how the Offeror proposes to provide additional resources 1) from within the organization, and/or 2) from a third party should the need arise to provide task #1, #2, and #3 Project services, as well as Task #4 services in the areas of:**

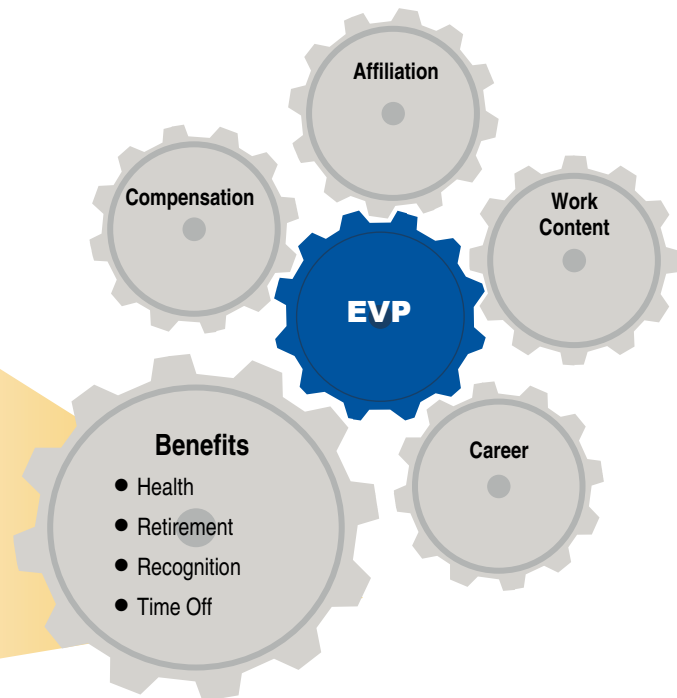
Plan Design Consulting

Our plan design consulting process begins by taking a step back to understand your overall people strategy and in particular your rewards philosophy and strategy. In thinking about rewards, we use the Employee Value Proposition (EVP) framework shown below. In simple terms, the EVP describes why employees come to and stay at employment with New York State and local governments in the State. In addition to financial rewards (pay and benefits), State and local public sector entities offer career opportunities, interesting work, a brand name and a unique work environment. These attributes fall within career, work content and affiliation depicted in the model. The EVP framework is essentially a point of view that a large government can employ as it raises a variety of issues with the unions representing its workforce. While this proposal covers services provided to the State's health benefits plan, we have found that this point of view is helpful in putting health benefits into proper context to make sure that coverage provides needed and desired protection.

The focus of our rewards discussion is to understand the role of benefits in the State's overall rewards philosophy. We will work with responsible parties at DCS to see that they understand the following:

Key Questions:

- What is the role of benefits to the State, participating agencies and Plan participants ?
- What benefits will be core?
- What is the appropriate richness of the benefits package to each of the above noted parties?
- Does *each* benefit within the package need to be competitively positioned at the same level or is only important for the *overall* competitiveness to be at a certain level?
- Are plans flexible enough to appeal to the broad array of talent employed by the State and local governments?
- Do employees understand the value of benefits?



Understanding the role of benefits is important as it will help guide advice that may be requested of us when asked for design recommendation. While express assistance in the bargaining process is beyond the scope of this proposal, representatives of our Public Collective Bargaining Practice regularly help clients construct an EVP model, which can be shared with those involved in collective bargaining.

With the rewards back-drop, we would then take a close look at your current health plan benefit levels, population management and vendor management. We clearly understand how benefit levels are set and we are familiar with the role of the Joint Labor-management Health Care Committee. The following services are designed to support the existing bargaining process and the joint oversight arrangement. Indeed, in other instances, our employment of this perspective has yielded numerous “positive-sum” changes that employers and employee representatives have been willing to consider.

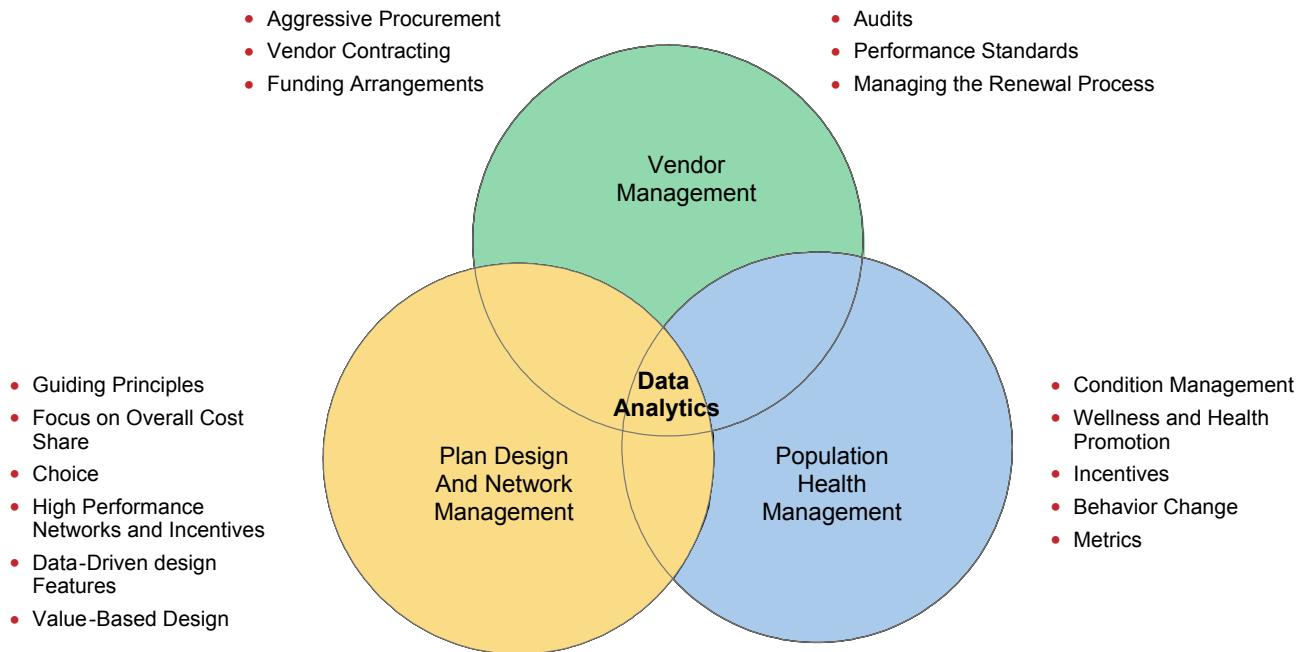
Our health care strategy development process centers around the three-circle diagram below. Our starting point is data analytics. There are three elements to our data analysis:

- How do the State’s Plans stack up competitively in the various markets in which it competing for employees? Are the needs of local governments different from the State?

- What patterns do we see in your data that suggest certain design and vendor considerations? Are there significant opportunities to save money with specialized networks, new care management techniques or through plan design changes? Are there utilization patterns that networks, care management techniques or design can address? Are your current discounts out of line with the market? Are there health conditions that your current vendors are not managing?
- What limitations or other constraints have been placed on Plan provisions and what effect on utilization (either positive or negative) have resulted from those provisions?

These findings would then be matched up with your overall reward and cost objectives to produce specific health care strategy recommendations for the State.

Although our clients may not go through this process every year, we think it is important to review data from time to time and revisit the strategy in anticipation of Collective Bargaining or discussing specific issues with the Joint Labor-Management Committee.



Consulting on Selection of Vendors

Our team has extensive experience with competitively bidding on all types of health and welfare benefit programs. We have the technical expertise to assist in drafting, reviewing, analyzing and evaluating detailed RFPs and bids. We have detailed, state of the art RFPs for all coverages that we would tailor and modify specifically for the State. As benefit programs progress weekly and monthly, our national practice leaders continuously update and enhance our model bid and RFP requests to keep up with recent practices.

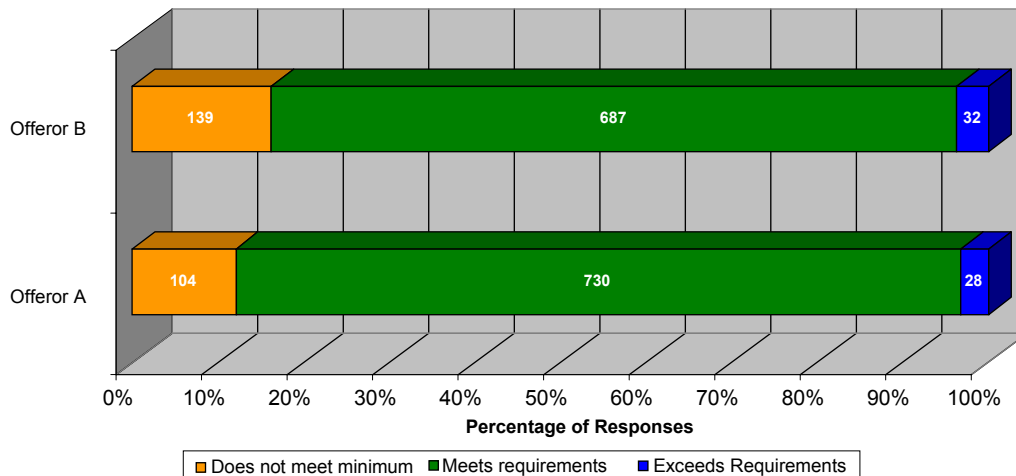
The bidding process includes the following components:

- **Identify key bid requirements:** Prior to preparing bid specifications, we would spend time with you to understand your issues and objectives associated with the bid process. Given the State’s many operating divisions and unique challenges at participating agencies, we might spend the first few days visiting with the key contacts at those locations either by phone or in person to understand their hot buttons, concerns with incumbent vendors and objectives of the bidding process. The information gathered during this process will allow us to customize our model bid specifications appropriately. To the extent that you might be planning on design changes, we would want to identify those at this time to ensure that they are appropriately reflected in the RFP.
- **Preparing bid specifications:** Bid specifications are prepared by customizing firm-standard specifications developed and continually updated by our National Health Practice. These standards help ensure that bid specifications are comprehensive and well organized, and reflect the most current benefit and vendor issues. Segal has company-standard specifications for RFIs and for RFPs, as well as for all types of health and welfare benefits. Specifications include a detailed questionnaire as well as financial bid forms designed to ensure that information provided is complete and comparable (from one offeror to another).
- **Customize scoring template:** Segal is accustomed to working within the strict procurement rules of a public sector vendor selection process, and does so hundreds of times each year. In collaboration with your procurement staff, we could create a custom scoring template to rank the proposals we receive from both a qualitative and quantitative perspective. The template would reflect issues like network access and disruption, discounts, tools and website, health management programs, account service team and location, etc. We have included some screen shots of our scoring template below.

PROPOSAL SCORING SUMMARY

	Raw		Relative		Weighting	Weighted	
	Offeror A	Offeror B	Offeror A	Offeror B		Offeror A	Offeror B
GENERAL INFORMATION	108.0	94.0	91.5	79.7	2.0%	1.8	1.6
PERFORMANCE GUARANTEES	1.0	1.0	100.0	100.0	2.0%	2.0	2.0
REQUEST FOR REFERENCES	2.0	2.0	100.0	100.0	2.0%	2.0	2.0
FINANCIAL ISSUES	16.0	15.0	100.0	93.8	2.0%	2.0	1.9
PROPOSAL QUESTIONNAIRE	1.0	1.0	100.0	100.0	2.0%	2.0	2.0
Q1: Consumer Directed Health Plan Administration	10.0	12.0	100.0	120.0	12.5%	12.5	15.0
Q2: Hospital/Medical Provider Network	87.0	86.0	90.6	89.6	12.5%	11.3	11.2
Q3: Dental Provider Network	23.0	19.0	100.0	82.6	10.0%	10.0	8.3
Q4: Care and Case Management	64.0	44.0	94.1	64.7	2.5%	2.4	1.6
Q5: Behavioral Health Management	134.0	135.0	93.7	94.4	2.5%	2.3	2.4
Q6: Quality Management	17.0	26.0	53.1	81.3	12.5%	6.6	10.2
Q7: Wellness and Health Promotion	13.0	11.0	92.9	78.6	12.5%	11.6	9.8
Q8: Disease Management	132.0	131.0	80.5	79.9	12.5%	10.1	10.0
Q9: Pharmacy Benefit Management Services	151.0	138.0	96.8	88.5	5.0%	4.8	4.4
Q10 Health Portal Technology	30.0	35.0	78.9	92.1	7.5%	5.9	6.9
Grand Totals	789.0	750.0			100.0%	87.4	89.2

PROPOSAL SCORING SUMMARY



- **Identify potential bidders:** Segal maintains a comprehensive directory of carriers, administrators, and other vendors related to health and welfare benefit plans. This directory is updated frequently to ensure that company names, offerings, and appropriate contacts are current. In some instances, we recommend an RFI process, which allows us to include a relatively large, comprehensive list of vendors initially, and then to narrow the list before the more comprehensive RFP process is begun.
- **Interacting with bidders:** Interaction with bidders during the proposal preparation process can be labor-intensive, but is essential to ensuring that proposals are complete, accurate, and competitive. Generally, we require that interaction with bidders be conducted in writing (including fax and e-mail) so that we may share questions and answers with all bidders, thereby ensuring a fair, disinterested process. Depending upon the benefits being bid, the size of the program, the number of potential bidders, and the bidding timetable, we often recommend a “bidders’ conference” at which potential bidders may present their questions. We frequently are asked to organize and host such conferences.
- **Evaluating proposals:** The proposal evaluation process has two major components: a qualitative review of capabilities, services, performance guarantees, contract provisions, and benefit offerings, and a quantitative review of proposed claim, premium, and administrative costs, and network access and discounts. Generally, we are asked to conduct an in-depth analysis of both the qualitative and quantitative aspects of all proposals. Our client also reviews proposals. In some cases, labor is divided in such a way that we are responsible for some aspects of proposal review while our client retains responsibility for other aspects. The result of our proposal evaluation is a report that includes an executive summary highlighting key findings and presenting the basic components of bidders’ financial proposals. Our quantitative review is multidimensional, providing in-depth analysis that considers both the pricing terms and employee impact of each carrier chosen.

- **Selecting and interviewing finalists:** As a matter of principle, we do not select finalists. Our job is to provide our client with sufficient information and supporting documentation to allow them to make this selection with confidence. Once finalists have been selected, it may be appropriate to interview finalists and/or to visit finalists' facilities (e.g., a health insurer's proposed claims paying facility). We can organize, script, and conduct interviews with our client, or on our client's behalf, and can participate in site visits. At this stage in the competitive bidding process, we strongly recommend conducting negotiations with finalists to ensure that fees, contract provisions, customer and client service assurances, and performance guarantees and sanctions are appropriate, competitive, and clearly understood.
- **Awarding contracts:** Our proposal evaluation report, supplemented by interview and site-visit notes, and amended by the outcomes of finalist negotiations, will allow our client to award contracts with confidence. In addition, we typically we outline minimum contractual requirements of all bidders during the RFP process and require "contract ready" language be utilized in all bids, so that the process of finalizing the contract is as smooth as possible.
- **Implementation:** During this important phase of the process, administrative details are addressed, contracts are drafted and reviewed, and data are transferred from old to new vendors. Even after the effective date of new contracts, administrative and service issues will arise. The implementation process may be shepherded by our client, or delegated to us. In some instances (for large new contracts), we have been asked to designate and dedicate an implementation advocate who works with vendors on our client's behalf to ensure that data, contracts, and communication materials are processed in a timely and efficient manner.

Regulatory and Compliance Consulting

Segal's National Compliance Practice in Washington DC, with local members in our New York, NY, Boston, MA and Hartford, CT offices, provides our clients, consultants, and analysts with in-depth technical research and information on an ongoing basis on current and pending federal and state laws and regulations that may affect our clients' benefit plans. Segal has placed a long-standing emphasis on the importance of technical research and development that keeps our clients fully informed on all aspects of their employee benefit programs. We apply that knowledge by *proactively* contacting our clients whenever we reasonably believe that new legislation or regulations could materially impact their benefit plans. This is one way Segal strives to anticipate our clients' needs, rather than taking a reactive approach to compliance assistance.

Segal's consultants, working together with our Compliance Practice, provide our clients with up-to-date guidance and assistance in meeting all State and federal requirements including those of the State Insurance Department and U.S. Department of Labor as well as ERISA, to the extent that aspect of this law affect NYSHIP. Segal has extensive experience in drafting benefit plan materials, including plan documents and subsequent amendments based on benefit design changes and legislative requirements. In addition, we have significant experience in the preparation of other key disclosure documents such as summary plan descriptions and summary annual reports.

Segal takes a proactive role in keeping clients informed on State and federal legislative, judicial, and regulatory changes and issues that may impact their benefit plans. We actively bring issues to our clients' attention before the opportunity for change has passed. Our involvement at the highest levels of the legislative and regulatory process allows us to identify emerging issues to our clients when there is still time to influence the outcome.

We help our clients identify legislative developments and compliance issues and monitor pertinent federal and state legal and regulatory developments through daily review of specialized trade publications such as the *BNA Daily Tax Report* and *Health Care Daily* and weekly *Pension and Benefits Reporter*, and *Tax Notes Today*. We monitor the release of pertinent government guidance, and have prompt access to all official documents such as proposed and final regulations, Revenue Rulings, and bills introduced or acted on in Congress. In addition, our National Compliance Staff monitor and report on emerging developments in the employee benefits field.

Information is gathered and reported to clients in various formats, depending on the context of the information being presented. These formats include contacting clients directly, Segal-hosted educational seminars and workshops, and several regular Segal publications.

Important and breaking issues are made known to our clients through special issues of Segal's *Bulletin* and *Spotlight* publications. These publications provide a concise description of the legislative or regulatory matter with a discussion of the possible implications for corporate for-profit and not-for-profit plans. A more comprehensive treatment of these issues is provided through our *Perspectives*, which presents in concise format, a thorough discussion of significant issues for our corporate and not-for-profit clients.

