

AGENDA

MEETING OF THE INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE and BOARD OF RETIREMENT*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810
PASADENA, CA 91101

THURSDAY, AUGUST 11, 2016 - 9:00 A.M.**

*The Committee may take action on any item on the agenda,
and agenda items may be taken out of order.*

COMMITTEE MEMBERS:

Les Robbins, Chair
William de la Garza, Vice Chair
Vivian H. Gray
Shawn R. Kehoe
Ronald Okum, Alternate

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of July 14, 2016

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare Division: That the Insurance, Benefits & Legislative Committee authorize the Retiree Healthcare Director to issue a Request for Proposal for the Retiree Healthcare Benefits Program consulting services. (Memorandum dated July 28, 2016)

B. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare Division: That the Committee recommend the Board of Retirement:

1. Invite the following firms to interview to provide Medicare Part D Retiree Drug Subsidy Audit Services: 1) Mercer, and 2) Milliman.

III. ACTION ITEMS (Continued)

2. Select one of the firms to perform the audit of the 2014-2015 RDS subsidy submissions, with an option for LACERA to direct the firm also to audit the 2015-2016 and 2016-2017 RDS subsidy submissions.
3. Direct staff to retain the selected firm for a one year period beginning October 1, 2016 and ending November 1, 2017, with a two year extension at the discretion of LACERA.

(Memorandum dated August 4, 2016)

IV. FOR INFORMATION

- A. Staff Activities Report for June, 2016
- B. Cigna & Anthem Blue Cross Claims Experience
- C. Federal Legislation
 - Aon Hewitt Washington Report

V. GOOD OF THE ORDER

(For information purposes only)

VI. ADJOURNMENT *and*
SET TIME FOR OPERATIONS OVERSIGHT COMMITTEE MEETING

***The Board of Retirement has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Retirement (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement. Members of the Board of Retirement who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.**

****Although the meeting is scheduled for 9:00 a.m., it can start anytime thereafter, depending on the length of the Board of Retirement meeting preceding it. Please be on call.**

Any documents subject to public disclosure that relate to an agenda item for an open session of the Committee, that are distributed to members of the Committee less than 72 hours prior to the meeting, will be available for public inspection at the time they are distributed to a majority of the Committee, at LACERA's offices at 300 North Lake Avenue, Suite 820, Pasadena, California during normal business hours from 9:00 a.m. to 5:00 p.m. Monday through Friday.

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626)-564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.

MINUTES OF THE MEETING OF THE
INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE
and
BOARD OF RETIREMENT*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
GATEWAY PLAZA - 300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101
THURSDAY, JULY 14, 2016, 12:00 P.M. – 12:25 P.M.

COMMITTEE MEMBERS

PRESENT: Les Robbins, Chair
William de la Garza, Vice Chair
Vivian H. Gray
Shawn R. Kehoe

ABSENT: Ronald Okum, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Anthony Bravo
Yves Chery
David L. Muir

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith

Aon Hewitt

Kirby Bosley

Milliman

Brian Anderson

The meeting was called to order by Chair Robbins at 12:00 p.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of June 9, 2016

Mr. de la Garza made a motion, Ms. Gray seconded, to approve the minutes of the regular meeting of June 9, 2016. The motion passed unanimously.

II. PUBLIC COMMENT

III. FOR INFORMATION

A. Staff Activities Report for June, 2016

The staff activities report was discussed.

B. Anthem Blue Cross Plan 2012-2013 Medicare Part D RDS Resubmission

Milliman's analysis of claims for Anthem Blue Cross Plans I, II, III, and the Prudent Buyer plan determined that LACERA may be entitled to additional estimated subsidies in the amount of \$697,789 for the 2012-2013 plan year.

The reopening request was submitted to CMS on April 26, 2016, and was approved on April 29, 2016.

LACERA, Anthem, and Milliman are currently working on completing the final step of the RDS Reconciliation process to meet the August 31, 2016 deadline for resubmission. We anticipate that CMS will transfer the funds for the additional subsidy amount within 30 days of receipt of the required supporting documentation.

C. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through May 2016 were discussed.

D. Federal Legislation

- Aon Hewitt Washington Report

Submitted for information only.

July 14, 2016

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IV. GOOD OF THE ORDER

(For information purposes only)

V. ADJOURNMENT

The meeting adjourned at 12:25 p.m.

***The Board of Retirement has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Retirement (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement. Members of the Board of Retirement who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.**



August 1, 2016

TO: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
William de la Garza, Vice Chair
Vivian H. Gray
Shawn R. Kehoe
Ronald Okum, Alternate

FROM: Cassandra Smith, Director 
Retiree Healthcare Division

SUBJECT: **RETIREE HEALTHCARE BENEFITS PROGRAM CONSULTING
SERVICES REQUEST FOR PROPOSAL (RFP)**

RECOMMENDATION

Recommend that the Insurance, Benefits & Legislative Committee authorize the Retiree Healthcare Director to issue a Request for Proposal for the Retiree Healthcare Benefits Program consulting services.

SUMMARY

Aon Consulting is our current Retiree Healthcare Benefits consultant, whose contract will expire on June 30, 2017. Each contract period is normally five-years in length. At this time staff is requesting approval to issue an RFP, substantially in the form attached, to select an appropriate firm to provide the required services.

RFP EVALUATION TEAM

The RFP Evaluation Team is made up of five LACERA staff members as follows:

- Cassandra Smith, Director
Retiree Healthcare Division
- Leilani Ignacio, Assistant Division Manager
Retiree Healthcare Division

Insurance, Benefits & Legislative Committee

August 1, 2016

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- David Redman, Senior Auditor
Internal Audit Division
- Christina Logan, Senior Auditor
Internal Audit
- Jill Rawal, Staff Counsel
Legal Services Division

The RFP Evaluation Committee will be responsible for reviewing all submissions, determining finalists if applicable, and providing a recommendation to the Insurance, Benefits and Legislative Committee (IBLC).

TIMELINE

Request IBLC approval to issue Request for Proposal (RFP)	August 11, 2016
RFP issued	August 12, 2016
Bidder RFP Questions due	September 23, 2016
Responses to RFP Questions posted by	October 7, 2016
Deadline for Bid Submission	October 11, 2016
Evaluation Committee Interviews Bidders	October 25, 2016
Bidder Finalist results presented to IBLC	November 2, 2016
IBLC Interview Finalists	December 15, 2016
Recommendation to Board of Retirement (BOR). Board of Retirement select firm.	January 12, 2017
Contract Effective Date	July 1, 2017

RFP RELEASE

If authorized, staff will release the RFP on August 12, 2016. The RFP will be mailed to the vendors on the attached mailing list and will be posted on LACERA's website.

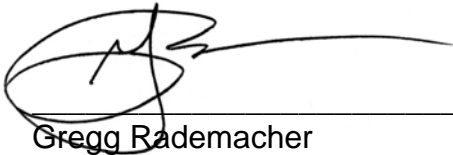
RECOMMENDATION

Recommend that the Insurance, Benefits & Legislative Committee authorize the Retiree Healthcare Director to issue a Request for Proposal for the Retiree Healthcare Benefits Program consulting services.

CS/cs

Attachments

REVIEWED AND APPROVED:

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a horizontal line extending to the right.

Gregg Rademacher
Chief Executive Officer



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

REQUEST FOR PROPOSAL

RETIREE HEALTHCARE BENEFITS PROGRAM CONSULTING SERVICES



For the Period of:

July 1, 2017 to June 30, 2022

Issued: August 12, 2016

Proposal Deadline: October 11, 2017

**LACERA
REQUEST FOR PROPOSAL
RETIREE HEALTHCARE BENEFITS PROGRAM CONSULTING SERVICES
ISSUED: AUGUST 2016**

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EXHIBIT A – STATEMENT OF WORK

**EXHIBIT B – AGREEMENT FOR RETIREE HEALTHCARE BENEFITS
CONSULTING SERVICES**

**LACERA
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RETIREE HEALTHCARE BENEFITS PROGRAM CONSULTING SERVICES
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I. INTRODUCTION

This Request for Proposal (RFP) is being released by the Los Angeles County Employees Retirement Association (LACERA) to solicit proposals from qualified firms to provide comprehensive benefit consulting services related to the administration of LACERA's Retiree Healthcare Benefits Program. Consultants must satisfy the minimum qualifications and requirements stipulated in Exhibit A (Statement of Work) and Section V.E(1).

It is LACERA's intent to award a five (5) year agreement commencing with the fiscal year beginning July 1, 2017 and expiring on June 30, 2022.

II. LACERA BACKGROUND

LACERA operates as an independent governmental entity separate and distinct from Los Angeles County (County) established pursuant to the County Employees Retirement Law (CERL) of 1937. Within the framework of this law, we are a defined benefit pension fund established to provide retirement benefits, disability benefits, death benefits, and retiree healthcare benefits for eligible employees of Los Angeles County and other participating agencies. As of July 1, 2016, there were approximately 95,000 active participants and 62,000 retired members.

Management of the LACERA administered retiree healthcare benefits is vested in a group of nine trustees and two alternate members, known as the Board of Retirement. The Board of Retirement employs an in-house staff and external consultants and advisors to assist in the administration of LACERA's benefit program. Additionally, the Insurance, Benefits & Legislative Committee (IBLC), a committee of the Board of Retirement, reviews LACERA's Retiree Healthcare Benefits Program (Program) information and reports its findings and recommendations to the Board of Retirement.