Segal's publications that are routinely provided to clients include:

- Electronic newsletters, including Compliance Alert, a periodic electronic newsletter on the Segal Company website summarizing important legislation and regulations concerning administration and compliance issues, and Capital Checkup, which summarizes health issues
- Periodic Segal Updates, which detail the latest legal and regulatory developments
- Periodic issues of Executive Letter, Spotlights and NewsLetters that discuss creative benefit planning options for employers and plan sponsors
- Segal Advisory, a publication of Segal Advisors, Inc., our investment consulting subsidiary, which discusses investment topics for plan sponsors
- Perspectives, a periodic electronic publication on Human Resources, Benefits, Compensation, Organization Effectiveness, and Performance Management topics
- Periodic Bulletins on major compliance developments, which are distributed to staff and clients.

When late-breaking developments can potentially affect a client, the consultants involved proactively alert the client, including by telephone, fax and/or client memos. Consultants notify their clients as to the relevance and possible impact of a new statute, regulation, or judicial decision on a client's plan(s) and discuss possible design opportunities. However, because Segal does not practice law, if a legal issue arises, clients are advised to supplement the information and observations that we offer by looking to their attorneys for authoritative legal advice. In addition, clients are encouraged to contact Segal staff members who are familiar with their work whenever a question arises about an issue that can affect their benefit plan(s).

Wellness Programs and Disease Management

Wellness and disease management programs have become very commonplace among employers, and we believe can add significant value to both the short and long-term health of Plan participants. However, it has been our experience that most plan sponsors have taken somewhat of a “scatter-shot” approach to implementing wellness and disease management programs, particularly when the plan is subject to collective bargaining. Therefore, Segal prefers to develop a wellness and disease management strategy, which considers all of your vendors’ offerings, the disease states most critical to your population as well as the very substantial resources offered by other departments in State and local government. We have developed techniques that effectively impact employees who are at very different stages in the health status continuum. A sample of our approach is outlined below, which would be customized based on your needs.

Creating a wellness and disease management strategy and making it stick is not just about implementing a few wellness programs. An effective wellness strategy seeks to create a shared mindset across the organization about the importance of wellness and healthy behavior. It takes advantage of the resources of the organization. This is particularly important to a state government with its power to legislate and with access to considerable state and community resources. It assures that people feel responsible and accountable for the success of the program. The process we use to develop a wellness strategy builds in these elements from the beginning.

Getting Started—Creating a Platform for Success

- Create a Working Group. This group might be a task assigned to the Joint Labor-Management Committee or it may be a different group. Regardless, we recommend that the group become ultimately responsible and accountable for the entire initiative.
 - The DCS would appoint a project leader to guide the Working Group and to interface with Segal.
 - The Working Group typically consists of key members of internal HR / benefits and communications but may also include clinical resources from other departments of the State. This group needs to “own” the initiative.
- Create an *Advisory Group*. This group is consulted by the project team throughout the initiative. They are a sounding board for the working group and they provide the means through which the strategy is syndicated across the system. They also have some responsibility and accountability to implement and “live with” the strategy.

- This group would likely be made up of key administrative and clinical leaders across the State and, possibly at participating agencies. Obtaining buy-in among employers and participants to the initiative is clearly a key success factor for any program.
- Segal would help you build a presentation that launches the initiative, presents the “why,” what the Plan gets, what the team needs, timelines etc.

Key Project Steps

Every organization approaches the process in a slightly different fashion. We would work with responsible parties at DCS and others to customize the process to meet your needs.

- Launch—Segal will help organize and facilitate meetings with the Working Group and the Advisory Group to launch the initiative and outline what is needed from them. We will assist responsible DCS staff in the preparation of the introductory presentation and attend the launch sessions.
- Develop mission, vision and guiding principles for the program:
 - Propose a “straw man” to get the *Working Group* started
 - Facilitate 2 to 3 sessions with the Working Group
 - Document the mission, vision and guiding principles
 - Participate in the vetting session with the Advisory Group
 - Finalize the mission, vision, and guiding principles for the program.
- Measure and inventory current state:
 - Provide a template to inventory the current state—Segal uses a program inventory tool that we have developed specifically for this purpose. The goal of the inventory is to identify all current wellness programs offered through the health Plan. These can be formal programs offered through your medical vendor(s) or informal programs offered on site at a particular State or participating agency facility
 - Develop a health profile of the current population—we could use our predictive modeling and data analytics tool to do this or we could work with an existing or specialized vendor. The health profile will provide the baseline for measuring success going forward and will help to build the “fact-base” to justify wellness investments.
 - Identify representative focus groups to speak to regarding best practice—develop a discussion guide—facilitate the discussions.
- Identify gaps with respect to the desired state—build a multi-year plan to close the gaps
 - Using the data mentioned above, facilitate a one-day session with the Working Group to analyze the findings, identify gaps, and build a plan. The plan consists of specific wellness initiatives that are to be undertaken over the next couple of years. It includes initiatives like health risk appraisals, coaching, biometric testing, rewards, and incentives, virtual and on-site programs targeting specific risk factors etc.
 - Document the plan developed at the working session

- Participate in a meeting to vet the analysis and strategy with the Advisory Group
 - Review final plan and assist in obtaining necessary approvals to proceed to implementation
- Implementation
- Assist in the development of an implementation plan
 - Identify the vendor needs that the strategy requires. Some may be involved expanding the scope of services with existing vendors—others might involve searching for and contracting with new vendors.
 - Develop communications strategy and key messages
- Measurement and Accountability
- Facilitate a meeting with the *Working Group* to develop a scorecard—provide sample metrics
 - Develop the scorecard layout and data requirements

Changing participant behavior is the cornerstone of any effort to build a “culture of health” in an organization. To make wellness work, employees and their families must be engaged, empowered and accountable. At most organizations, substantial behavioral and relationship shifts are required for culture change to take hold.

Participants Must:	Employers Must:
<ul style="list-style-type: none"> • Take a more active role in their health care and lifestyle choices • Understand the impact of personal lifestyle choices on future health and health costs • Become educated consumers of wellness, prevention and disease/condition management programs • Commit to identifying and changing unhealthy behaviors • Manage their healthcare dollars wisely 	<ul style="list-style-type: none"> • Commit to identifying and changing unhealthy practices and processes • Provide the educational resources and tools employees will need to make the best choices • Track progress • Establish a program of ongoing education to drive program results

We have extensive experience in helping organizations design and implement wellness communications campaigns, from relatively modest ad hoc efforts to full-blown, multi-year, multi-element programs. The scope of any wellness communications campaign—indeed, any effort to facilitate culture change within an organization—depends on how broad the gap is between current conditions and the desired state, as well as the organization’s goals and resources. These factors, among others, would be explored in depth at our initial planning session.

Communications: Critical Success Factors

Any marketing and promotion campaign geared to change behavior must be:

- **Credible:** clearly explain why you are making the changes, what you hope to accomplish by doing so, and how you define success
- **Customized for each audience:** identify each stakeholder group (employees, dependents, administrators, supervisors, vendors, etc.) and target messages to their unique needs, circumstances and different stages of change
- **Honest:** explain the rules, risks and rewards of taking action
- **Timely:** start cascading key messages early and keep them coming; build in a forum for questions and comments and use it to establish a regular feedback cycle
- **Tested:** use research (focus groups, surveys, etc.), piloting and test-marketing to ensure development and implementation of an effective campaign
- **Varied:** take full advantage of all media to ensure that key messages reach all audiences
- **Personalized:** provide easy-to-use and accessible personalized tools, calculators and resources
- **Reinforced:** repeat and refine key messages throughout the year

The scope of a wellness and disease management initiative can vary considerably. What we typically recommend is a half day strategy session to map out a game plan and to start to think about how you get started (using the above as an template). Once we have a customized approach for the State, we can then develop pricing to take you from strategy to implementation to execution.

4. **For those positions for which an individual(s) has not been named at the time of Proposal submission, a description of how the Offeror proposes to recruit the person(s) ultimately selected to fill the position.**

Segal has an officer whose sole responsibility is training and personnel development. Michelle Occhiogrosso assures Company leadership, our employees and our clients that there will always be sufficient capability to address our clients' needs through a well-established development pipeline. Our junior level actuaries spend a significant amount of time training both in their technical areas and in Company policies and practices generally. We have found that this training actually increases our staff's productivity as junior level staff more quickly start contributing to the teams on which they are assigned. This not only enhances our ability to efficiently service our clients in the professional manner we require, it also has a measurably favorable effect on the turnover among our junior level analysts and actuaries. We would be pleased to demonstrate our training programs and share our turnover statistics should DCS be interested.

We also have an officer whose sole responsibility is recruitment of professional staff. Patrick Knuff's responsibility is to allow us to manage our growth by seeing that we have a sufficient number of junior staff members to grow into senior positions and, on the occasion our growth has warranted hiring more senior staff and that we can seek out the best available senior resources.

Finally, our matrix structure serves to enhance our ability to assign staff to projects because we can easily draw on staff from around the country in each practice area should an exceptional need arise either regarding special client assignments or unexpected staff turnover.

5. **A description of how the Offeror proposes to recruit replacement personnel, should, during the term of the Contract, one or more Project Management Team members leave and a description of the steps that will be taken to ensure the continuity of Project Management team members from year to year.**

Segal boasts exceptionally low turnover among its professional staff. For the last two years, it has been less than 12% company-wide; which is well below the average for the industry. Regardless, we would maintain all documents in a central library and notes on all communication with responsible parties at DCS so if turnover or a promotion does occur, a new team member will have access to all prior documentation and can be brought up to speed quickly. Our clients are our first priority.

4.03.5 Project Services

Task #1: Premium Rate Renewals

A – Task #1 Work Plan

The premium renewal process requires careful timing for receipt of data, analysis, and negotiations so that claims and other associated data are as current as possible and yet the negotiations are complete and the rate(s) settled prior to the contract renewal date. It also requires current knowledge of healthcare cost trends, competitive levels of retention, margin (if any), and risk charge (if any); achievable discount levels for managed benefits; and accurate measurement of the value of plan design changes, if such changes are being considered.

Following is a brief description of the steps, factors, resources, and other information for this process:

Steps

The proposed steps reflect an approach that we believe is thorough but efficient and that helps ensure fair and competitive premium rates. It also hopes to produce negotiations that are equitable and competitive, not contentious. While the approach outlined below is one that we have used successfully with other clients, we understand that protocols and precedents are in place already with the DCS, its current actuary, and NYSHIP Carriers and that those protocols and precedents may guide or influence the process in the future. We are prepared and able to proceed under any reasonable and appropriate approach.

- **Initial Meeting:** Depending upon the relationship between the Plan and the various Carriers who insure it, we suggest beginning the annual premium renewal process with a meeting between responsible parties at DCS, Segal, and each Carrier (individually) to discuss evolving experience, prospective trends, margins, and retention requirements, as well as to review and agree upon a project schedule to which all parties will adhere. This “kick off” meeting helps to identify likely areas of agreement and disagreement between the Carriers and us so that we may focus our attention and analytic effort at those areas that likely will be the areas of most intense negotiation. *We suggest scheduling Carrier meetings coincident with the release of the call letter, in early August.*
- **Data Collection:** Triangulated (*i.e.*, monthly paid claims by incurred month) claims data and summarized participant data are key items required to develop an independent projection of future claim costs. These data may be available from regular quarterly analysis (Task 2). In addition, we will request updated claims and enrollment data, if appropriate, as well as trend rates and their justification, retention and margin and their justification, the value of plan design changes and its justification, and worksheets for reserves, dividends, and other premium renewal components, similar to the information described in the sample call letter included in the RFP. *The data collection process has two parts: (1) claims/enrollment data required for our initial independent premium rate projection will be on hand from regular*

quarterly analysis, and will not require additional time to collect or organize; (2) detailed renewal information from Carriers, including updated claims/enrollment (if possible/practical), trend rates and their justification, retention and margin and their justification, the value of plan design changes and its justification, as well as worksheets for reserves, dividends, and other premium renewal components, should be presented as available before renewal premiums are presented by the Carriers in early September. We will incorporate these data into our analysis upon receipt.

- **Independent Premium Requirement Calculation:** We will prepare an estimate of the coming year's required premium based on available claim and enrollment data, information about retention, reserves, and other premium components from the prior year's renewal, information gleaned from our initial, pre-renewal meeting with Carriers, and our own data about emerging cost trends. This premium development will serve as a benchmark against which we will be able to measure the Carriers' renewals when they are presented in early September. We use premium renewal templates that allow us to modify assumptions, as needed, as more information about retention and other non-claim components of premium are received, and to identify the exact areas (and size) of any differences between Carriers' renewals and our independent projections. *Our development of an initial independent premium estimate will require approximately 20 days, and will be designed to permit us to present an initial premium estimate to the DCS by August 31, reflecting all information received to date.*
- **Carrier Renewal Analysis:** We will conduct an in-depth analysis of Carriers' renewals upon receipt in early September. This analysis will identify specific areas where our independent premium projections and the Carriers' renewals differ, and will allow us to reconcile both data issues (*e.g.*, actual claims and enrollments used) and assumptions (*e.g.*, trend rates, value of plan changes, reserve factors). We will prepare a brief report for the DCS articulating and quantifying discrepancies between Carriers' proposals and our independent measurements, indicating areas where we may have updated or modified our measurement based on additional information received. During this phase of the analysis, we suggest identifying reasonable ranges for key assumptions (such as trend) and preparing premium estimates based on assumptions in these ranges. This additional level of analysis will help us and the DCS address most efficiently those components of Carriers' renewals that warrant more intensive negotiations, versus those for which our estimates are Carriers' both fall within a reasonable range and are competitive. *The Carrier renewal analysis will take place during the first ten business days following receipt of Carriers' renewals.*
- **Negotiate and Finalize Rates; Prepare Report:** During the balance of September and in early October, we will work with the DCS to negotiate final rates, using our rating worksheets and underwriting and other analytical tools to modify and update premium projections. Once the DCS is satisfied with a premium rate, we will prepare a findings report that will include the final proposed rates, underlying assumptions and their justification, and a chronology of the renewal analysis and negotiation process, highlighting key issues during the process and including information about the motivation and rationale for all factors contributing to the final proposed rate. *Timing for the negotiation and report-writing processes will depend in part on the DCS's negotiation schedule; we anticipate that the process will require approximately ten to 15 business days of devoted effort, assuming full cooperation by all Carriers.*

Factors

Many factors need to be considered in the rate renewal and negotiation process. As analysts and actuaries, our principal focus will be on providing a sound, defensible analytic foundation from which negotiations can be conducted and any required alternative measurements can be made. These factors include:

- **Claims:** We prefer triangulated data (as defined above), though we can work with more detailed data (e.g., raw individual claim data) or more summarized data (e.g., monthly paid claims summaries). If possible, claims should be provided separately by claim type (hospital, major medical, prescription drug, and other sub-divisions, if available). Large claims should be parsed from the data and reported separately.
- **Reserves:** Paid claims must be converted to incurred claims prior to projecting the coming year's costs. Using triangulated data we develop reserve estimates from empirically derived completion factors using a proprietary reserving spreadsheet that has proven to be an extremely accurate and reliable predictor of claim runout and an invaluable tool in renewal calculations. In the absence of triangulated data we use other assumptions, tools, and conventions to estimate reserves and to audit Carriers' reserve estimates.
- **Cost trend:** An empirical understanding of recent past trend is required to bring historical claims data to the present. An understanding of how costs are expected to increase in the coming year is required to prepare an accurate estimate of claims for premium renewal period. We reconstruct historical trend by application of actuarial principles and algorithms to actual claims. These are compared with information available from proprietary sources, carrier disclosures, and public sources. In order to determine appropriate trend rates for the coming year, we use our annual *Segal Trend Survey*, a predictive survey of major health carriers. Survey findings are adjusted based on past years' observed variances between anticipated and realized trend. We suggest evaluating and trending costs separately for different major cost components (e.g., hospital, prescription drugs).
- **Claim fluctuation margin:** Although the size of NYSHIP is such that an (academic) argument may be made for the exclusion of claim fluctuation margin in premium development, the custom of including such a margin has been retained by even the largest health plans, in our experience. We can opine on the appropriate size of the reserve using proprietary statistical models that measure claim fluctuation based on the size, stability, and diversity of a covered population.
- **Value of design changes:** The addition or elimination of benefits, or proposals for benefit modifications, will affect Plan cost and must be incorporated into renewal calculations. We use a proprietary underwriting tool developed to our specifications and specifically designed to meet our needs as health benefits analysts. This tool is used to measure the value of plan design changes, and complements other measurement tools for design changes (e.g., data requested of and provided by Carriers for specific benefit changes being contemplated).
- **Demographic and other related changes:** As groups join or withdraw from the Plan, subtle changes in the overall composition of the group — related to demography, geography, or other factors — may affect the Plan's cost basis, and should be adjusted for in renewal analysis.

- **Risk charge:** A program the size of NYSHIP does not require a specific risk charge. If the DCS and the Carriers have agreed to the inclusion of such a charge in the development of premium rates, we will assess the size of the charge and audit its accurate inclusion in the renewal rating process.
- **Interest credits:** To the extent that Carriers hold all or a portion of the claim reserves or in any other way steward Plan funds, we will review the rules that determine how interest is charged or credited and audit their accurate application.
- **Premium taxes:** We will include premium taxes, as appropriate, in our calculations.
- **Settlements:** The process by which Plan experience is retrospectively reviewed and settled is a key component in the overall financial stewardship of the Plan. We will evaluate dividends/deficits or other settlement items either as part of the renewal and negotiation process, or as an independent analysis.

Resources

“Resources” required for the premium renewal and negotiation process fall into three categories: personnel, data, and tools.