LACERA's Program is made available to all retired benefit recipients at the time of retirement. Prior to July 1, 1982, LACERA funded the Retiree Healthcare Benefits Program using surplus earnings. In April 1982, an agreement was negotiated with the County that required the County to subsidize a portion of the insurance premiums of retired members and their dependents based on the member's length of service. The County further agreed not to decrease or eliminate benefits provided under the existing insurance programs. LACERA agreed not to lower retired members' contributions toward insurance premiums or increase medical benefit levels without the consent of the County. Current health insurance carriers and the approximate number of participants in each plan appear on the following page:

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MEDICAL PLANS	
PLAN	NUMBER OF PARTICIPANTS (Approx.)
Health Maintenance Organizations (HMOs)	
CIGNA Network Model HMO	600
Kaiser HMO	5,700
United HealthCare HMO	1,000
Indemnity Medical Plans	
Anthem Blue Cross Prudent Buyer Plan	1,300
Anthem Blue Cross Plan I	1,400
Anthem Blue Cross Plan II	4,700
Medicare Supplement Plan	
Anthem Blue Cross Plan III	11,000
Medicare Advantage-Prescription Drug Plans (MA-PD) HMO	
CIGNA HealthSpring Preferred Rx	50
Kaiser Senior Advantage	16,700
SCAN Health Plan	360
United Healthcare Medicare Advantage	2,700
TOTAL PARTICIPANTS – MEDICAL PLANS	45,600
DENTAL/VISION PLANS	
CIGNA Healthcare (Indemnity)	43,200
CIGNA Dental Health (Prepaid Dental HMO)	5,400
TOTAL PARTICIPANTS – DENTAL/VISION PLANS	48,700
OTHERS	
Los Angeles County Fire Fighters (Local 1014) (Premium collection only)	1,700
County of Los Angeles Medicare Part B Premium Reimbursement Program (Standard Rate)	30,800

Total premiums for the Program in fiscal year 2015/2016 amounted to approximately \$524 million and are estimated at \$546 million for fiscal year 2016/2017. Currently, 90% of the premiums are paid by the County with the remaining balance deducted from the retirement checks of retirees. The maximum amount of County subsidy is benchmarked to the Anthem Blue Cross Plans I and II indemnity plans, and the CIGNA indemnity dental/vision plan. Eligibility for this subsidy is determined by the length of a retiree's County service. After 10-years of service, the retiree is entitled to 40% of the benchmark subsidy, or the plan enrolled

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in, whichever is less. For every additional year of service, the retiree is entitled to an additional 4%, up to 25-years of service, or 100% maximum. Service-connected disability retirees with less than 10 years of service up to 13 years of service credit are entitled to 50% subsidy. Service credit beyond 13 years is calculated based on the years of service (excluding ARC time) subsidy determination.

Further information about LACERA's Program is available at LACERA's website, www.lacera.com.

III. PURPOSE

LACERA is seeking a qualified firm to provide expert advice and assistance in all aspects of LACERA's Retiree Healthcare Benefits Program (Medical, Dental and Vision). The benefit consultant selected will have no discretionary authority with respect to this program.

IV. SERVICES TO BE PROVIDED – STATEMENT OF WORK

See Exhibit A

V. BIDDING PROCESS

A. Point-of-Contact for this RFP

Cassandra Smith, Director
LACERA Retiree Healthcare Division
300 North Lake Avenue, Suite 300
Pasadena, California 91101
Fax: (626) 236-4342
E-mail: csmith@lacera.com

Except for communications expressly permitted by this RFP, communications by Bidders with LACERA staff or members of its Boards regarding the RFP are strictly prohibited from the date of this RFP through the date LACERA completes or terminates the RFP process, as publicly disclosed by LACERA. Bidders violating the communications prohibition may be disqualified, at LACERA's discretion.

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B. Deadline for Submission of Proposal

The deadline for submitting a response to this Request for Proposal is **5:00 p.m. PST, on Tuesday, October 11, 2016**. LACERA will consider proposals received after the submission deadline for evaluation if LACERA, in its sole discretion, deems consideration to be in its best interests.

Proposals submitted shall be valid for 120 days following the closing date noted above. LACERA and the Bidder may extend this period by mutual written agreement. Bidder may not withdraw its proposal during this period. If a solicitation is cancelled prior to the due date, the offer will be returned unopened to the Bidder.

C. RFP Process Dates

The table below will apply during the proposal and implementation process of the RFP. LACERA reserves the right to waive or modify specific terms and conditions contained in this RFP, and to waive, modify or extend deadlines specified herein.

Task	Due Date
Request for Proposal (RFP) issued	August 12, 2016
Bidder RFP Questions due	September 23, 2016
Responses to RFP questions posted by	October 7, 2016
Deadline for Bid Submission	October 11, 2016
Evaluation Committee Interview Bidders	October 25, 2016
Bidder Finalists Presented to IBLC	November 2, 2016
IBLC Interview Finalists	December 15, 2016
Recommendation to Board of Retirement. Board of Retirement select firm	January 12, 2017
Contract Effective Date	July 1, 2017

LACERA reserves the right to amend this schedule as necessary

D. Bidder RFP Questions

Any requests for clarification or additional information related to this RFP must be submitted in writing via email, facsimile, or U.S. Mail and delivered by **5:00 p.m. PST on Friday, September 23, 2016**, to Cassandra Smith using the

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Point-of-Contact information found in Section V.A. LACERA is not responsible for questions received after the submittal deadline.

All questions must cite the specific RFP section and page number to which the question refers. LACERA's responses to requests for clarification or additional information will be provided to all firms submitting proposals. Only answers provided in writing to LACERA will be considered official. All submissions must include the identity and title of the sender, firm name, mailing address, telephone number, and facsimile number or e-mail address as applicable.

All questions and answers will be posted on LACERA's website at www.lacera.com, "RFP Opportunities" page on Friday, October 7, 2016.

E. Bidder's Proposal Submission Requirements

1. Bidder Minimum Qualifications

In order to be selected for this assignment, the Bidder must demonstrate that it can meet the requirements of the RFP and the scope of work described in the RFP.

2. Guidelines

Bidder must adhere to the following guidelines to submit a proposal:

- Any assumptions made in the proposal must be identified in a clear manner and presented in a written format;
- Bidder must answer each question in the sequence presented. Each page of Bidder's proposal must be numbered, and each page should restate the section and question being answered; and
- All required items must be received no later than **5:00 p.m. PST, Tuesday, October 11, 2016.**

3. Submission of Response

- Bidder shall submit 20 bound copies, one unbound copy, and one electronic copy in MS Word compatible format. The unbound copy shall bear original signatures and shall be marked as "master copy." The unbound copy shall contain no divider sheets or tabs, and shall be printed on one side only of 8-1/2 in. x 11 in. white paper to enable copying if needed. Colors must reproduce in a legible manner on a black-and-white copier.

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If supplemental materials are included with the proposal, each copy of the proposal must include all such supplemental materials.

- Responses shall be mailed or delivered to Cassandra Smith by regular mail, certified mail, or express mail using the Point-of-Contact information found in Section V.A.
- If sending a response by regular mail, certified mail, or express mail, it is incumbent upon the Bidder to allow for sufficient time to permit delivery by the U.S. Postal Services or any other delivery service. The proposal must be received at LACERA's office by the required deadline. The time and date stamp of LACERA will be the final determinant of whether a proposal has been timely received.
- Proprietary information and knowledge developed through this RFP will remain the property of LACERA.

4. Withdrawal

The Bidder may withdraw its proposal at any time prior to the deadline for submission upon presentation of a written request to LACERA. Any correction and/or resubmission of a proposal shall be submitted prior to the submission deadline. After the submission deadline, proposals shall be firm. This includes proposed fees as well as proposed Bidder staff.

5. Reimbursement for Proposal Preparation

LACERA will not pay for any information herein requested nor will LACERA reimburse any expenses incurred by a Bidder while preparing a response to this RFP.

6. Formal Presentations

During the evaluation process, selected Bidders will be required to make one oral in-person presentation to the RFP Evaluation Committee and one oral in-person presentation to the IBLC. LACERA may, at its discretion, elect to have Bidder(s) provide additional oral presentations of their proposal. LACERA will contact selected Bidders to schedule the presentation. LACERA will not be responsible for any costs associated with any presentations related to this RFP process.

7. Waiver of Claims

By submitting a proposal, the Bidder agrees to waive any claim it has or may have against LACERA, its officers, fiduciaries, employees and agents, arising out of or in connection with the administration, evaluation, or recommendation of any proposal, the waiver of any requirements under the

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RFP, the acceptance or rejection of any proposal, and/or the award of the Contract.

8. Notice to Bidders Regarding the California Public Records Act

All responses to this RFP become the property of LACERA and will be kept confidential until such time as recommendation for award of a contract has been announced. Thereafter, proposals are subject to public inspection and disclosure pursuant to the California Public Records Act (Cal. Gov. Code Section 6250 et. seq., the "Act"). The Act provides generally that all records relating to a public agency's business are open to public inspection and copying, unless specifically exempted under one of several exemptions set forth in the Act. In addition, if LACERA staff recommends any Bidder(s) to the IBLC or the Board of Retirement for hiring, such recommendation and some information contained in the proposal(s) will appear on a publicly posted agenda for public meetings of the IBLC and Board of Retirement.

If a Bidder believes that any portion of its proposal is exempt from public disclosure under the Act, such portion must be marked "CONFIDENTIAL," "TRADE SECRET," or "PROPRIETARY," and made easily separable from the balance of the response. Proposals marked "CONFIDENTIAL," "TRADE SECRET," or "PROPRIETARY" in their entirety will not be honored, and LACERA will not deny public disclosure of all or any portion of proposals so marked. By submitting a proposal with portions marked "CONFIDENTIAL," "TRADE SECRET," or "PROPRIETARY," Bidder represents it has a good faith belief that such material is exempt from disclosure under the Act; however, such designations will not necessarily be conclusive, and the Bidder may be required to justify in writing why such material should not, upon request, be disclosed by LACERA under the Act.