- **Personnel:** We presented our proposed core team and resource group in response to Question 4.03.4.1 of the RFP, and biographies may be found in [location]. In assembling the core team, we have been mindful of the various skill sets and levels and types of experience required to ensure expert, timely, efficient, rigorous, and insightful work for the DCS. Core team members will be committed to the DCS and our work for NYSHIP.

The vast majority of hours required for Task #1 will be for the core team. However, should the need arise, the team has at its disposal any or all of the additional resources listed in our response to 4.03.4.1. Our anticipated mix of hours by position will vary slightly by year, but is shown in the chart below along with the number of core team members at position title.

Task # 1 – Projected Hours by Position Title								
Position Title	# of Individuals on Core Team	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Principle	1	35	25	20	20	20	20	20
Lead Consultant	2	40	30	30	30	30	30	30
Consultant	1	65	65	60	60	55	55	55
Analyst	2	75	95	100	100	100	100	100
Administrative Assistant	1	3	3	3	3	3	3	3

- **Data:** Data may be organized in three broad categories:
 - Claims data
 - Census data
 - Plan data

Our role advising the DCS and providing support in Carrier negotiations is complemented by—and grows from—our role as analysts with unique experience and market knowledge of both health plans and public sector programs and with a high level of expertise in the evaluation, analysis, and interpretation of health care cost and demographic data. Data provide the key to informed, fair premium development and cost projections. Ideally, we will collect and use detailed information about paid and incurred claims and large claims for different basic benefit types (e.g., hospital, surgical, prescription drugs).

In addition to claim data, detailed census or demographic data will allow us to interpret and predict changes in the size or composition of the covered population that will further improve our ability to measure and monitor plan costs. We can work with either summarized census data (e.g., enrollment scatters by age, sex, coverage tier, covered group, region, etc.). Ideally, detailed census data with basic information for each covered individual will allow us to make customized “cuts” of the population for both routine and *ad hoc* analyses. Complementing census data, we generally request basic monthly enrollment statistics from Carriers to audit consistency between the detailed census and Carriers’ understanding of the population they are covering.

Plan descriptions will allow us to most thoroughly understand detailed benefit provisions and most accurately model benefit changes.

- **Tools:** In order to ensure a high and consistent level of quality in our analytical work, we have developed — under the auspices of Segal’s National Health Practice — tools, models, and software programs, and have established protocols, processes, and quality standards so that work is done at the highest level of both accuracy and efficiency. Our tools include:
 - A **claim cost analysis** tool that applies sophisticated actuarial and underwriting logic to claims and enrollment data and, where appropriate, blends actual plan experience with manual rates derived from our underwriting tools. The assessment of the statistical credibility of actual claims data incorporates information about the size and concentration of the covered population and the period for which data are available.
 - A **reserve analysis** tool that applies actuarial algorithms to triangulated claim data to derive completion factors and compute reserves for incurred by unpaid claims.
 - Various **pricing** tools:
 - *Medical Pricer*: This proprietary software uses detailed information about benefit provisions, together with information about the size and demographic composition of the covered population, to develop manual premium rates. The tool’s sophisticated methodology incorporates all types of demographic information, including industry and area codes, to ensure accurate rates. This tool is most useful in claim and cost analyses for small and mid-size clients, but has also been invaluable even to our largest clients for measuring the value of proposed changes in plan design and for providing “benchmark” rates against which experience rates can be compared.
 - *Dental Pricer*: This proprietary tool serves a function similar to that of the Medical Pricer, but for dental benefit plans.
 - *Prescription Drug Pricer*: This tool allows us to measure absolute and relative values of alternative prescription drug plan designs, including all types of both managed and unmanaged plans. The tool makes appropriate adjustments for anticipated changes in utilization associated with benefit design changes.

All of our pricing tools are updated regularly to ensure that calculations are based on recent data and reflect our most current and accurate understand of recent past trend rates.

- **Valuation** tools that are used to measure accounting obligations and expense under financial accounting standards applicable to postemployment and postretirement health and welfare benefit programs.
- A **stop-loss analysis and pricing** tool allows us to measure risk and predict premiums for both individual and aggregate stop-loss insurance.
- **Economic and contingency reserve** tools that develop appropriate solvency assurance reserves for large self-funded programs.

In addition, the Offerors should:

1) Describe the steps the Offeror will take to ensure that due dates and deadlines for Task #1 are met, and

To ensure timely completion of both regular and *ad hoc* work, we will establish timetables for all projects. These timetables will identify both the steps and timing for our analytical work, but also will identify other involved parties (*e.g.*, carriers who are providing data for analysis) and the due dates for our receipt of clean, complete data. In addition to using timetables, we consistently produce timely work for major clients by ensuring that the client service team has the right—and the right number of—people. For example, in our work as health actuary for the City of New York’s Office of Labor Relations, we have two senior consultants assigned to the City. Both have a full understanding of all work being done at any time so that, if one is absent from the office, the other is still available to address client inquiries. Vacations and other out-of-office time are coordinated, to the extent possible, to help ensure continuous “coverage.” For individual projects or *ad hoc* assignments, one or the other of these “twin” team heads will take primary responsibility. In addition, a mid-level consultant is assigned to each specific project (*e.g.*, renewal/settlement analysis, drug cost analysis) with accountability for project management and timely work. We propose a similar structure for the State.

In addition to using organizational structure and project management tools to guarantee timely work, we can also use financial incentives. For example, we would be pleased to work with responsible parties at the DCS to develop performance standards with sanctions in the form of fee concessions for failure to meet the standards. Also, Segal’s employees’ incentive pay is related to their performance relative to agreed upon standards, which, for members of the State’s project team, can include timely work and delivery of reports for the DCS.

In order to meet the “specialized needs” of the State we will need to have a clear understanding of those needs. We look forward to working with responsible parties at the DCS to articulate its needs and help ensure that work processes, performance standards, and financial penalties are appropriate.

2) Describe the quality assurance process used to ensure Task #1 reports, documents and services are complete, accurate, and of the quality required by the Department.

Client satisfaction based on the delivery of high quality, client-focused consulting services is the backbone of our business. We place a premium value on our relationships with clients. Segal’s commitment to clients is evidenced by the loyalty of our clients, many of whom have maintained long-standing relationships with us spanning over 50 years.

A client relationship manager (CRM) or lead consultant oversees the relationship for each client by monitoring workflow, introducing other advisors as needed, and periodically communicating progress to the client. Mr. Hatfield has been designated to serve in that capacity. The CRM also solicits client feedback and keeps the client updated on any issues that arise in the industry that may be of interest and have an impact on the client’s programs.

Our approach to account management and client satisfaction is proactive—to understand client business issues and anticipate client needs, rather than react to them.

Relative to our technical work product, we employ a rigorous quality control process that includes the following:

- **Mandatory** peer review of actuarial reports and client correspondence: Actuarial managers complete these reviews. Segal has detailed written quality control standards for actuarial work.
- **Work product quality assurance:** Reports, memoranda and letters on complex or technical matters are prepared by an experienced team member and reviewed by the senior consultant who is an expert in the area addressed by the material. This person ordinarily is one who has enough experience and judgment not only to grasp the substantive matter being discussed, but also to understand the nuances that might have unique application to a particular client's circumstance or need.
- **Team consulting:** Through the client service team, we make checks and balances for quality control an organic feature of the consulting process. Meetings and significant phone calls and other contacts with the client are documented in file memoranda that are shared with the team. In the course of keeping one another informed about client developments, the team members go through an automatic quality-review procedure.
- **Early warning system:** Each office and region has an early warning system to identify and deal with potential difficulties and anomalies as they emerge and before they become problematic.
- **Company-wide standards and training:** By setting and enforcing the uniform national professional standards described above, and by company-wide training programs that equip our staff to achieve those standards, we assure consistency and quality in the delivery of services.
- **Client satisfaction surveys:** Detailed satisfaction interviews are conducted periodically by senior managers not involved with the clients' work.
- **Relationship management:** Segal realizes that each project's success depends on the team supporting the project. Therefore, we focus on involving the appropriate mix of technical and resource staff in each project to develop achievable solutions.
- **Audits:** Our offices that provide actuarial work for clients are audited by senior professionals from the National Health Practice once a year to assure compliance with quality standards. Non-compliance may have a direct impact on the compensation of the employees in that office.

We have consultants and actuaries throughout our 19 offices with the experience to support large and complex clients and projects. We will assign only the best professional staff available to serve your needs. Our corporate structure supports the use of the best technical professional for the job, wherever that person may be located.

B – Task #1 Deliverables:

Prepare a comprehensive outline of the information to be provided in satisfaction of the following deliverables, for each of the Empire Plan Carriers, with justification for inclusion of each of the subject areas:

(a) “Benefits Management Consultant Independent Experience Projections and Premium Requirements”, and

We propose that our report of experience projections and premium requirements be presented in two drafts:

- The first draft of the report will communicate our initial premium requirement projections, reflecting information received prior to the end of August from the Carriers, and preceding our receipt of Carriers’ proposals
- The second draft of the report will include updated versions of our analysis reflecting any additional information received from Carriers, as well as the results of Carrier negotiations. It will reconcile our initial and final premium estimates and will also reconcile our final independent measurement with the final rate agreed to between the responsible parties at the DCS and the Carriers. We will annotate this second draft with explanations of all assumptions made or changed during the analysis and negotiation process. This second draft of the report will be incorporated in to the *Benefits Management Consultant Final Report and Recommendations* discussed in our response to questions 2 (b).

To begin, we would replicate the outline provided by the current consultant in order to minimize the disruption experienced by DCS staff. We would then review this structure and modify over time to better meet your needs. Ideally, we propose reports organized in four major sections, as follows:

- **Executive Summary**
 - Narrative description of findings and recommended renewal action
 - Summary of premium rates developed by Carriers and by Segal, including reconciliation
 - Summary of key events (*e.g.*, benefit changes) and assumptions (*e.g.*, reserve factors, trend rates)
- **Detailed Experience Analysis and Premium Development**

Tables and accompanying narrative with details from our analysis

- Detailed claim development and projection
 - Reserve development
 - Value of benefit changes
 - Value of demographic, legislative, or other changes
 - Analysis of large claims/assessment of pooling charges
 - Analysis of any PCP and global capitations that might be employed

- Detailed premium development and reconciliation
 - Development of required premium, development of premium at current rates, derivation of required premium increase
 - Retention
 - Risk charges
 - Claims fluctuation margin
 - State mandates affecting coverage
 - Audit/reconciliation of graduate medical assessments and indigent care surcharges
 - Solvency
 - Statutory reserves

➤ **Assumptions**

- Development, reconciliation, and justification of healthcare cost trend
 - Empirical derivation
 - Carrier assumptions
- Segal assumptions
- Development of reserve factors
- Development of adjustments for changes in plan design, demography, etc. (as appropriate)
- Development of other assumptions, as appropriate

➤ **Exhibits**

- Supporting tables
 - Claim summaries
 - Monthly enrollment summaries
- Data provided by Carriers (attached to the report in electronic format)

(b) “Benefits management Consultant Final report and Recommendations.”

As mentioned above, our final report and recommendations will be built from the final version of our *Experience Projection and Premium Requirement Report*, incorporating that report as an attachment to a new **Executive Summary** that presents and explains the final negotiated rate action, with commentary on the analytical and negotiated items that reconcile the Carriers’ initial rate proposals, our independent analysis, and the final rates.

Task #2: Quarterly Analysis

A – Task #2 Work Plan

In our description of the work plan for Task 1, we provided detailed information about the steps, factors, resources and other information for that Task. These are similar for Task 2 (and for all our analytic work for the State). The paragraphs below restate our response to question 1 for Task 1, with edits and changes as appropriate for Task 2.

The quarterly review of claims experience combines skillful and accurate measurement and interpretation of claims data with knowledge of healthcare cost trends and other factors influencing healthcare delivery and costs. We view the activities for this process as a subset of Task 1, which begins with a review and analysis of claims experience, and then projects that experience and adds in other components of premium.

Following is a brief description of the steps, factors, resources, and other information for this process:

Steps

Quarterly analysis should be focused on gaining insight into the Plan's evolving experience and getting an early indication if experience begins to deviate from what was expected. It should also allow us to investigate the sources of any deviations in actual experience relative to what was projected. While the approach outlined below is one that we have used successfully with other clients, we understand that protocols and precedents are in place already with DCS, its current actuary, and the NYSHIP Carriers and that those protocols and precedents may guide or influence the process in the future. We are prepared and able to proceed under any reasonable and appropriate approach.

- **Data Collection and Reconciliation:** Triangulated (*i.e.*, monthly paid claims by incurred month) claims data and summarized participant data are the key items required to evaluate emerging and projected claim costs. Our initial activity when receiving claims data is to conduct a basic audit of the data's reasonableness, completeness, and consistency with prior period's reports. At the DCS's direction, we will work directly with Carriers to resolve any data issues prior to analysis. *We assume that Carriers will provide complete, accurate, timely claims data for this Task within a period mutually agreed to by Carriers and the DCS following the end of applicable quarters.*
- **Independent Claims Analysis/Reconciliation with Carriers' Calculations:** We will use proprietary tools to prepare an independent estimate of current and projected incurred claim costs. We will then compare our estimates with those prepared by Carriers and draft a report identifying and quantifying those areas where our figures differ from the Carriers. Key areas where differences are likely to occur are in the development of reserves (to convert paid claims to incurred claims) and health care cost trend rates. *Our analysis will require approximately 15 days after receipt of clean, complete data. A longer period may be allowed or a shorter period required depending upon Carriers' timeliness in furnishing data.*

- **Preparation of Report:** Following the completion of our analysis we will prepare a draft report for the DCS in which we present our findings and a thorough explanation and reconciliation of all discrepancies between Carriers' analyses and our independent analysis. Once responsible parties at the DCS have reviewed and approved the draft report, we will prepare a final draft. *The draft report will be presented to the DCS approximately one week after the completion of our analysis. The final draft, reflecting any changes or additional analysis, will be available within three days following the DCS's approval of the draft report.*

Factors

Several factors need to be considered in evaluating plan experience. These factors include:

- **Claims:** We prefer triangulated data (as defined above), though we can work with more detailed data (e.g., raw individual claim data) or more summarized data (e.g., monthly paid claims summaries). If possible, claims should be provided separately by claim type (hospital, major medical, prescription drug, and other sub-divisions, if available). Large claims should be parsed from the data and reported separately, if possible.
- **Reserves:** Paid claims must be converted to incurred claims prior to projecting the coming year's costs. Using triangulated data we develop reserve estimates from empirically derived completion factors using a proprietary reserving spreadsheet that has proven to be an extremely accurate and reliable predictor of claim runout and an invaluable tool in renewal calculations. In the absence of triangulated data we use other assumptions, tools, and conventions to estimate reserves and to audit Carriers' reserve estimates.
- **Cost trend:** An empirical understanding of recent past trend is required to bring historical claims data to the present. An understanding of how costs are expected to increase in the coming year is required to prepare an accurate estimate of claims for premium renewal period. We reconstruct historical trend by application of actuarial principles and algorithms to actual claims. These are compared with information available from proprietary sources, carrier disclosures, and public sources. In order to determine appropriate trend rates for the coming year, we use our annual *Segal Trend Survey*, a predictive survey of major health carriers. Survey findings are adjusted based on past years' observed variances between anticipated and realized trend. We suggest evaluating and trending costs separately for different major cost components (e.g., hospital, prescription drugs).
- **Value of design changes:** The addition or elimination of benefits, or proposals for benefit modifications, will affect Plan cost and must be incorporated into renewal calculations. We use a proprietary underwriting tool developed to our specifications and specifically designed to meet our needs as health benefits analysts. This tool is used to measure the value of plan design changes, and complements other measurement tools for design changes (e.g., data requested of and provided by Carriers for specific benefit changes being contemplated).
- **Demographic and other related changes:** As groups join or withdraw from the Plan, subtle changes in the overall composition of the group—related to demography, geography, or other factors—may affect the Plan's cost basis, and should be adjusted for in renewal analysis.

Resources

“Resources” required for this Task fall into three categories: personnel, data, and tools.

- **Personnel:** We presented our proposed core team and resource group in response to Question 4.03.4.1 of the RFP, and biographies are included as Exhibit Q, as requested. In assembling the core team, we have been mindful of the various skill sets and levels and types of experience required to ensure expert, timely, efficient, rigorous, and insightful work for the State. Core team members will be committed to the State and our work for the NYSHIP.

The vast majority of hours required for Task #2 will be for the core team. However, should the need arise, the team has at its disposal any or all of the additional resources listed in our response to 4.03.4.1. Our anticipated mix of hours by position will vary slightly by year, but is shown in the chart below along with the number of core team members at position title.

Task # 2 – Projected Hours by Position Title								
Position Title	# of Individuals on Core Team	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Principle	1	15	10	10	10	10	10	10
Lead Consultant	2	35	30	30	30	30	30	30
Consultant	1	110	90	80	90	90	90	90
Analyst	2	140	120	120	120	120	120	120
Administrative Assistant	1	8	8	8	8	8	8	8

- **Data:** Claims data will be furnished by Carriers in accordance with their agreements with the DCS and with past practice. Census or other demographic data may allow more accurate and insightful analysis, and should be provided, if available.

As health actuarial, underwriters, and analysts serving the public sector, we have the expertise, experience, and market knowledge to evaluate, analyze, and interpret health care cost and demographic data. Data provide the key to complete and accurate cost measurement and projections. Ideally, we will collect and use detailed information about paid and incurred claims and large claims for different basic benefit types (*e.g.*, hospital, surgical, prescription drugs).