LACERA will use reasonable means to ensure that material marked "CONFIDENTIAL," "TRADE SECRET," or "PROPRIETARY" is safeguarded and held in confidence. LACERA will not be liable, however, for inadvertent disclosure of such material, data, and information.

If LACERA denies public disclosure of any materials designated as "CONFIDENTIAL," "TRADE SECRET," or "PROPRIETARY," Bidder agrees to reimburse LACERA for, and to indemnify, defend and hold harmless LACERA, its officers, fiduciaries, employees and agents from and against: (a) any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs and expenses including, without limitation, attorney's fees, expenses and court costs of any nature whatsoever (collectively, "Claims") arising from or relating to LACERA's non-disclosure of any such designated portions of a proposal; and (b) any and all Claims arising from or relating to LACERA's public disclosure of any such designated portions of a proposal if disclosure is deemed required by law or if disclosure is ordered by a court of competent jurisdiction.

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9. Proposal Contents

The submitted proposals shall be titled "LACERA Retiree Healthcare Benefits Program Consulting Services Proposal" and shall clearly show the due date and time.

The Bidder's submitted proposal shall include all information and be formatted as requested herein. Bidders shall provide their best response to the specifications, terms and conditions contained in this RFP. Each Bidder shall be solely responsible for its thorough understanding of the RFP, including its attachments, exhibits, and forms. In addition, each Bidder shall be solely responsible for its proposal and all documentation submitted. Bidders whose proposals do not meet the mandatory requirements will be notified, however, notification may be after the deadline for submitting proposals has passed.

Information included in the proposal that addresses requirements will be evaluated and analyzed by LACERA.

a. Cover Letter

The Bidder shall provide a cover letter identifying the responding company, including its address, signed by an individual authorized to bind the firm contractually. The letter shall state the name, title, address, phone number, fax number, and e-mail address of a contact authorized to provide clarifying information regarding the proposal. The letter shall also include a statement that the firm's proposal is an irrevocable offer, including proposed fees and proposed assigned staff, for 120 days following the date of proposal. If any material in the proposal is marked as proprietary information in accordance with Section V.E (8), Bidder shall include a separate sheet behind the cover letter that indicates the section(s) and page(s) so marked.

b. Table of Contents

The Bidder shall include a comprehensive Table of Contents of the materials included in the proposal. The Table of Contents must clearly identify the proposal section/subsection and the applicable page numbers.

c. Questionnaire and Written Responses

Bidder shall provide written responses to the following questions, reproducing the questions with each answer.

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General

- Please provide a brief introduction of your firm including the following information:
 - Size of the organization in terms of employees, clients, and revenue.
 - Ownership information of the organization, including names of all entities with greater than one percent ownership stakes.
 - Any material changes to the ownership structure that has occurred during the last five years.
 - Address, telephone number, facsimile number, and website of the organization's office that would be responsible for the LACERA healthcare consulting services.
 - Percentage of revenue derived from healthcare consulting services.
 - The organization's compensation and incentive program for healthcare consultants, including how they are evaluated and rewarded.
 - The organization's competitive advantage over other firms in providing healthcare consulting services.
 - The organization's objectives with respect to future growth, including the products/services that will be emphasized or de-emphasized in the future.
 - List prior healthcare consulting work for government healthcare programs similar to the work described in this RFP.
- Provide the number of years the firm has been providing the services requested in this RFP, both in general and specifically for public sector retiree groups.

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- Identify the account team(s) that will be assigned to LACERA – including their role on the team, their biographies qualifications, experience, professional certifications, memberships in professional organizations, and office location as well as an estimate of the percentage of time each person would spend performing services for LACERA and, for the lead person(s) on the team, state the total number of clients currently assigned to those person(s). Also included a description of a transition plan in case a key professional assigned to LACERA departs the organization.
- How would the team(s) work together to ensure a comprehensive, holistic approach to LACERA’s benefits needs?
- How do you define and measure client satisfaction?
- How will you keep LACERA abreast of the retiree healthcare environment and other relevant trends?
- Does your firm perform any consulting for the County of Los Angeles? If so, disclose the nature of your engagement and describe what measures you would take to separate your County of Los Angeles relationship from a LACERA relationship.
- In the last 10 years, has your firm ever been involved in a lawsuit involving any services or similar services requested by this RFP? If so, provide details, including dates and outcomes.
- In the last five years, has your firm, related entities, principals and/or officers been a party in any material civil or criminal litigation or subject to regulatory action, whether or not directly related to services requested by this RFP? If so, provide details, including dates and outcomes.
- Describe any expected litigation in which your firm may be involved.
- What amount of insurance does your firm carry? State the type of insurance, the amount of coverage, the deductible and coinsurance, if applicable, and whom the coverage is with.

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Recurring Activities

- Describe your approach and tools used in recurring activities such as renewal negotiations, plan design and plan design strategies, underwriting analysis, claims audits, member benefit and educational communications, and wellness programs.
- Provide sample benefit communication documents and reports in which your firm is responsible for creating for your clients.

Vendor Management and Selection

- Describe your approach to vendor management to ensure the optimum service to LACERA.
- Describe your process and tools for vendor selection.

Strategy Setting

- Briefly describe your approach to providing all deliverables as described in the attached Statement of Work.

Subject Matter Expertise

- Does your firm have specialized consultants working in the following areas. If so, describe the proposer's capabilities and services with a straightforward, concise description.
 - Legislative Issues
 - Medical
 - Dental
 - Vision
 - Pharmacy
 - COBRA
 - Disease Management
 - Wellness Programs
 - Medicare Programs
 - Employer Group Waiver Plans (EGWP)

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ISSUED: AUGUST 2016**

- Retiree Drug Subsidy (RDS) Program
- Long Term Care
- Excise Tax
- Compliance Programs
- Audit Services

d. References

Provide at least one former client reference for which the Bidder had performed healthcare consulting services, similar to those described in this RFP, within the last three (3) years.

Provide at least three (3) current client references for which the Bidder has performed healthcare consulting service, similar to those described in this RFP, within the last three (3) years.

Provide the following information for the references named above:

- Entity name, address, and website
- Nature of business
- Number of plan or program members
- Primary contact name, title, telephone number, and email address
- Nature and length of Bidder's relationship with said entity
- Description of services provided by Bidder

List any public sector clients that have terminated a healthcare consulting services contract in the last three (3) years. Include the reference information from above and date of contract termination, and reason(s) for termination.

LACERA reserves the right to contact any of the individuals/agencies provided above.

e. Fee Proposal

Once a consultant has been selected, negotiations of the fee(s) may become necessary. In no case will the negotiations result in a fee that is higher than the fee contained in the proposal. Keep in mind the consultant will be expected to be present at each IBLC meeting (once a month) and on occasion directly to the Board of Retirement.

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In this section, also provide your firm's billing procedures.

1. A FIXED-FEE PROPOSAL, which details a breakdown of costs by each category of services shown in the Statement of Work of this RFP. Under this fee proposal, for work performed under an individual category, LACERA would pay no more than the total cost for all services in that category and would only pay for those services actually provided. For Communication services, LACERA will pay for postage costs incurred if mailed, as stated in Exhibit A Items E.1 and E.2 should be itemized separately for fee setting purposes.
2. A MONTHLY RETAINER-FEE PROPOSAL, which includes a total, detailed, all-inclusive maximum price for the five year contract period. The total all-inclusive maximum price to be bid must contain all direct and indirect costs, including all out-of-pocket expenses, with the following components identified:
 - a total, detailed, comprehensive fee proposal by year for all services listed in - Exhibit A Section IV of the RFP
 - a detailed hourly professional fee rate schedule by classification of staff to be assigned, including areas of specialization to support the maximum all-inclusive maximum price
 - a breakdown of your fee quote for each type of service listed in - Exhibit A Section IV, and specifically, a detailed breakdown of Part G of the Statement of Work---Communications
 - a total of all estimated out-of-pocket expenses to be reimbursed, if not included in the quoted hourly professional fee rates
 - a total, all-inclusive maximum price for any additional services the firm deems necessary to provide comprehensive benefit consulting services to LACERA
 - Exhibit A Items E.1 and E.2 should be itemized separately for fee setting purposes

Under this fee proposal, LACERA would pay the maximum fee and any or all of the services listed would be provided as requested by LACERA.

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f. Exceptions

Any exceptions to the specifications, terms and conditions of the RFP shall be explicitly set forth in this section of the proposal. If there are no exceptions, the Bidder shall explicitly state the Bidder takes no exception to the RFP's specifications, terms and conditions. Any exception may result in this solicitation not being awarded to the Bidder.

g. Conflicts of Interest

Bidder must describe any known or perceived conflicts of interest which may result if its organization were engaged to perform the healthcare consulting services herein requested including any known relationships the organization or any staff has with any member of LACERA's Board of Retirement, management, staff or the County of Los Angeles.

Bidder must list all gifts given to members of LACERA's Board of Retirement and staff within the twelve months immediately prior to the date of this RFP. Include (1) the name of the person receiving the gift, (2) the earlier of the date the gift was promised or given, (3) a brief description of the gift, and (4) the fair market value of the gift when promised or given, whichever is greater.

h. Agreement

The proposed Healthcare Consulting Services Agreement is attached to this RFP. All Bidders are required to comment on the proposed agreement and provide alternative language where necessary as part of their proposal. If a Bidder agrees, and has no objections to the proposed agreement language, Bidder should include a statement in the proposal indicating such concurrence. By submitting a proposal without comment on the contract, Bidder is deemed to have agreed to each term in the contract, and to not seek any modifications to the contract. If Bidder objects to a term in the contract, or wishes to modify or add terms to the contract, Bidder's proposal must identify each objection, and propose language for each modification and additional term sought, and include the reasons therefore. LACERA reserves the right to make changes to the contract prior to execution.