In addition to claim data, detailed census or demographic data will allow us to interpret and predict changes in the size or composition of the covered population that will further improve our ability to measure and monitor plan costs. We can work with either summarized census data (*e.g.*, enrollment scatters by age, sex, coverage tier, covered group, region, etc.). Ideally, detailed census data with basic information for each covered individual will allow us to make customized “cuts” of the population for both routine and *ad hoc* analyses. Complementing census data, we generally request basic monthly enrollment statistics from Carriers to audit consistency between the detailed census and Carriers’ understanding of the population they are covering.

Plan descriptions will allow us to most thoroughly understand detailed benefit provisions and most accurately model benefit changes.

- **Tools:** In order to ensure a high and consistent level of quality in our analytical work, we have developed—under the auspices of Segal’s National Health Practice—tools, models, and software programs, and have established protocols, processes, and quality standards so that work is done at the highest level of both accuracy and efficiency. Our tools include:
 - A **claim cost analysis** tool that applies sophisticated actuarial and underwriting logic to claims and enrollment data and, where appropriate, blends actual plan experience with manual rates derived from our underwriting tools. The assessment of the statistical credibility of actual claims data incorporates information about the size and concentration of the covered population and the period for which data are available.
 - A **reserve analysis** tool that applies actuarial algorithms to triangulated claim data to derive completion factors and compute reserves for incurred by unpaid claims.
 - Various **pricing** tools:
 - *Medical Pricer:* This proprietary software uses detailed information about benefit provisions, together with information about the size and demographic composition of the covered population, to develop manual premium rates. The tool’s sophisticated methodology incorporates all types of demographic information, including industry and area codes, to ensure accurate rates. This tool is most useful in claim and cost analyses for small and mid-size clients, but has also been invaluable even to our largest clients for measuring the value of proposed changes in plan design and for providing “benchmark” rates against which experience rates can be compared.
 - *Dental Pricer:* This proprietary tool serves a function similar to that of the Medical Pricer, but for dental benefit plans.
 - *Prescription Drug Pricer:* This tool allows us to measure absolute and relative values of alternative prescription drug plan designs, including all types of both managed and unmanaged plans. The tool makes appropriate adjustments for anticipated changes in utilization associated with benefit design changes.

All of our pricing tools are updated regularly to ensure that calculations are based on recent data and reflect our most current and accurate understanding of recent past trend rates.

- A **stop-loss analysis and pricing** tool allows us to measure risk and predict premiums for both individual and aggregate stop-loss insurance.

1) Describe the steps the Offeror will take to ensure that due dates and deadlines for Task #2 are met, and

To ensure timely completion of both regular and *ad hoc* work, we will establish timetables for all projects. These timetables will identify both the steps and timing for our analytical work, but also will identify other involved parties (*e.g.*, carriers who are providing data for analysis) and the due dates for our receipt of clean, complete data. In addition to using timetables, we consistently produce timely work for major clients by ensuring that the client service team has the right — and the right number of — people. Vacations and other out-of-office time are coordinated, to the extent possible, to help ensure continuous “coverage.” For individual projects or *ad hoc* assignments, one or the other of these “twin” team heads will take primary responsibility. In

addition, a mid-level consultant is assigned to each specific project (*e.g.*, renewal/settlement analysis, drug cost analysis) with accountability for project management and timely work. Our proposed account team structure for the State includes several senior level professionals to ensure overlap and coverage at all times.

In addition to using organizational structure and project management tools to guarantee timely work, we can also use financial incentives. For example, we would be pleased to work with responsible parties at the DCS to develop performance standards with sanctions in the form of fee concessions for failure to meet the standards. As we note above, Segal employees' incentive pay is related to their performance relative to agreed upon standards, and, for members of the State's project team, can include timely work and delivery of reports for the DCS.

In order to meet the "specialized needs" of the state we will need to have a clear understanding of those needs. We look forward to working with responsible parties at the DCS to articulate its needs and help ensure that work processes, performance standards, and financial penalties are appropriate.

2) Describe the quality assurance process used to ensure Task #2 reports, documents and services are complete, accurate, and of the quality required by the Department.

As mentioned previously, client satisfaction based on the delivery of high quality, client-focused consulting services is the backbone of our business. We place a premium value on our relationships with clients. Segal's commitment to clients is evidenced by the loyalty of our clients, many of whom have maintained long-standing relationships with us spanning over 50 years.

A client relationship manager (CRM) or lead consultant, in the case Mr. Hatfield, oversees the relationship for each client by monitoring workflow, introducing other advisors as needed, and periodically communicating progress to the client. The CRM also solicits client feedback and keeps the client updated on any issues that arise in the industry that may be of interest and have an impact on the client's programs.

Our approach to account management and client satisfaction is proactive—to understand client business issues and anticipate client needs, rather than react to them.

Relative to our technical work product, we employ a rigorous quality control process that includes the following:

- **Mandatory peer review of actuarial reports and client correspondence:** Actuarial managers complete these reviews. The Company has separate, detailed quality control standards for actuarial work.
- **Work product quality assurance:** Reports, memoranda and letters on complex or technical matters are prepared by an experienced team member and reviewed by the senior consultant who is an expert in the area addressed by the material. This person ordinarily is one who has enough experience and judgment not only to grasp the substantive matter being discussed, but also to understand the nuances that might have unique application to a particular client's circumstance or need.
- **Team consulting:** Through the client service team, we make checks and balances for quality control an organic feature of the consulting process. Meetings and significant phone calls and other contacts with the client are documented in file memoranda that are shared with the team. In the course of keeping one another informed about client developments, the team members go through an automatic quality-review procedure.
- **Early warning system:** Each office and region has an early warning system to identify and deal with potential difficulties and anomalies as they emerge and before they become problematic.
- **Company-wide standards and training:** By setting and enforcing the uniform national professional standards described above, and by company-wide training programs that equip our staff to achieve those standards, we assure consistency and quality in the delivery of services.
- **Client satisfaction surveys:** Detailed satisfaction interviews are conducted periodically by senior managers not involved with the clients' work.

- **Relationship management:** Segal realizes that each project’s success depends on the team supporting the project. Therefore, we focus on involving the appropriate mix of technical and resource staff in each project to develop achievable solutions.
- **Audits:** Our offices that provide actuarial work for clients are audited once a year to assure compliance with quality standards. Non-compliance may have a direct impact on the compensation of the employees in that office.

We have consultants and actuaries throughout our 19 offices with the experience to support large and complex clients and projects. We will assign only the best professional staff available to serve your needs. Our corporate structure supports the use of the best technical professional for the job, wherever that person may be located.

B – Task #2 Deliverables

Provide a comprehensive outline of the information to be provided in the ‘Benefits Management Consultant Review of Empire Plan Carriers’ Quarterly Reports’ for each of the Empire Plan Carriers, and a justification for the inclusion of each of the subject areas.

We propose organizing our report from the quarterly review in a manner similar to the reports for Task 1. Once again, we will start with the format provided by the current consultant, and discuss with you any proposed enhancements or modifications that you desire.

We believe that any information provided in a reporting package should be easily understandable to a variety of constituents. To do so, the report must provide narratives that summarize key points and findings, provide tables and support that justify the narratives, and include sufficient details for those who desire an in-depth look at the data and workings of the plan. The report should be a standalone document, which does not require explanation or commentary in order to be understood.

Over time, we envision a set of reports that includes the following:

- Narrative description of findings
- Summary of claims developed by Carriers and by Segal, including reconciliation
- Summary of key events (e.g., benefit changes) and assumptions (e.g., reserve factors, trend rates) influencing the analysis

Tables and accompanying narrative with details from our analysis:

- Detailed claim development and projection
- Reserve development
- Value of benefit changes
- Value of demographic, legislative, or other changes
- Analysis of large claims/assessment of pooling charges
- Analysis of any PCP and global capitations that may be employed
- Development, reconciliation, and justification of healthcare cost trend

- Empirical derivation
- Carrier assumptions
- Segal assumptions
- Development of reserve factors
- Development of adjustments for changes in plan design, demography, etc. (as appropriate)
- Development of other assumptions, as appropriate

Supporting tables:

- Claim summaries
- Monthly enrollment summaries
- Data provided by Carriers (attached to the report in electronic format)

Task #3: GASB 45 Valuation

In regard to Task 3, at this part of its Technical Proposal, provide the information sought in A through D, below.

A. Task #3 GASB 45 Prior Experience

Describe the Offeror's prior experience in providing GASB 45 valuation and reporting services for other governmental organizations. The Offeror should demonstrate their understanding of the scope and purpose of the project in their response.

Segal is qualified to provide the requested actuarial and consulting services relating to retiree benefits, including specifically valuation under the Governmental Accounting Standards Board Statements 43 and 45 of liabilities for providing postretirement health and welfare benefits to current and future retirees. Segal has extensive experience, as well as a long history, of measuring postretirement medical obligations under both the FASB's Statement of Financial Accounting Standards No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions* (FAS 106) and the AICPA's Statement of Position No. 92-6, (SOP 92-6). In addition, Segal actuaries were actively involved in the discussions about the appropriate application of accrual accounting for these benefits to public sector employers and benefit plans, and in the development of the Statements themselves.

Segal serves as actuary and consultant to many state and local governments for their health benefit programs, including development of OPEB liabilities and costs. We have enclosed a list of GASB 43/45 clients for your information.

We will use our understanding of the methodologies contained in the GASB statements and the provisions of your Plan's retiree health benefit program for our analysis. In performing actuarial valuations for our clients, we have an established process that defines the sequence, methodology, and quality control on the project. A credentialed actuary experienced in providing retiree health valuations will be assigned to the consulting team and will have responsibility for actuarial review and oversight of the work.

Our process, which is outlined in the work plan section, reflects our understanding of the scope and purpose of this project.

B. Task #3 Work Plan

Submit two work plans which outline the proposed process to be followed in order to deliver Task 3 Project Services as set forth in RFP Section 3.01.3. The first work plan should clearly identify the steps related to the actuarial valuation component of the Task (i.e., Valuation) and the second work plan should clearly identify the steps related to the annual trending component (i.e., Year Two Roll Forward). The outline(s) should include a detailed description of the steps, factors, required staff resources (number of individuals per title and the total number of hours per title) using the Position titles set forth in RFP Section 4.04.—Assumption 6 needed to successfully complete the task. (note: The projected total number of hours per Position Title per year as set forth in the Offeror's Exhibit S,

Form S-3 submission). The Offeror should explain any added assumptions, including justification of those assumptions. Include a projected timeline (based on number of Business Days) of the major milestones and interim activities for completion of the Task and related activities.

Segal will perform the actuarial calculations of the Plan's liability and annual required contribution for retiree health benefits under GASB 45. The following summarizes our valuation process, the resources required, and the steps anticipated for both the full valuation and roll-forward years.

The Valuation Process

Project Initiation

Immediately upon approval of the engagement, Segal will establish a meeting or conference with Plan management to initiate the project. The purpose is to:

- Discuss and finalize the project scope and timing;
- Understand any special needs or interests;
- Establish parameters for keeping you updated—conference calls or some other medium;
- Identify data required for the overall engagement; and
- Review on the final due dates for all deliverables for the project.

Following the initial discussion, we will summarize the discussion and decisions and provide a project outline and data request. Any open issues and questions will be identified for review as the project progresses.

Evaluate Plan Documentation and Data

The next phase of the project would consist of a review of all relevant plan documents, summary plan descriptions and any other related documents concerning the OPEB benefits provided to the Plan's retirees. Where needed, we will raise questions to assure that we fully understand all aspects of the program. Our data requirements include four primary types of information:

1. Plan descriptions and documents, including clarification of the eligible groups;
2. Participant data for active and retired individuals;
3. Retiree claims experience and premium data for recent years; and
4. Financial information about the program, including previous financial statements to show how the cost for retiree health benefits has been reported in past years.

Data elements required for the OPEB valuation will be outlined in our data request.

Develop Assumptions for Actuarial Valuation Process

Segal will develop an internally consistent set of actuarial assumptions to be used in the valuation process. In measuring the liability for OPEB, we must make assumptions about future events including the amount and timing of medical benefit claims to be paid.

Significant assumptions for the OPEB valuation include at least the following:

- Health care trend rates (medical inflation and rising administrative costs);
- Changes in utilization or patterns of delivery;
- Discount rates;
- Mortality rates;
- Disability rates;
- Retirement rates;
- Age-related medical expense increases;
- Initial medical expense cost factors;
- Medicare reimbursement rates; and
- Dependent and spouse coverage assumptions.

The liabilities and expense for OPEB are sensitive to the assumptions selected and relatively minor changes in certain areas could result in substantial shifts in the cost projections. Moreover, it is difficult to accurately predict experience in some of the areas for which actuarial assumptions are required. The basic assumptions will be selected to represent the “most likely” projection of expected experience, understanding that significant variations in actual experience may occur. We will also apply the assumptions used in the pension valuation and our knowledge of the Plan’s population behavior.

The assumptions determined in this process will be used to develop the assumptions memo for the participating agencies and employers.

Perform actuarial valuation of the Plan’s OPEB liability and annual required contribution under GASB 45 based on current benefit commitments.

Using participant and claims data, we will perform an actuarial valuation of the Plan’s retiree health liability and annual required contribution in accordance with the rules of the Governmental Accounting Standards Board (GASB) Statement 45. Our analysis will include a projection of the Other Postemployment Benefits (OPEB) cost based on the current population of active employees and retirees.

Segal will perform the following calculations for the Plan:

- Project the total cost of providing postemployment benefits. The projection will be made on the basis of the current plan as communicated to participants.

- Discount the projected cost of benefits to the present value. The actuarial present value of total projected benefits is the amount that would have to be set aside today in an interest-earning account in order to provide enough capital to pay all expected costs of postemployment benefits for all current plan participants (both retirees and employees).
- Determine the **Actuarial Accrued Liability (AAL)**. The AAL is the portion of the actuarial present value of total projected benefits allocated to years of employment prior to the measurement date. The AAL is calculated using the one of six acceptable actuarial cost methods (e.g. entry age normal, attained age, aggregate).
- Calculate the **Unfunded Actuarial Accrued Liability (UAAL)**. The UAAL is the difference between the AAL and actuarial value of the plan's assets.

Additional relevant figures would be calculated and provided, including annual expense, accumulated postretirement benefit obligation, and expected postretirement benefit obligation.

Our calculations will also include the following reporting requirements required by GASB:

- **Annual Required Contribution (ARC):** The ARC is equal to the sum of the normal cost (NC) and the amortization of the UAAL.
- **Net OPEB Obligation (NOO):** The NOO is the cumulative difference between the ARC and the actual contributions made.
- **Required Supplementary Information (RSI):** The RSI will require historical trend information from the last three valuations, including disclosure information about the UAAL and the progress in funding the plan. At transition, the RSI may include only the first year's information.

Prepare Valuation Report

The OPEB valuation report will contain the following:

- Letter of certification
- Executive summary of the valuation
- Summary of the key results of the valuation
- Financial disclosures and actuarial cost factors for the major groups of employees covered by the Plan, including:
 - Actuarial and market value of assets, if applicable
 - Actuarial liabilities and liabilities for accrued benefits
 - Employer contribution rates, expressed as a dollar amount and as a percentage of covered payroll and split between normal cost and UAAL components.
 - GASB basis accounting disclosures
- Disclosures of actuarial assumptions, cost methods and procedures

- A glossary of terms used in the valuation report

Review report and findings

Once the valuation is complete, we will meet with the State to review our actuarial report and findings.

Year Two Rollforward

Paragraph 12 of Statement 45 requires that actuarial valuations be performed at least biannually for plans with a total membership of 200 or more. We will send a request for data in which we will ask the State the following:

- Confirm there were no significant changes in benefit provisions
- Confirm there were no significant changes in participants in the Plan
- The actual employer contribution for OPEB benefits

Based on the information provided, Segal will then:

- Review the Plan Provisions to ensure correct interpretation,
- Update any Assumptions, such as discount rate, trends, or any other changes, and
- Calculate the roll-forward.

Using this information, and the assumptions from the prior year's valuation report, we will produce the following:

- Annual Required Contribution and Annual OPEB Cost
- Net OPEB Obligation

Resources

The vast majority of hours required for Task #3 will be for the core team. However, should the need arise, the team has at its disposal any or all of the additional resources listed in our response to 4.03.4.1. Our anticipated mix of hours by position will vary slightly by year, but is shown in the chart below along with the number of core team members at position title.

Task # 3 – Projected Hours by Position Title							
Position Title	# of Individuals on Core Team	2010 Valuation Report	2011 Year 2 Roll Forward Report	2012 Valuation Report	2013 Year 2 Roll Forward Report	2014 Valuation Report (optional)	2015 Year 2 Roll Forward Report (optional)
Principle	1	25	2	10	2	10	2
Lead Consultant	2	170	17	180	15	180	15
Consultant	1	425	75	400	70	400	70
Analyst	2	595	140	600	130	600	130
Administrative Assistant	1	10	1	10	1	10	1

In addition, the Offerors should:

1) Describe the steps the Offeror will take to ensure that due dates and deadlines for Task 3 are met, and

To ensure timely completion of both regular and *ad hoc* work, we will establish timetables for all projects. These timetables will identify both the steps and timing for our analytical work, but also will identify other involved parties (*e.g.*, carriers who are providing data for analysis) and the due dates for our receipt of clean, complete data. In addition to using timetables, we consistently produce timely work for major clients by ensuring that the client service team has the right — and the right number of — people. Vacations and other out-of-office time are coordinated, to the extent possible, to help ensure continuous “coverage.” For individual projects or *ad hoc* assignments, one or the other of these “twin” team heads will take primary responsibility. In addition, a mid-level consultant is assigned to each specific project (*e.g.*, renewal/settlement analysis, drug cost analysis) with accountability for project management and timely work. Our proposed account team structure for the State includes several senior level professionals to ensure overlap and coverage at all times.

In addition to using organizational structure and project management tools to guarantee timely work, we can also use financial incentives. For example, we would be pleased to work with responsible parties at the DCS to develop performance standards with sanctions in the form of fee concessions for failure to meet the standards. As we note above, Segal employees’ incentive pay is related to their performance relative to agreed upon standards, and, for members of the State’s project team, can include timely work and delivery of reports for the DCS.