10. Contract Negotiations

Once a firm has been selected to perform the services, negotiations will be initiated. LACERA expects engagement negotiations to be brief. If the agreement cannot be negotiated quickly with the selected Bidder, LACERA may, in its sole discretion, terminate negotiations with the previously

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selected Bidder and commence engagement with another party, whether or not that party was a Bidder.

11. Incomplete Proposals

If the information provided in a Bidder's proposal is deemed to be insufficient for evaluation, LACERA reserves the right to request additional information or to reject the proposal outright. False, incomplete, or unresponsive statements in connection with a proposal may be sufficient cause for its rejection. The evaluation and determination of the fulfillment of the requirements will be determined by LACERA and such judgment shall be final.

12. Reimbursement for Proposal Preparation

There is no expressed or implied obligation for LACERA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. LACERA reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected.

VI. EVALUATION CRITERIA

This section describes the guidelines LACERA will use to analyze and evaluate all proposals received. LACERA reserves the right to evaluate all factors deemed appropriate, whether or not such factors have been stated in this section. Acceptance of a proposal neither commits LACERA to award a contract to any Bidder, even if the Bidder has satisfied all requirements stated in this RFP.

A. Review of Proposals

An Evaluation Committee (Committee) consisting of LACERA staff will evaluate all proposals received. This committee will be comprised of two staff persons from LACERA's Retiree Healthcare Division, two staff persons from the Internal Audit Division, and one staff person from the Legal Division.

1. The Committee will determine if Bidders meet the Mandatory Requirements listed below:
 - The Bidder has no conflict of interest with regard to any other work performed by the Bidder.
 - The Bidder is qualified to complete the services required.

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- The Bidder adheres to the instructions in this RFP, including submission of all required material on time. It is critical that each Bidder complies with the requirements in Section V.E.
 - The Bidder has agreed to the Healthcare Consulting Services Agreement or has provided comments and alternative language acceptable to LACERA.
2. The Committee members will individually evaluate and score each proposal for technical qualifications. Each member of the Committee will evaluate each proposal using a defined scoring system. The full Committee will then convene to review and discuss the evaluations to select the firms to participate in the *Bidder's Presentations to the Committee* on October 25, 2016.
 3. Bidder presentations to Committee. This will allow the Bidder an opportunity to answer questions LACERA may have regarding the Bidder's proposal.
 4. Reference reviews will be performed for all firms selected to present to Committee.
 5. The Committee will evaluate bids as a whole, including presentation impressions, price and reference input.
 6. Upon completion of the evaluation process, LACERA staff will submit a short list of approved Bidders for interview and selection or recommend a Bidder for award of a contract to the IBLC.
 7. Submission of the Committee's recommendation to the IBLC, along with finalist presentations to the IBLC, will take place.
 8. The IBLC will forward its recommendation of the selected firm to the Board of Retirement. The Board of Retirement will make the final decision to hire the healthcare consulting firm.
 9. Selected firm will be notified and contract negotiations commence.

After evaluation of the proposals and approval by LACERA, all bidders will be notified of the successful bid, if any.

VII. GENERAL PROPOSAL CONDITIONS

- A. Written approval from LACERA will be required for any news releases regarding the award of contract.

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- B. Changes in quantity, specifications, scope of work, delivery schedules, performance time, starting dates, etc. and corrections to this RFP will be made by amendment. Amendments will be sent before the due date to all Bidders. All information provided to a Bidder will be given in the form of a written addendum. LACERA will determine whether the closing date should be changed when amending the RFP. If the time available before closing is determined to be insufficient, prospective Bidders will be notified by telephone or electronically, followed by a written amendment. LACERA will not award a contract unless amendments made to the RFP have been issued in sufficient time to be considered by all prospective Bidders. Receipt of amendments shall be acknowledged in writing by all prospective Bidders.
- C. This RFP is not an offer of a contract. Acceptance of a proposal does not commit LACERA to award a contract to any Bidder, even if the Bidder satisfied all requirements stated in this RFP. Publication of this RFP does not limit LACERA's right to negotiate for the services described in this RFP. If deemed by LACERA to be in its best interests, LACERA may negotiate for the services described in this RFP with a party that did not submit a proposal. LACERA reserves the right to choose to not enter into an agreement with any of the respondents to this request for proposal.
- D. The information Bidder submits in response to this RFP becomes the exclusive property of LACERA.