In order to meet the “specialized needs” of the state we will need to have a clear understanding of those needs. We look forward to working with responsible parties at the DCS to articulate its needs and help ensure that work processes, performance standards, and financial penalties are appropriate.

2) Describe the quality assurance process to ensure Task #3 reports, documents and services are complete, accurate and of the quality required by the Department.

As mentioned previously, client satisfaction based on the delivery of high quality, client-focused consulting services is the backbone of our business. We place a premium value on our relationships with clients. Segal’s commitment to clients is evidenced by the loyalty of our clients, many of whom have maintained long-standing relationships with us spanning over 50 years.

A client relationship manager (CRM) or lead consultant, in the case of the GASB work Ms. Kirby, oversees the relationship for each client by monitoring workflow, introducing other advisors as needed, and periodically communicating progress to the client. The CRM also solicits client feedback and keeps the client updated on any issues that arise in the industry that may be of interest and have an impact on the client’s programs.

Relative to our technical work product, we employ a rigorous quality control process that includes the following:

- **Mandatory peer review of actuarial reports and client correspondence:** Actuarial managers complete these reviews. The Company has separate, detailed quality control standards for actuarial work.
- **Work product quality assurance:** Reports, memoranda and letters on complex or technical matters are prepared by an experienced team member and reviewed by the senior consultant who is an expert in the area addressed by the material. This person ordinarily is one who has enough experience and judgment not only to grasp the substantive matter being discussed, but also to understand the nuances that might have unique application to a particular client’s circumstance or need.
- **Team consulting:** Through the client service team, we make checks and balances for quality control an organic feature of the consulting process. Meetings and significant phone calls and other contacts with the client are documented in file memoranda that are shared with the team. In the course of keeping one another informed about client developments, the team members go through an automatic quality-review procedure.
- **Early warning system:** Each office and region has an early warning system to identify and deal with potential difficulties and anomalies as they emerge and before they become problematic.
- **Company-wide standards and training:** By setting and enforcing the uniform national professional standards described above, and by company-wide training programs that equip our staff to achieve those standards, we assure consistency and quality in the delivery of services.

- **Client satisfaction surveys:** Detailed satisfaction interviews are conducted periodically by senior managers not involved with the clients' work.
- **Relationship management:** Segal realizes that each project's success depends on the team supporting the project. Therefore, we focus on involving the appropriate mix of technical and resource staff in each project to develop achievable solutions.
- **Audits:** Our offices that provide actuarial work for clients are audited once a year to assure compliance with quality standards. Non-compliance may have a direct impact on the compensation of the employees in that office.

We have consultants and actuaries throughout our 19 offices with the experience to support large and complex clients and projects. We will assign only the best professional staff available to serve your needs. Our corporate structure supports the use of the best technical professional for the job, wherever that person may be located.

C. Task #3 NYS/SUNY Deliverables

The Offeror must provide a comprehensive outline of the information to be provided in the "New York State/State University of New York GASB 45 Postemployment Healthcare Benefits Actuarial Valuation" Report, including an explanation of the subject areas to be included in the document. The OPEB valuation report will contain the following:

- An introduction, which includes the purpose and highlights of the valuation
- Valuation results, which includes all accounting requirements, a summary of valuation results and the actuarial certification
- Valuation details, which includes the following:
 - Actuarial Information
 - Actuarial Present Value of Total Projected Benefits and Actuarial Balance Sheet
 - Actuarial Accrued Liability (AAL) and Unfunded AAL (UAAL)
 - Table of Amortization Bases
 - Accounting Information
 - Determination of Annual Required Contribution
 - Required Supplementary Information
 - » Schedule of Employer Contributions
 - » Schedule of Funding Progress
 - » Net OPEB Obligation (NOO)
 - » Actuarial Assumptions and Plan Membership Information
 - Cash Flow Projections
- Supporting information, which includes
 - Summary of Participant Data
 - Participant Population over recent years.

- Distribution of Active Participants by Age and Service
- Distribution of Inactive Participants by Age
- Actuarial Assumptions and Actuarial Cost Method Used
- Summary of Plan Provisions
- Definition of Terms

D. Task #3 PE/PA Deliverables

The Offeror should confirm its ability to produce a modified version of the NYS/SUNY Actuarial valuation report as required for distribution to NYSHIP PEs and PAs.

Yes, we are capable and will produce the report as requested above.

Produce Cash Flow Projections for The Current Eligible Population

In addition to the quoted valuation, we can prepare a cash flow projection to assist you in budgeting future costs for the program. We typically prepare ten year projections but can work with you to address any needs you may have in this area.

Retiree Health Consulting

To support and enhance the usefulness of the primary GASB actuarial valuation, Segal can provide retiree health benefit consulting services such as reviewing the merits of potential design changes and exploring the impact of those changes on valuation results

Segal can also assist in analyzing your OPEB funding and benefit design options, including the impact of the various scenarios on the Plan's overall budget projections and financial condition. The following are major areas for design consideration:

- Eligibility
- Plan design including Medicare integration methods
- Vendor Management
- Participant contributions and jurisdiction subsidies

Segal can review and suggest possible vehicles for pre-funding retiree health benefit costs by the employer or employees during their active careers, or jointly by both. Pre-funding of future retiree health benefits will have an impact on the GASB liability. We will assist by determining the likely financial impact.

As part of our review of potential retiree health benefit program changes, we will identify key advantages and disadvantages of each proposed plan design change. In addition, we will provide cost estimates reflecting expected cash outlay should the program changes be enacted. As potential changes are considered and accepted, we will assist in developing an implementation plan for the new benefit features or changes.

Strategic Planning

Review of retiree health benefit program strategy and current design

Segal can assist in constructing a well-reasoned strategic plan for the benefits programs covering retirees and active employees.

At the onset of our engagement, Segal will review any current written benefits strategy statements and make comments on items and concepts we believe should have further consideration. If there are no strategy statements, we can assist in constructing a draft statement of apparent objectives based on our review of the current plans in place. We have found that by providing a draft of the strategy implied through current program design, we can help the client challenge and assess each aspect of its current benefit program.

The draft strategy statement, whether updated from a previous client version or created as a draft by Segal based on actual programs in place, will become the focal point for discussion on possible benefit feature and program changes. Following the planning process and agreement on a clear retiree health benefit strategy, we will work with Plan management to begin implementation of changes necessary to achieve the agreed strategy.

We fully recognize that retiree health benefit design is often subject to the collective bargaining or discussion processes with active employee representatives. Segal's expertise with benefits that are the subject of collective bargaining or other employee agreements is valuable in the plan design process.

Task #4: Ad Hoc Consulting Services

A – Task #4 General

1) Detail the proposed process by which the Offeror will plan, complete, and report back to the Department on Ad Hoc projects,

Ad hoc health analytical work for clients follows a process similar to that applicable to all our work, whether *ad hoc* or recurring. When time permits, an initial project plan is produced that allows the following:

- Assurance that our client and we have a consistent understanding of the project scope, timing, data requirements, and results reporting.
- An opportunity to us to assign staff at the appropriate levels to ensure efficient, cost-effective work.
- Development of a fee estimate.

We recognize that there will also be instances where smaller or more urgent ad hoc projects may not permit for development of a formal project plan. In these cases, we will still loosely follow the procedures above, but do so via phone and/or email as quickly as required in order to meet your needs. In either instance, our initial goal will always be to ensure that we fully understand the need and scope, staff the project appropriately, and deliver a timely and cost effective solution.

For different types of health care analyses our national health practice has developed project planning templates and worksheets to organize project activities and develop realistic and supportable fee estimates. These templates are accessible through Segal's intranet and are updated periodically.

Project work is done under the supervision of the client manager with the active involvement of a mid-level consultant with appropriate experience and credentials (based on the particular features of the project) who manages the analyst staff and day-to-day work on the project. The client manager retains overall responsibility for timely and accurate reporting and for adherence to company and client quality standards.

Reporting to clients is done in a way that best meets an individual client's needs. For example, some clients prefer to review draft reports before final versions are issued, or to review intermediate analysis results before they are packaged into a report. Generally, *ad hoc* reports for clients are in the form of an Executive Summary, followed by detailed study findings, concluding with Appendices and Exhibits as appropriate with background information, data summaries, assumptions, etc. We understand that clients commission *ad hoc* analyses in order to be able to answer questions about the operations, management, cost-effectiveness, etc., of their benefit programs. Therefore, our reports focus on communicating valuable *information* to clients, and are not merely reorganized or repackaged summaries of data.

Our reports are signed by the client manager and the lead project consultant. These signatures attest to our adherence to corporate quality and peer review standards, and identify the individuals who are accountable to our client for inquiries about the analysis or findings.

As appropriate, we will schedule meetings with the responsible parties at the DCS or other appropriate stakeholders to review the findings of *ad hoc* studies and to develop appropriate next steps.

2) Describe the steps the Offeror will take to ensure that due dates and deadlines for the required ad hoc deliverables are met, including how the Offeror will ensure that this process meets the time constraints and specialized needs of the Department, and

To ensure timely completion of both regular and ad hoc work, we will establish timetables for all projects. These timetables will identify both the steps and timing for our analytical work, but also will identify other involved parties (e.g., carriers who are providing data for analysis) and the due dates for our receipt of clean, complete data. In addition to using timetables, we consistently produce timely work for major clients by ensuring that the client service team has the right — and the right number of — people. For example, in our work as health actuary for the City of New York's Office of Labor Relations, we have two senior consultants assigned to the City. Both have a full understanding of all work being done at any time so that, if one is absent from the office, the other is still available to address client inquiries. Vacations and other out-of-office time are coordinated, to the extent possible, to help ensure continuous "coverage." For individual projects or ad hoc assignments, one or the other of these "twin" team heads will take primary responsibility. In addition, a mid-level consultant is assigned to each specific project (e.g., renewal/settlement analysis, drug cost analysis) with accountability for project management and timely work. We propose a similar structure for the DCS, with three senior level resources following the account at all times.

In addition to using organizational structure and project management tools to guarantee timely work, we can also use financial incentives. For example, we would be pleased to work with responsible parties at the DCS to develop performance standards with sanctions in the form of fee concessions for failure to meet the standards. Also, Segal employees' incentive pay is related to their performance relative to agreed upon standards, which, for members of the State's project team, can include timely work and delivery of reports for the DCS.

In order to meet the "specialized needs" of the State we will need to have a clear understanding of those needs. We look forward to working with responsible parties at the DCS to articulate its needs and help ensure that work processes, performance standards, and financial penalties are appropriate.

3) Describe the quality assurance process used to ensure requested Ad Hoc reports, documents and services are complete, accurate, and of the quality required by the Department.

As mentioned previously, client satisfaction based on the delivery of high quality, client-focused consulting services is the backbone of our business. We place a premium value on our relationships with clients. Segal's commitment to clients is evidenced by the loyalty of our clients, many of whom have maintained long-standing relationships with us spanning over 50 years.

A client relationship manager (CRM) or lead consultant oversees the relationship for each client by monitoring workflow, introducing other advisors as needed, and periodically communicating progress to the client. The CRM also solicits client feedback and keeps the client updated on any issues that arise in the industry that may be of interest and have an impact on the client's programs.

Our approach to account management and client satisfaction is proactive—to understand client business issues and anticipate client needs, rather than react to them.

Relative to our technical work product, we employ a rigorous quality control process that includes the following:

- **Mandatory peer review of actuarial reports and client correspondence:** Actuarial managers complete these reviews. The Company has separate, detailed quality control standards for actuarial work.
- **Work product quality assurance:** Reports, memoranda and letters on complex or technical matters are prepared by an experienced team member and reviewed by the senior consultant who is an expert in the area addressed by the material. This person ordinarily is one who has enough experience and judgment not only to grasp the substantive matter being discussed, but also to understand the nuances that might have unique application to a particular client's circumstance or need.
- **Team consulting:** Through the client service team, we make checks and balances for quality control an organic feature of the consulting process. Meetings and significant phone calls and other contacts with the client are documented in file memoranda that are shared with the team. In the course of keeping one another informed about client developments, the team members go through an automatic quality-review procedure.

- **Early warning system:** Each office and region has an early warning system to identify and deal with potential difficulties and anomalies as they emerge and before they become problematic.
- **Company-wide standards and training:** By setting and enforcing the uniform national professional standards described above, and by company-wide training programs that equip our staff to achieve those standards, we assure consistency and quality in the delivery of services.
- **Client satisfaction surveys:** Detailed satisfaction interviews are conducted periodically by senior managers not involved with the clients' work.
- **Relationship management:** Segal realizes that each project's success depends on the team supporting the project. Therefore, we focus on involving the appropriate mix of technical and resource staff in each project to develop achievable solutions.
- **Audits:** Our offices that provide actuarial work for clients are audited once a year to assure compliance with quality standards. Non-compliance may have a direct impact on the compensation of the employees in that office.

We have consultants and actuaries throughout our 19 offices with the experience to support large and complex clients and projects. We will assign only the best professional staff available to serve your needs. Our corporate structure supports the use of the best technical professional for the job, wherever that person may be located.

B – Task #4 Prior Ad Hoc Projects

EXHIBIT R: PROJECT ABSTRACT

Sample # 1 – Development of Wellness Standards and Potential Opportunities

Project Title:	
Indicate which type of sample this project represents:	<input checked="" type="checkbox"/> one of which, in the opinion of the Offeror required a comprehensive analysis of an issue(s), and the results of the analysis were of an exigent nature to the client. <input type="checkbox"/> one of which, in the opinion of the Offeror required a comprehensive analysis of an issue(s), and the results of the analysis were <u>not</u> of an exigent nature to the client. <input type="checkbox"/> one of which, in the opinion of the Offeror, the analysis required was of a limited nature, and the results of the analysis were of an exigent nature to the client.
Name of the Client for whom services were performed:	Take Care New York Project – NYC Department of Health
Client Contact Information:	
Contact's Name:	Christine Molnar
Contact's Title:	Director, Community Health Access Department Community Service Society
Phone Number:	(212) 614-5401
Email Address:	cmolnar@cssny.org
Project Description: The Offeror should submit specific details concerning the project identified in satisfaction of the requirements in RFP, §4.03.5. The required information should be provided as an attachment to this Abstract Form. Include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Project Description – Project Title _____".	
Comprehensive Status: In the space provided below or as an attachment to this Abstract Form, indicate the reasons why the analysis needed to be performed was required to be comprehensive in nature, or not. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Comprehensive Status")	
Exigency: In the space provided below or as an attachment to this Abstract Form, provide an explanation of what caused the undertaking to be exigent in nature, or not. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Exigency")	
Resources: In the space provided below or as an attachment to this Abstract Form, detail the resources used to undertake the project (number and titles of analysts and man-hours expended per title) - (Note: the titles to be used must be the Positions Titles set forth in RFP, Error! Reference source not found. – Assumption 6.) (If provided as an attachment, Include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Resources")	

EXHIBIT R: PROJECT ABSTRACT

Sample # 1 – Development of Wellness Standards and Potential Opportunities

Project Title:	
Timeline: In the space provided below or as an attachment to this Abstract Form, detail the timeline (start and end dates at a minimum must be provided) to undertake and complete the project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Timeline”)	
Change Orders: In the space provided below or as an attachment to this Abstract Form, provide a description of any change orders issued in regard to the project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Change Orders”)	
Modifications/Corrections: In the space provided below or as an attachment to this Abstract Form, provide an explanation of any modifications/corrections required to secure the client’s approval of the final deliverable(s). (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Modifications/Corrections”)	
Cost: In the space provided below or as an attachment to this Abstract Form, indicate the initial projected cost of the project and the final cost of the project. Provide an explanation as to any variance in the two amounts. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Cost”)	
Initial Projected Cost: \$ 70,000	
Final Cost: \$ 75,000	
Explanation of Variance: Client requested additional report draft and prevalence data.	
Sample Deliverable: As a separate attachment to this Abstract Form, provide a copy of the final deliverable(s) (e.g., report or documentation) resultant from the project, if permissible. If it is not permissible to release, indicate why and provide a general description of the final deliverable(s). Include the Sample # and Project Title on the attachment and entitle the document as “Sample Deliverable”.	

Sample # 1 – Development of Wellness Standards and Potential Opportunities

Comprehensive Analysis, exigent results

Project Description: New York City Department of Health was interested in understanding the cost/benefit analysis of providing a portfolio of nine diagnostic and preventative health services including:

1. Height weight and Body Mass Index calculation
2. Blood pressure screening
3. Cholesterol screening (Total, LDL, HDL)
4. Influenza vaccine
5. Tetanus vaccine if not given in past 10 years
6. Mammography if none in past 1-2 years
7. Pap test if none in past 1-3 years
8. Colonoscopy, or if unable or unwilling to undergo, FOBT
9. Diabetes screening for individuals at risk
10. HIV test if status is unknown
11. Medications for smoking cessation for those who smoke and want to quit
12. Assessment of other health risks and provision of information and referrals to reduce those risks (e.g. brief intervention for alcohol screening, depression screening)

The Scope of Services requests three separate analyses including:

- An analysis of the cost to the City to provide the pre-defined “package” of preventive services to all adult New Yorkers and what is a reasonable reimbursement to physicians, medical facilities and retail pharmacies for providing these services;
- A specific analysis of what it would cost the City to provide this set of preventive services for all New Yorkers who turn 50 years old in a calendar year; and
- An analysis of the benefits and cost to the City of attaining the goals outlined in the *Take Care New York* policy paper by the end of 2008. The analysis should utilize the goals established in the document, with the exception of those agenda items for which no goal has currently been set.

Comprehensive Status: Analysis was performed to determine the costs of providing the applicable services to residents of New York City.

Exigency: The undertaking was exigent in nature because decisions needed to be made that required information by the City to move forward with certain public health programs.

Resources: This engagement was managed by a principal with the support of a lead actuary, consultant and analysts as follows:

- Principal: 28.5 hours
- Lead(s): 100 hours
- Consultant(s): 160.5 hours
- Administrative: 3.5 hours

Timeline: The work was initiated and completed on schedule over an eight week time frame from April through March, 2005.

Change Orders: There was one change order requested by the client. This included the preparation of an additional draft of the report including additional prevalence of utilization.

Cost: The project cost was estimated to total approximately \$70,000. Actual billing was \$75,000 including the additional work.

Sample Report: Is not approved for release from the client at this time. The report contained the methodology for how determinations of costs were derived and specific cost estimates for each of the nine services.

Sample # 2 – Review of Competitive Prescription Drug Bidding

Project Title:	
Indicate which type of sample this project represents:	<input type="checkbox"/> one of which, in the opinion of the Offeror required a comprehensive analysis of an issue(s), and the results of the analysis were of an exigent nature to the client. <input checked="" type="checkbox"/> one of which, in the opinion of the Offeror required a comprehensive analysis of an issue(s), and the results of the analysis were <u>not</u> of an exigent nature to the client. <input type="checkbox"/> one of which, in the opinion of the Offeror, the analysis required was of a limited nature, and the results of the analysis were of an exigent nature to the client.
Name of the Client for whom services were performed:	Southeastern Pennsylvania Transit Authority (“SEPTA”) & TWU Local 234
Client Contact Information:	
Contact’s Name:	Ms Deborah Wilig
Contact’s Title:	Esquire
Phone Number:	(215) 656-3666
Email Address:	dwillig@wwdlaw.com
Project Description: The Offeror should submit specific details concerning the project identified in satisfaction of the requirements in RFP, §4.03.5. The required information should be provided as an attachment to this Abstract Form. Include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Project Description – Project Title _____”.	
Comprehensive Status: In the space provided below or as an attachment to this Abstract Form, indicate the reasons why the analysis needed to be performed was required to be comprehensive in nature, or not. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Comprehensive Status”)	
Exigency: In the space provided below or as an attachment to this Abstract Form, provide an explanation of what caused the undertaking to be exigent in nature, or not. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Exigency”)	
Resources: In the space provided below or as an attachment to this Abstract Form, detail the resources used to undertake the project (number and titles of analysts and man-hours expended per title) - (Note: the titles to be used must be the Positions Titles set forth in RFP, Error! Reference source not found. – Assumption 6.) (If provided as an attachment, Include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Resources”)	

Sample # 2 – Review of Competitive Prescription Drug Bidding

Project Title:	
Timeline: In the space provided below or as an attachment to this Abstract Form, detail the timeline (start and end dates at a minimum must be provided) to undertake and complete the project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Timeline”)	
Change Orders: In the space provided below or as an attachment to this Abstract Form, provide a description of any change orders issued in regard to the project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Change Orders”)	
Modifications/Corrections: In the space provided below or as an attachment to this Abstract Form, provide an explanation of any modifications/corrections required to secure the client’s approval of the final deliverable(s). (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Modifications/Corrections”)	
Cost: In the space provided below or as an attachment to this Abstract Form, indicate the initial projected cost of the project and the final cost of the project. Provide an explanation as to any variance in the two amounts. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Cost”)	
Initial Projected Cost: \$ 31,000 – part one; \$67,500 part two	
Final Cost: \$ 31,000 – part one; \$130,757 part two	
Explanation of Variance: no variance for part one.– additional analysis and bidding requested by client accounts for part two variance.	
Sample Deliverable: As a separate attachment to this Abstract Form, provide a copy of the final deliverable(s) (e.g., report or documentation) resultant from the project, if permissible. If it is not permissible to release, indicate why and provide a general description of the final deliverable(s). Include the Sample # and Project Title on the attachment and entitle the document as “Sample Deliverable”.	

Sample # 2 – Review of Competitive Prescription Drug Bidding

Limited nature analysis, exigent results.

Project Description:

Part One consisted of:

- Providing a detailed review of the specifications with which initial prescription drug proposals were attracted,
- Discussion(s) with the Committee and its counsel,
- Drafting additional questions that are important to complete the evaluation of the proposals; obtaining complete responses to these and other open issues, and
- Presenting an analysis of the strengths and weaknesses of the providers and present our findings.

Part Two consisted of providing detailed analysis of the prescription drug portion of ten PBM proposals and two combined health and drug proposals.

Comprehensive Status: Oversight was provided on the appropriate methods of conducting a comprehensive market bidding exercise. Comprehensive and detailed analysis and follow up was performed in analyzing prescription drug pricing and utilization under various models. The result yielded considerable quantifiable savings over a future contract period.

Exigency: The undertaking was not exigent in nature. The program was being sent to the market for contemporary bidding. The client wanted to be sure they were requesting and securing the best available alternatives. There was no immediate pressure or time consideration requiring a change of vendor or delivery model.

Resources: This engagement was managed by a principal with the support of a lead health consultant, other consultants and analysts as follows:

Part One

- Principal: 6.0 hours
- Lead(s): 20.5 hours
- Consultant(s): 54.0 hours
- Total: 80.5 hours

Part Two

- Principal: 103.75 hours
- Lead(s): 155.25 hours
- Consultant(s): 199.25 hours
- Total: 458.25 hours

Timeline: The work was initiated and completed between November 2004 and May 2005.

Change Orders: There were several different levels of analysis requested by the client in order to provide different data cuts. Also, a best and final offer was requested as well as interim pricing.

Cost: The project cost for part one was estimated at ninety hours of effort and part two estimated at one hundred eighty hours of effort. Actual hours are indicated above in the resources box.

Sample Report: Client permission has not been secured for the release of its work products. The report contained results of detailed analysis.

Sample # 3 – Review of Proposed Plan Design Changes

Project Title:	
Indicate which type of sample this project represents:	<input type="checkbox"/> one of which, in the opinion of the Offeror required a comprehensive analysis of an issue(s), and the results of the analysis were of an exigent nature to the client. <input type="checkbox"/> one of which, in the opinion of the Offeror required a comprehensive analysis of an issue(s), and the results of the analysis were <u>not</u> of an exigent nature to the client. <input checked="" type="checkbox"/> one of which, in the opinion of the Offeror, the analysis required was of a limited nature, and the results of the analysis were of an exigent nature to the client.
Name of the Client for whom services were performed:	Communications Workers of America (“CWA”) District One / State of New Jersey
Client Contact Information:	
Contact’s Name:	Robert Master
Contact’s Title:	Legislative and Political Director
Phone Number:	212-344-2515
Email Address:	RMaster@cwa-union.org
Project Description: The Offeror should submit specific details concerning the project identified in satisfaction of the requirements in RFP, §4.03.5. The required information should be provided as an attachment to this Abstract Form. Include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Project Description – Project Title _____”.	
Comprehensive Status: In the space provided below or as an attachment to this Abstract Form, indicate the reasons why the analysis needed to be performed was required to be comprehensive in nature, or not. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Comprehensive Status”)	
Exigency: In the space provided below or as an attachment to this Abstract Form, provide an explanation of what caused the undertaking to be exigent in nature, or not. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Exigency”)	
Resources: In the space provided below or as an attachment to this Abstract Form, detail the resources used to undertake the project (number and titles of analysts and man-hours expended per title) - (Note: the titles to be used must be the Positions Titles set forth in RFP, Error! Reference source not found. – Assumption 6.) (If provided as an attachment, Include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Resources”)	

Sample # 3 – Review of Proposed Plan Design Changes

Project Title:	
Timeline: In the space provided below or as an attachment to this Abstract Form, detail the timeline (start and end dates at a minimum must be provided) to undertake and complete the project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Timeline”)	
Change Orders: In the space provided below or as an attachment to this Abstract Form, provide a description of any change orders issued in regard to the project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Change Orders”)	
Modifications/Corrections: In the space provided below or as an attachment to this Abstract Form, provide an explanation of any modifications/corrections required to secure the client’s approval of the final deliverable(s). (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Modifications/Corrections”)	
Cost: In the space provided below or as an attachment to this Abstract Form, indicate the initial projected cost of the project and the final cost of the project. Provide an explanation as to any variance in the two amounts. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Cost”)	
Initial Projected Cost: \$ 23,000	
Final Cost: \$ 25,362	
Explanation of Variance: attached – change in work scope	
Sample Deliverable: As a separate attachment to this Abstract Form, provide a copy of the final deliverable(s) (e.g., report or documentation) resultant from the project, if permissible. If it is not permissible to release, indicate why and provide a general description of the final deliverable(s). Include the Sample # and Project Title on the attachment and entitle the document as “Sample Deliverable”.	

Sample # 3 – Review of Proposed Plan Design Changes

Limited nature analysis, exigent results.

Project Description:

- The Segal Company was retained by the client to provide assistance in reviewing proposed changes to the New Jersey State Health Benefits Plan affecting state workers including the CWA membership
- Our review has been based on existing documentation of the proposed changes and financial presentations prepared by the State's actuary
- Our review emphasized the impact of the proposed changes as they relate to a single PPO plan replacing the existing Traditional and NJPLUS Plans
- We were asked to present both our observations on the proposal and our thoughts on how to create an appropriate health plan for workers of New Jersey

The immediate proposed changes concerned cost shifting such as increasing co-pays for certain services or particular physician visits. Further changes concerned limiting care and increasing out of pocket patient costs for care and prescription drugs.

Comprehensive Status: Analysis was performed to validate the cost savings attributable to such plan changes. However, early on in the process it was noted that a limited scope analysis would suffice for an overall understanding of the potential financial reasonableness of the changes. This also proved a better use of consulting dollars for this endeavor.

Exigency: The undertaking was exigent in nature because the program was in need of reducing spending and changes were inevitable. The types of changes would therefore be dependent on this body of work. However, we believed there were other areas of opportunity available to save and better manage costs without compromising care or simply shifting costs. We explored opportunities around contemporary health care techniques, mental health and substance abuse and prescription drug. Ultimately a new plan was established.

Resources: This engagement was managed by a principal with the support of a lead actuary, consultants and analysts as follows:

- Principal: 3.5 hours
- Lead(s): 20.5 hours
- Consultant(s): 35.0 hours
- Administrative: 5.75 hours
- Total: 64.25 hours

Timeline: The work was initiated and completed on schedule over a six week period. From December 1, 2006 to January 17, 2007.

Change Orders: There was one change order requested by the client. This included the preparation of a presentation to make to a broad committee on the findings and recommendations for a newly devised health plan.

Cost: The project cost was estimated to total approximately 55 hours of effort on data and analysis. However, we spent less time on such and additional time on the strategy presentation which explains the variance. The engagement was quoted on an hourly time charge basis.

Sample Report: We do not have permission from our client to release our work product at this time. The report contained issues to be considered when designing a health plan as well as specific validation of the proposed plan changes that were valued.

C. Task #4 Sample Ad-Hoc Tasks

Item #1 Position Paper

Our two-page Position paper begins on the following page.

What is a Smoking Cessation Program?

While most smokers and users of smokeless tobacco want to quit, fewer than 5% to 10% are able to stop on their own. **An employer sponsored smoking cessation program is a coordinated, strategic initiative that increases the likelihood of having employees successfully quit using tobacco.** It typically includes incentives and tools that provide sustained support and encouragement to participants. Regardless of its scope, cost or components, an effective employee smoking cessation program requires the buy-in and visible support of the employer’s leadership team. A working environment and corresponding policies that support healthy, tobacco-free living along with consistent, ongoing messages of encouragement are essential for success.

Recommendations for Design

All smokers fall somewhere along a continuum from “resistant” to “ready to quit.” For purposes of both designing a smoking cessation program and determining its effectiveness over time, it is useful to start by assessing where employees within an organization fall along the continuum. This is best accomplished through a survey designed for this purpose or a Health Risk Appraisal (HRA) questionnaire.

Because tobacco users are in different stages of readiness to quit and respond differently to different techniques, no single quitting method works. While many options are available, our research indicates that the most effective smoking cessation programs include the following components:

Benefit/Reimbursement for Nicotine Replacement Therapy	
Purpose	<ul style="list-style-type: none"> Provides financial incentive for tobacco users to find relief from the symptoms of nicotine withdrawal
Examples	<ul style="list-style-type: none"> Gum Patch Spray Inhaler Lozenge
Strengths	<ul style="list-style-type: none"> Readily available Easy to use In some cases, individual can self-regulate dose Low cost or no cost to employees
Weaknesses	<ul style="list-style-type: none"> May be addictive
Benefit/Reimbursement for Prescription Medications	
Purpose	<ul style="list-style-type: none"> Provides financial incentive for tobacco users who need prescription drugs to help control nicotine withdrawal symptoms
Examples	<ul style="list-style-type: none"> Zyban Chantix
Strengths	<ul style="list-style-type: none"> Convenient/Easy to use Low cost or no cost to employees
Weaknesses	<ul style="list-style-type: none"> May produce a variety of systemic side effects
Counseling Services	
Purpose	<ul style="list-style-type: none"> Provides individual and/or group support Addresses emotional/psychological issues
Examples	<ul style="list-style-type: none"> Individual contact, by telephone or online Group sessions
Strengths	<ul style="list-style-type: none"> Highly motivating/encouraging Provides “go to” service during periods of special need (e.g., high stress)
Weaknesses	<ul style="list-style-type: none"> May be addictive
Ongoing Communication to Actual and Potential Quitters	
Purpose	<ul style="list-style-type: none"> Establishes leadership’s endorsement Establishes culture of healthy habits Helps individuals maintain commitment to quitting Helps transition participant from “resistant” to “ready to quit”
Examples	<ul style="list-style-type: none"> Letter from Plan Sponsor Leadership Postcards Posters Table tents Newsletters Interactive Web site tools
Strengths	<ul style="list-style-type: none"> Broad of range of flexible creative options
Weaknesses	<ul style="list-style-type: none"> May be addictive

Other Options/Considerations for Program Design

- Allow multiple quit attempts to enroll and re-enroll
- Recognize/celebrate individual and group achievements
- Involve family members
- Promote community resources
- Endorse behavior modification programs/tools and resources outside the organization (American Cancer Society, American Lung Association and other private vendors)
- Introduce competitive initiatives to sustain engagement
- Assign single health coach for duration of program

Measuring Cost Effectiveness

Formal evaluation of a smoking cessation program's effectiveness is an ongoing process. It is essential to establish a clear definition of how management defines success before the program's implementation. This will help determine the data needed to track and measure the impact of a smoking cessation program's success for ongoing program enhancements and reporting. Segal's return on investment tool can also help illustrate the cost effectiveness of the selected cessation program on an annual basis. The primary outcome measurements can be:

- Successful quit attempts
- Participation levels
- Engagement achieved
- Impact to lowering health costs
- Productivity improvement

There are many variables that will influence the return on investment estimate, including how many smokers there are in your population, the percentage of individuals who participate in a smoking cessation program, the individual's smoking history, nicotine dependence levels, previous quit attempts, the type of treatment program utilized (e.g., nicotine replacement therapies, behavior modification, etc.), the turnover rate, and disease states. Below is a simplified illustration.

RETURN ESTIMATE FOR SMOKING CESSATION PROGRAM¹

For every dollar spent on smoking cessation, the savings estimate will be:	Medical Claims Only	Total Savings (Medical Claims and Productivity)
Year One	\$1.48	\$2.47
Long-Term	\$1.96	\$3.25

¹ Return On Investment Assumptions:

- 22% of adults smoke (under age 65 population)
- 50% participation
- 30% quit rate
- Excess medical expenses due to smoking and smoking-related illness cost employers is \$2,870; while lost productivity due to the same cost employers \$1,897 per smoking employee in 2008
- Long-term projections over 7-year with 80% relapse rate; 10% turnover; 5% trend on program cost; 8% trend on claims and participants re-enter the program in Years 3 and 5.

Item #2 Oral Presentation

Our Oral Presentation begins on the following page.



State of New York

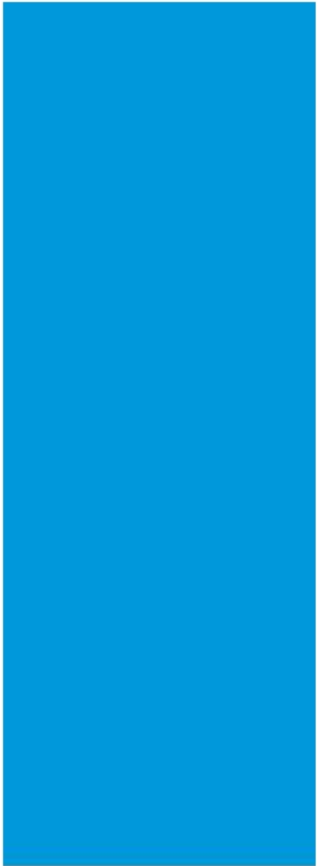
**NEW YORK STATE DEPARTMENT
OF CIVIL SERVICE**

January 2009

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 **SEGAL**

- 
- Objectives for Smoking Cessation Program
 - Who has smoking cessation programs?
 - Current Market Trends
 - What does a “Proven Model” look like?
 - Other Possible Tactics
 - What can we measure and when?
 - Components of evaluation and the economics
 - Questions

Why Implement a Smoke-free initiative?

- Manage costs
- Improve health status/outcomes
- Improve productivity
- Employer of choice differentiation
- Lower costs for employees



Smoking (or tobacco) cessation programs consist of strategies and recommendations designed to help users recognize and cope with problems that come up during quitting and to provide support and encouragement in staying smoke (or tobacco) free.

Who has smoking cessation programs?

Premium Surcharge For Smokers

- At least seven states now charge or authorize lower premiums to non-smoker state employees and higher premiums to smokers

Smoking Cessation Programs

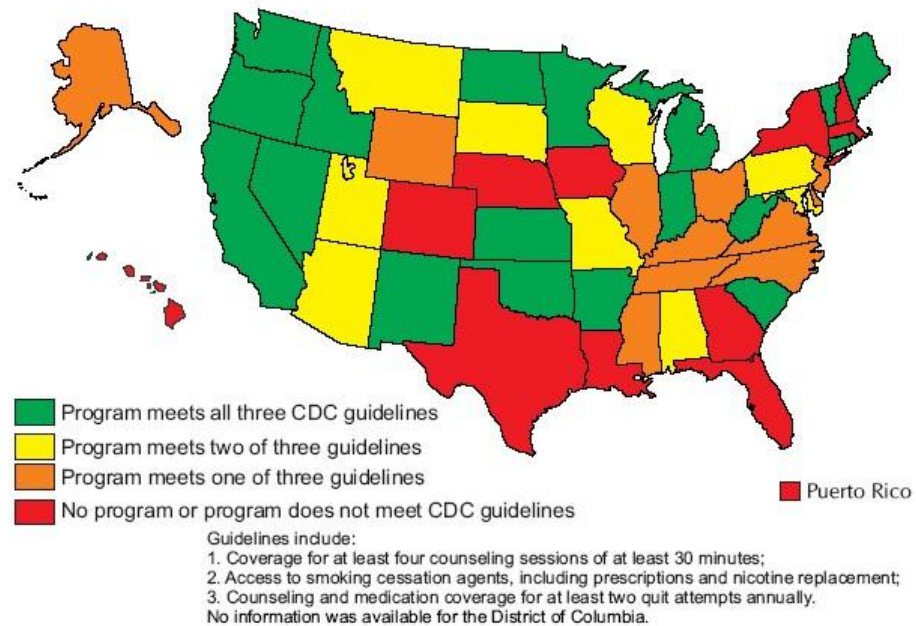
- A growing number of states have launched tobacco cessation programs and policies, primarily using positive incentives, high visibility marketing and some assessment requirements to meet reduced tobacco use goals



All states and a few territories offer the general public resources to quit, which can be used by state employees or Medicaid enrollees who do not have their own specific health insurance or tobacco cessation programs.

State Employee Tobacco Cessation Programs

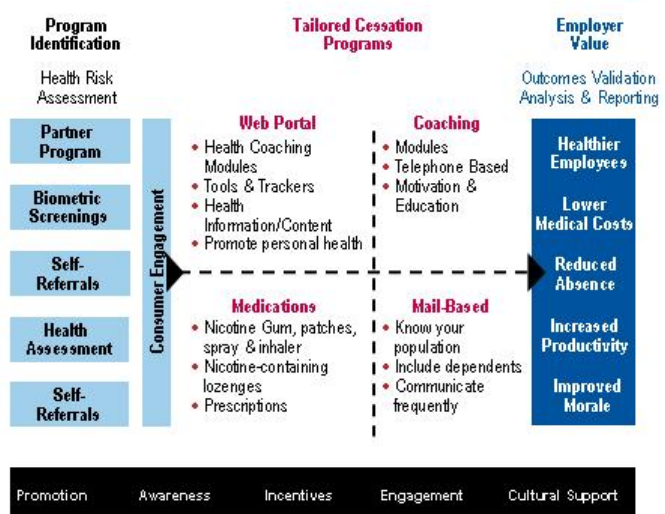
STATE EMPLOYEE TOBACCO CESSATION COVERAGE



Source: NCSL Resources: As seen in *State Legislatures* magazine, September 2008.

What does a “Proven Model” look like?

A Proven Model



Personalization of cessation programs create the opportunity for better health outcomes for each individual by making them specific, real and actionable.

Evidence-Based Care and Compliance Issues

Behavioral Modification Programs

- For the best outcome, the smoker should also participate in a behavioral modification program.
- Such programs are offered through the American Cancer Society and The American Lung Association. Coordination with a mental health provider to provide classes or refer to reputable nationwide smoking cessation programs may also be considered.
- Employer worksites should support the behavior change. For example, Smoke-Free or Tobacco-free
 - *Workplace*: organizations enclosed space
 - *Campus*: both indoor and outdoor locations is accepted within the parameters of your organization's campus
- Integrate positive health behaviors into all aspects of work and personal life

Compliance Issues (HIPAA)

- When designing a smoking cessation program, it is important to design the program so it is compliant with HIPAA's nondiscrimination/wellness program rules. The plan sponsor's legal department should review the particular plan design. According to the final nondiscrimination regulation (71 Federal Register 75014 (December 13, 2006)), depending on the design of the program, the following criteria for a Wellness Program will apply:
 - A reward must not exceed 20 percent of the cost of employee-only coverage under the plan, when coupled with the reward for other wellness plans. (A reward may be in the form of a discount, rebate of premiums or contributions, or a waiver of all or part of a cost-sharing mechanism (deductibles, co-payments, or coinsurance) or the absence of a surcharge.
 - If individuals are required to quit smoking to obtain a reward, the plan must have a reasonable alternative standard for those who cannot quit due to a health condition. In addition, the program must be reasonably designed to promote good health or prevent disease. In addition, the program must give individuals eligible for the program the opportunity to qualify for the reward under the program at least once per year.

Other Possible Tactics

Telephone-based Help Programs

- Most states run some type of free telephone-based quitting program, which links callers with trained counselors. These specialists help plan a quit method that fits each person's own pattern of tobacco use. (e.g., American Cancer Society's Quitline® tobacco cessation program)

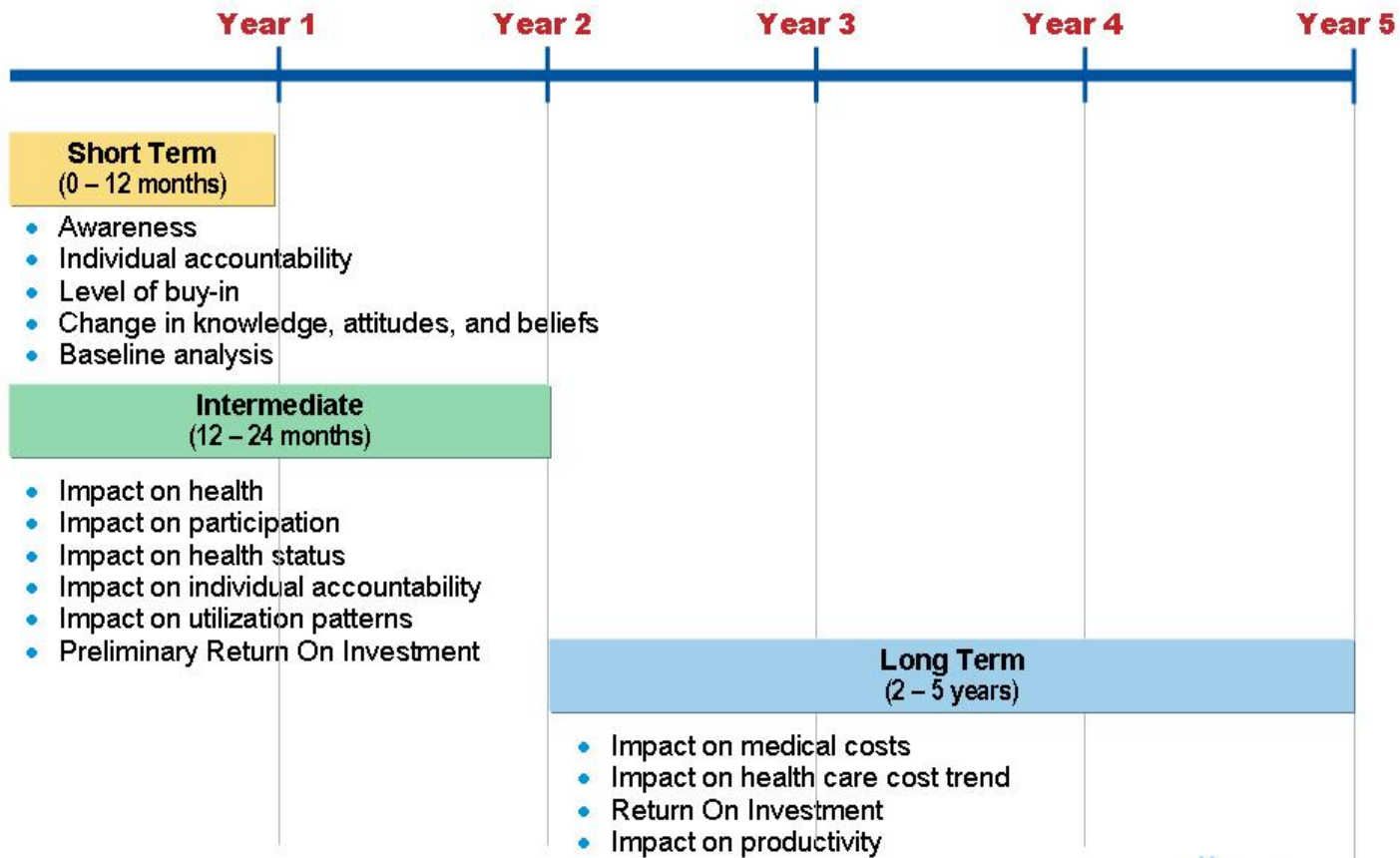
Support of Family, Friends, and Quit Programs

- Many former tobacco users say a support network of family and friends was very important during their quit attempt. Other people who may offer support and encouragement are co-workers, your family doctor or dentist, and members of support groups for quitters. You can check with your employer, health insurance company, or local hospital to find support groups; or call the ACS at 1-800-ACS-2345

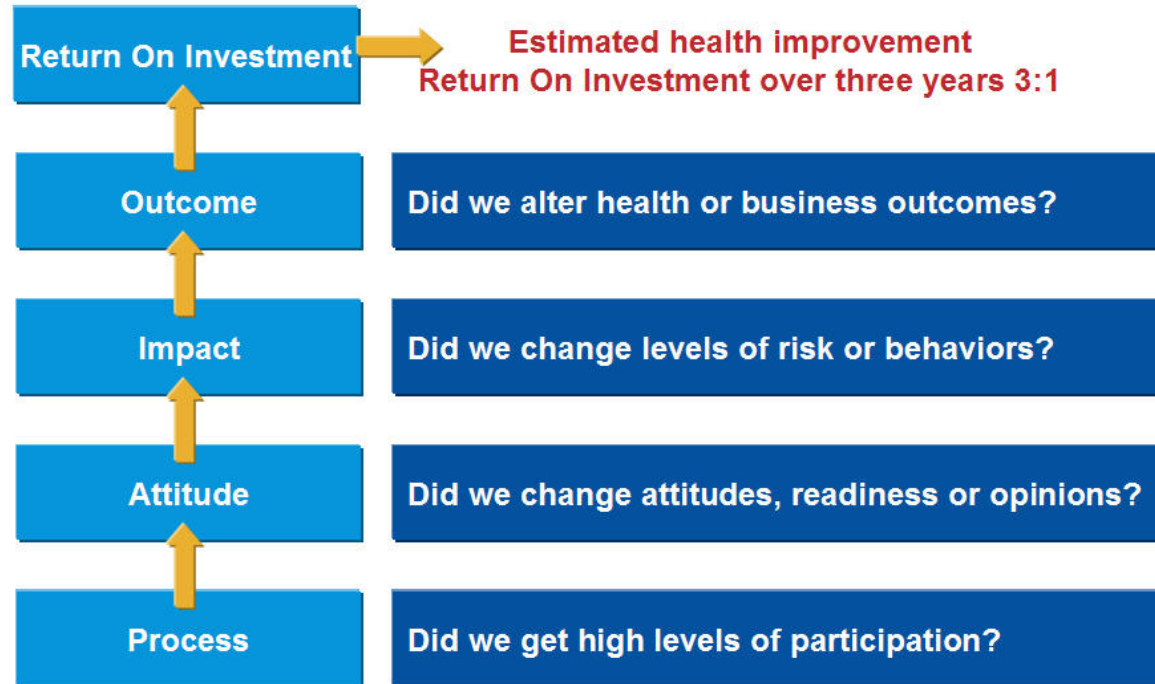
Incentives

- A few eligibility options:
 - Employees and covered spouses (spouses receive incentive for HRA only)
 - Spouses can participate in programs but are not eligible for further incentives
- Incentives linked to plan design—providing a financial incentive through:
 - Alteration in contribution
 - Eligibility to buy-up better benefits
 - Increased funding for account-based benefits
 - Rewards for enrollment and successful completion and, in future years, include requirement of meeting health status requirements
 - Tiered approach: Design requirements increase each year (e.g., Year 1 = participation, Year 2 = behavior change, and Year 3 = health status)

What can we measure and when?



Components of Evaluation



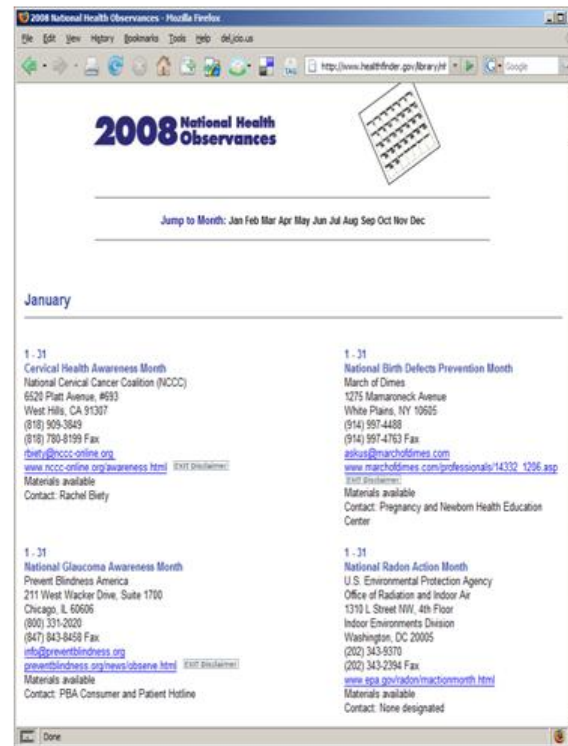
Cessation Program Economics

Cessation Programs Don't Have to Be Expensive:

- Use the free HRAs most health care insurers offer to participants
- Connect with the National Health Calendar (<http://www.healthfinder.gov/library/nho/nho.asp>)
- Direct employees to outside sources, i.e., NY State Smoker Quit Site: <http://www.nysmokefree.com/newweb/default.aspx>
- Include messages from top management in support of wellness information
- Use email to reach your employees when possible

A little bit goes a long way:

- Initially: reduced absenteeism and increased employee productivity
- Later on: the healthy people cost less money
 - Hospital costs: fewer admissions or shorter stays
 - ER visits: fewer visits or less costly visits



Some Things to Remember

- **Assess** current state to determine current programs and their value to your organization and employees
- Clearly **articulate** your business case into a wellness philosophy to provide the right foundation for strategy and implementation
- **Brand** your smoking cessation program as part of wellness to help employees easily identify the elements of the program
- Gain leadership **buy-in** and cascade messages to help employees see the importance of wellness within the organization
- **Bring it home** through targeted and personalized communications to help employees understand how quitting fits in their lives
- **Reinforce** to make your cessation program a living part of your organization
- **Measure and monitor**—ROI and real-time analytics
- **Stay committed** to achieve long term results
- **Refresh** your campaign to maintain interest and effectiveness



Questions





Appendix

- Case Study
- Developing a Program—Phase 1 and Phase 2
- Additional Resources

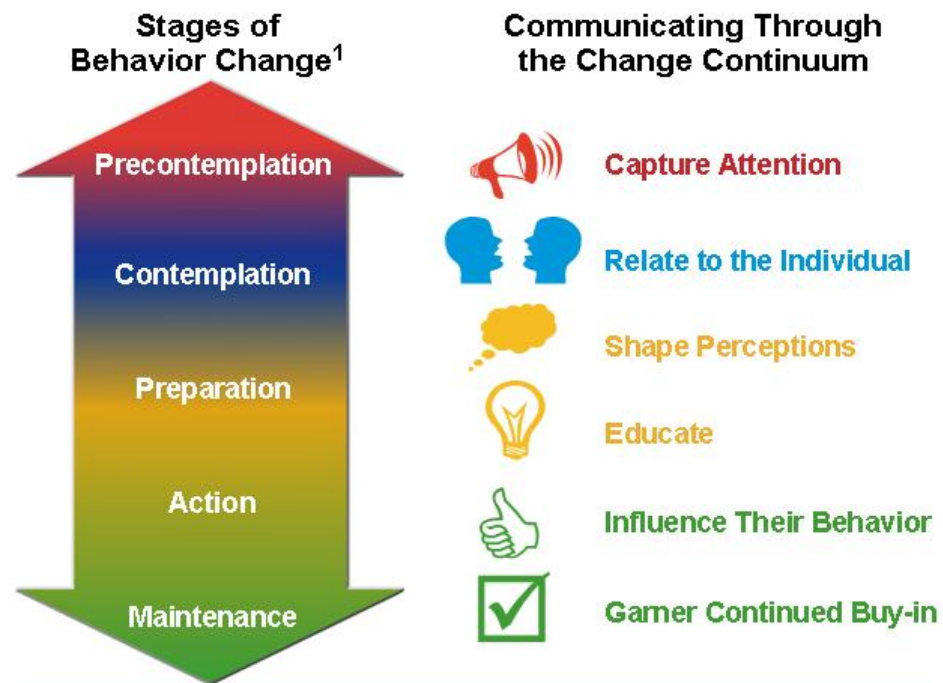
Case Study:

Review of a Suburban New York County's Inquiry

- County leadership was concerned with the health consequences and costs of County employees smoking.
- Segal was asked to assess the costs and merits of various cessation programs available through the worksite.
- A variety of programs offered by both commercial and non-profit organizations were reviewed in the context of the existing worksite environment as well as current health plan rules, communication activities and existing care management resources.
- The short and long term perils associated with smoking were also studied as was the success of various cessation programs supported with various worksite resources, plan provisions, communications efforts and care management techniques.
- After a comprehensive review, an overall strategic plan was developed to integrate all to under the County's control, including the employment of Health Plan Participant Risk Assessments.

The key to a successful program is to integrate efforts into existing rules, communications, care management and work site environment.

Getting There Takes Behavior Change



A planned, consistent and continuous **COMMUNICATIONS** approach is a key driver in the success of any wellness initiative.

¹ James O. Prochaska, Ph.D., Stages of Change.

Planning and Development

Phase 1

Assessment

Clearly Define Success Health Risk Assessments:

- Assessments are the cornerstone of the program and will identify at-risk behaviors.

Take a Communication Inventory Assess your organization:

- How do you convey wellness messages?
- Is wellness-related information readily accessible and easy-to-understand?
- Are communications aligned with overall organizational objectives (support from the top)?
- Are wellness messages coordinated?
- Do you share utilization rates and other data?
- Do you solicit feedback from employees?

Poll your employees:

- How do they get information about the programs available to them?
- What is most important to them?
- What do they want to know more about?
- What would make them sit up and change their behavior?

Worksite Culture

- Understand business strategy to link to goals of benefits program
- Measure current plan performance to identify opportunities
- Focus on organization environment and cost management
- Disclose all parties that will be affected by the policy—contractors or part-timers
- Focus on encouraging healthful environment not just smoke-free

Build Program Awareness:

- What's available
- "How to" messages
- "Did you know?" messages

Individual Awareness:

- Encourage employees to take a Health Risk Assessment (HRA)
- Provide tools for employees to determine into what risk level they fall
- Stress confidentiality

Awareness Education

Build a communications campaign around the issues identified in your assessment...

- Set short- and long-term goals
- Understand your organizational culture
- Identify and target the unique needs of different audiences based on career and life stages
- Build a consistent "brand":
 - Name
 - Logo
 - Color scheme
 - "Eye-catching" message
- Decide what type(s) of incentives you will offer:
 - Reduced premiums (95% of employees prefer)
 - Individual recognition

Planning and Development

Phase 2

Plan Design

Develop a Smoke-free policy Creation and Implementation of Work/Health Policies

- Determine whether to include smoking and/or all tobacco use
- Determine Incentives
- Integrate with medical, dental, EAP, pharmacy and other programs
- Discuss comprehensiveness of program, whether to include counseling, coaching web-based, self-study modules and customized communications
- Policies will be written, approved and implemented to support positive health practices at the workplace.
- Define and provide required tobacco-free policy and options to each business unit
- Measure current plan performance to identify opportunities
- Define key metrics to measure future goals

Action Plan for State

Use periodic reinforcement to maintain positive behavior

- Programs will be designed for the majority of the employee population.
- Senior management are visibly committed
- Executives are assigned and accountable
- Tobacco cessation strategy is evidence-based
- Programs are integrated and participant-focused
- Implement policies, practices and norms around the worksite environment
- Alter the physical environment
- Determine the people in your organization who will be the key communicators
- Appoint someone to educate and enforce the policies
- Monitor the employees' reactions to the policy
- Set goals for future improvements
- Recognize success stories
- Continue to offer incentives
- Keep wellness website up-to-date and interesting
- Refresh message from time to time

Action Plan for Participants

Health Decision Support

- Programs are integrated with all appropriate vendors—medical, dental, EAP Rx, workers compensation and disability
- Implement policies, practices and norms around the worksite environment
- Alter the individual's behavior with wellness initiatives
- Encourage or create an active wellness committee
- Engage wellness teams to communicate information regarding new program
- Enlist a buddy system
- Encourage team competitions to encourage employees and family members take action and change health risk behaviors
- Choose a tobacco cessation provider for recruitment
- Utilized multiple channels of communication—email, testimonials, presentations, newsletters, wellness champions, management team, intranet, tobacco-free days, program-sponsored walks, desk drops, competitions, raffles.

What Plan Sponsors are Doing

Health Risk Assessment

- Health Risk Appraisals required for eligibility for health benefits, just like name, SS#, DOB, or...
- Better disability/life insurance coverage with HRA and lifestyle behavior change participation
- Online enrollment blends traditional form with Health Assessment

Smoking

- FIRST: Provide free telephone counseling and free pharmacotherapy
- Ban from campus and buildings
- Premium differentials ("Standard Rate" = discount if you are non-user OR have enrolled in tobacco cessation program):
 - \$40 per person per month (State of Georgia employees)
 - \$5 – \$10 per person / family per month (Advance Auto Parts: 25% enrollment rate in tobacco cessation program vs. 5% – 10% norm)
- Do not hire smokers, as a policy (Alaska Airlines, Union Pacific Railroad)
- Weekly chair massages on breaks for non-smokers

Other Incentivized Behaviors

- Enrollment and minimum participation levels in (e.g., number of sessions):
 - Phone coaching:
 - Tobacco cessation
 - Exercise
 - Stress management
 - Blood pressure management
 - Healthy pregnancy
 - Online behavior change
 - Biometric screenings

Radical Incentives

- Cash rebates to members for meeting group utilization and cost goals
- King County, WA: Elaborate point system
 - Can save \$1,200 per family out-of-pocket per year if all criteria are met
 - Points for Health Assessment, lifestyle coaching, appropriate preventive screenings/exams
 - 90% took Health Assessment
- Many options:
 - HSA contributions
 - 401(k) contributions
 - Leave bonuses
 - Gift cards
 - Deductible, premium, co-pay reductions
 - Travel

Additional Information & Resources

NYS Medicaid Smoking Cessation Policy

- Smoking cessation therapy consists of prescription and non-prescription agents. Covered agents include nasal sprays, inhalers, Zyban (bupropion), Chantix (varenicline), over-the-counter nicotine patches and gum
- Two courses of smoking cessation therapy per recipient, per year are allowed. A course of therapy is defined as no more than a 90-day supply (an original order and two refills, even if less than a 30-day supply is dispensed in any fill)
- If a course of smoking cessation therapy is interrupted, it will be considered one complete course of therapy. Any subsequent prescriptions would then be considered the second course of therapy
- Some smoking cessation therapies may be used together. Professional judgment should be exercised when dispensing multiple smoking cessation products
- Duplicative use of any one agent is not allowed (i.e., same drug and same dosage form and same strength)
- For all smoking cessation products, the recipient must have an order. A prescription is the terminology for an order of a prescription product. A fiscal order refers to an order, which looks just like a prescription-written on a prescription blank, for an over-the-counter product
- NYS Medicaid reimburses for over-the-counter nicotine patches. Prescription nicotine patches are no longer reimbursed

Resources

- NYS Smokers' Quitline:
(866) NY-QUITS (866-697-8487)
- American Cancer Society:
1-800-227-2345
- American Lung Association:
1-800-585-4872
- Centers for Disease Control and Prevention:
1-800-CDC-4636 (1-800-232-4636)
- National Cancer Institute:
1-800-4-CANCER (1-800-422-6237)

For more information on the New York State Medicaid Smoking Cessation policy, please call the Bureau of Pharmacy Policy and Operations at: 518-486-3209.

Additional Information & Resources *continued*

Tobacco Cessation

- ASH (Action on Smoking and Health): www.ash.org
- Smoke Help: www.smokehelp.org
- QuitNet: www.quitnet.com
- QuitSmokingSupport.com: www.quitsmokingsupport.com
- "Free & Clear:" <http://www.freeclear.com/>

Cost Calculators and Return on Investment Tools

- American Health Insurance Plans (www.AHIP.org)—AHIP's tool provides both sides of the equation, what it costs to not treat tobacco as well as the cost of implementing a benefit: www.businesscaseroi.org
- American Cancer Society: ROI Calculator for Tobacco



Additional Information & Resources *continued*

On-line Source for Credible Health Information

- > Centers for Disease Control and Prevention: www.cdc.gov/tobacco
- > http://www.cancer.org/docroot/PED/content/PED_10_13X_Quitting_Smokeless_Tobacco.asp
- > <http://www.cancer.gov/cancertopics/factsheet/Tobacco/smokeless>
- > http://www.welcoa.org/freeresources/pdf/aa_quit_smoking1.pdf?PHPSESSID=a35878b62a4c3b930c3bc6e8d15831cb
- > <http://www.businesscaseroi.org/roi/apps/biblio.aspx>
- > http://www.surgeongeneral.gov/tobacco/treating_tobacco_use08.pdf
- > <http://www.dhss.mo.gov/SmokingAndTobacco/EmployersToolkit.pdf>
- > <http://no-smoke.org/document.php?id=209>
- > <http://www.surgeongeneral.gov/library/reports.htm>
- > http://www.cdc.gov/tobacco/data_statistics/Factsheets/economic_facts.htm
- > http://www.cdc.gov/tobacco/tobacco_control_programs/stateandcommunity/sustainingstates/00_pdfs/FactsFinal.pdf
- > [http://www.soa.org/files/pdf/ETSReportFinalDraft\(Final%203\).pdf](http://www.soa.org/files/pdf/ETSReportFinalDraft(Final%203).pdf)
- > <http://www.nfpa.org/assets/files/PDF/OS.SmokingMaterials.pdf>
- > <http://www.usfa.dhs.gov/downloads/pdf/publications/fius13/ch4.pdf>
- > <http://www.dfwbgh.org/events07/9-27-2007.pdf>
- > <http://www.prevent.org/images/stories/clinicalprevention/background%20for%20media.pdf>
- > <http://www.ncbi.nlm.nih.gov/books/bv.fcgi?rid=hstat2.chapter.28163>

Websites for Youth

- > www.quit4life.com
- > www.joechemo.org
- > www.gottaquit.com
- > www.thetruth.com
- > www.tobaccofreekids.org
- > www.cdc.gov/tobacco/tips4youth
- > www.dogbreath.org
- > www.nysmokefree.com

Additional Information & Resources *continued*

There are many cost free programs and resources available to help you quit and stay tobacco free. Some are listed below.

➤ **Local Cessation Support Program Information can be obtained from:**

- New York State Smokers' Quitline
Toll-free: 1-866-697-8487
- American Cancer Society
Toll-free: 1-800-227-2345
- American Lung Association
Toll-free: 1-800-586-4872

➤ **Brochures and Other Information:**

- Centers for Disease Control and Prevention
Toll-free: 1-800-232-4636
- National Cancer Institute
Toll-free: 1-800-4-CANCER (1-800-422-6237)

4.03.6 Performance Guarantees

Offerors' proposed performance guarantee responses including penalty fee amounts to be put at risk for non-performance are not considered to be cost information and therefore should be stated in the Offeror's Technical Proposal. At this part of its Technical Proposal, the Offeror must state its agreement to the following minimum guarantees and propose amounts, expressed as either a fixed per day dollar or a fixed percent per day amount to be put at risk for failure to meet guarantees.

a. Turnaround Time Guarantees

Task #1: Premium Rate Renewals

State your willingness to guarantee that the Contractor will support the Department during the Premium Renewal Negotiation Process and that the two required reports and other Task #1 deliverables will be provided in accordance with the requirements set forth in RFP, provided that the required electronic data is received by the Contractor from all Carriers by July 15th of each renewal cycle and the Carrier renewals are received by no later than the first week in September. If the Contractor does not receive the data and/or renewals by the specified dates, different due dates shall be agreed upon in writing by the Parties and guaranteed by the Contractor. The Offeror must propose a penalty for failure to meet the above guarantee and the guarantee must be proposed in the following format:

*“For each twenty-four (24) hour period, or part thereof, that a Task #1 report or final deliverable is not provided to the Department by the report(s)/deliverable(s) due date, the Contractor shall pay the Department \$*_per day, until such time that the report(s)/deliverable(s) is provided to the Department. The aggregate total penalty amount shall not exceed the actual cost incurred by the Contractor in its performance of the associated Task #1 activity.”*

* Segal is willing to guarantee a portion of its fee based on the turnaround times outlined in the RFP. We are willing to extend penalties that are expressed either as flat dollar amount per task or as a percentage of revenue associated with each task. We would propose to establish the specific penalties at a later date, in consultation with the DCS, so that the penalties properly reflect the DCS's priorities.

Segal's commitment to clients was founded on a very simple principle — that the client's definition of success is the only one that really matters. Therefore, we also propose establishing an overall satisfaction guarantee that will be formally reviewed every six months. This review will be conducted by our President and CEO, Joseph LoCicero, who will review with the State's leadership team Segal's performance to ensure your overall satisfaction. This semi annual assessment will be supplemented by regular meetings by your Client Relationship Manager, Mr. Hatfield, to keep abreast of how we are doing relative to your expectations.

Task #2: Quarterly Analysis

State your willingness to guarantee that Quarterly Contractor Commentary Reports will be provided in accordance with the requirements set forth in RFP, , not later than forty-five (45) calendar days from the end of the quarter under review, provided that the required electronic data is received by the Contactor from all Carriers within 15 days of the close of the quarter, and the Carrier reports within 23 days of the close of the quarter. If the Contractor does not receive the data and/or Carrier reports by the specified dates, the due date shall be extended by one day for each day the data and/or Carrier reports are late. The Offeror must propose a penalty for failure to meet the above guarantee and the guaranteed must be proposed in the following format:

*“For each twenty-four (24) hour period, or part thereof, beyond a given Quarterly Contractor Commentary Reports’ due date that the final Quarterly Contractor Commentary Reports is not provided to the Department by the Contractor, the Contractor shall pay the Department \$*_per day, until such time as the required final Quarterly Contractor Commentary Reports are provided to the Department. The aggregate total penalty amount shall not exceed the actual cost incurred by the Contractor in its performance of the associated Task #2 activity.”*

* Segal is willing to guarantee a portion of its fee based on the turnaround times outlined in the RFP. We are willing to extend penalties that are expressed either as flat dollar amount per task or as a percentage of revenue associated with each task. We would propose to establish the specific penalties at a later date, in consultation with the DCS, so that the penalties properly reflect the DCS’s priorities.

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Task #3: GASB 45 Valuation

State your willingness to guarantee that GASB 45 valuation services and the five (5) required reports will be provided in accordance with the requirement set forth in RFP, and that other specified deliverables as requested by the Department in fulfillment of GASB obligations will be provided in accordance with due dates specified in the annual Task#3 task order negotiated by the Parties, as may be amended by a Department approved Change Order Request(s). The Offeror must propose a penalty for failure to meet the above guarantee and the guaranteed must be proposed in the following format:

*“For each twenty-four (24) hour period, or part thereof, beyond the due date for a given Task #3 report, as specified in the annual Task#3 task order negotiated by the Parties, as may be amended by a Department approved Change Order Request, is not provided to the Department by the Contractor, the Contractor shall pay the Department *_percent of the negotiated Task #3 task order Total Project Cost amount, until such time as the report(s) is/are provided to the Department. The aggregate total penalty amount shall not exceed the actual cost incurred by the Contractor in its performance of the associated Task #3 activity.”*

* Segal is willing to guarantee a portion of its fee based on the turnaround times outlined in the RFP. We are willing to extend penalties that are expressed either as flat dollar amount per task or as a percentage of revenue associated with each task. We would propose to establish the specific penalties at a later date, in consultation with the DCS, so that the penalties properly reflect the DCS's priorities.

Segal's commitment to clients was founded on a very simple principle — that the client's definition of success is the only one that really matters. Therefore, we also propose establishing an overall satisfaction guarantee that will be formally reviewed every six months. This review will be conducted by our President and CEO, Joseph LoCicero, who will review with the State's leadership team Segal's performance to ensure your overall satisfaction. This semi annual assessment will be supplemented by regular meetings by your Client Relationship Manager, Mr. Hatfield, to keep abreast of how we are doing relative to your expectations.

Task #4: Ad Hoc Consulting Services

State your willingness to guarantee that, in accordance with the requirements of RFP, analysis provided for a given Ad Hoc Project will be 1) based on the most current information available, 2) comprehensive, and 3) actuarially sound and reasonable, and that an Ad Hoc Project's final deliverables will be provided to the Department not later than the due date agreed upon by the Department and the Contractor for a given Ad Hoc final deliverable. The Offeror must propose a penalty for failure to meet the above guarantee when the Not-To-Exceed Total Cost of a given Ad Hoc project is equal to or greater than fifty thousand dollars (\$50,000) and the guaranteed must be proposed in the following format:

*“As regards Ad Hoc projects whose Not-To-Exceed Total Cost is equal to or greater than fifty thousand dollars (\$50,000), for each twenty-four (24) hour period, or part thereof, beyond the due date for the Ad Hoc Project's report or final deliverable, as negotiated by the Parties on a case-by-case basis, that the report/deliverable is not provided to the Department by the Contractor, the Contractor shall pay the Department * percent of the Task #4 Ad Hoc Not-To-Exceed Total Cost amount, until such time as the report(s)/deliverable(s) is provided to the Department. The aggregate total penalty amount shall not exceed the actual cost incurred by the Contractor in its performance of the associated Task #4 Ad Hoc project.”*

* Segal is willing to guarantee a portion of its fee based on the turnaround times outlined in the RFP. We are willing to extend penalties that are expressed either as flat dollar amount per task or as a percentage of revenue associated with each task. We would propose to establish the specific penalties at a later date, in consultation with the DCS, so that the penalties properly reflect the DCS's priorities.

Segal's commitment to clients was founded on a very simple principle — that the client's definition of success is the only one that really matters. Therefore, we also propose establishing an overall satisfaction guarantee that will be formally reviewed every six months. This review will be conducted by our President and CEO, Joseph LoCicero, who will review with the State's leadership team Segal's performance to ensure your overall satisfaction. This semi annual assessment will be supplemented by regular meetings by your Client Relationship Manager, Mr. Hatfield, to keep abreast of how we are doing relative to your expectations.