VIII. RESERVATIONS BY LACERA

- A. LACERA reserves the right to cancel this RFP, in whole or in part, at any time.
- B. LACERA will not be liable for any costs Bidder incurs in connection with the preparation or submission of any proposal.
- C. If Bidder submits a proposal, LACERA reserves the right to make such investigations as it deems necessary to determine Bidder's satisfaction of the minimum qualifications and ability to furnish the required services, and Bidder agrees to furnish all such information for this purpose as LACERA may request.
- D. LACERA also reserves the right to reject the proposal of anyone who is not currently in a position to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner.
- E. LACERA reserves the right to reject, in whole or in part, any and all proposals received; to waive minor irregularities; to negotiate in any manner necessary to best serve the public interest, and to make a whole award, multiple awards, a partial award, or no award.

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- F. LACERA reserves the right to award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the consulting services needs of LACERA, which may not be the proposal offering the lowest fees. LACERA may take into consideration any factor it considers relevant, such as past experience, financial stability, the ability to perform the requirements stated in the RFP and its Exhibits, and other relevant criteria. LACERA is not required to accept for consideration any proposals that fail to address or do not comply with each of the requirements or the criteria set forth in this RFP.
- G. LACERA does not guarantee or commit to contracting any specific number of projects to Bidder during the life of the agreement.
- H. LACERA reserves the right to terminate or modify this RFP and to reject any or all proposals submitted.
- I. LACERA reserves the right to enter into discussions and negotiations with one or more organizations selected at its discretion to determine the best and final terms. LACERA is not under obligation to hold these discussions or negotiations with each organization that submits a proposal.
- J. LACERA reserves the right to request additional documentation or information from respondents. Requested information may vary by respondent. LACERA may ask questions of any respondent to seek clarification of a proposal or to ensure the respondent understands the scope of the work or other terms of the RFP. False, incomplete, or unresponsive statements included in a proposal may be sufficient cause for its rejection. The evaluation and determination of the fulfillment of the requirements will be determined by LACERA, and such judgment shall be final.
- K. LACERA reserves the right to submit the final Healthcare Consulting Services Agreement to the Board of Retirement for approval.

EXHIBIT A

RETIREE HEALTHCARE BENEFITS PROGRAM CONSULTING SERVICES

STATEMENT OF WORK

The consultant will be responsible for providing the following services:

A. Strategic Planning

The consultant will assist LACERA in the development of a long range plan to accomplish LACERA's goals to provide retirees and beneficiaries with a comprehensive healthcare benefits program of the highest quality and to aggressively control costs associated with the program.

The consultant will provide LACERA with information related to identifying, analyzing, and forecasting the following:

- Cost trends in healthcare
- Trends in delivery systems
- State and national legislative issues
- Federal programs that have any relevance to LACERA's Retiree Healthcare program
 - ❖ Medicare
 - ❖ Medicaid
 - ❖ Retiree Drug Subsidy (RDS)
 - ❖ Employer Group Waiver Plans (EGWP)
 - ❖ MACRA
- Trends in quality of care issues
- Trends in Long Term Care benefits
- Population Health issues
- Disease Management Programs
- Risk management

- Excise Tax
- Affordable Care Act
- Pharmacy Benefit Management
- Wellness Programs

B. Annual Program Evaluation

Each year, the consultant will evaluate the effectiveness of the existing healthcare benefits program. This evaluation will include an analysis of claims data (utilization studies), a review of LACERA's reserves and retention, the preparation of experience studies, and a projection of premiums for future years. This evaluation will also include a critique of each carrier providing information on carrier efficiency, carrier responsiveness, member satisfaction, carrier audits (annual or bi-annual), and adherence to contract provisions.

The results of the annual evaluations will be used by the consultant to determine whether any program changes are recommended.

In recommending changes, the consultant will identify the most efficient and effective approaches to benefit delivery. Consideration will be given to alternate plan designs, benefit enhancements, new carriers, different approaches to cost management, and strategies to maximize coordination of benefit savings and most effective integration with Medicare. Any recommendation will include an estimate of the actuarial cost of benefit changes. The recommendations must also include a forecast of financial impact of the proposed changes upon the entire healthcare benefits program.

If changes are adopted, the consultant will assist LACERA in the selection of carriers and/or vendors. The consultant may also be required to prepare the Request for Proposals (RFPs) for new carriers and/or vendors, analyze the responses to the RFPs, and assist in the finalization of any contract that may result from the RFP process.

This work will require the consultant to become familiar with all aspects of LACERA's Retiree Healthcare Benefits Program plan design, governing documents, and vendor contracts.

The evaluation, analysis, and any recommendations will be provided to LACERA in a written report format. The annual timing of this report will be determined at the beginning of the contract period and remain constant throughout.

C. Annual Medicare Part B Premium Reimbursement Program Analysis and Report

The Board of Supervisors of the County of Los Angeles annually reviews the Medicare Part B Premium Reimbursement Program. Under this annually-renewed program, eligible retired members receive a monthly reimbursement of their standard-rate Part B premium. The consultant will be responsible for performing a cost analysis of the program, based on the following year's published Medicare Premium rates and LACERA's Medicare plans and enrolled retirees that will be forwarded to the Board of Supervisors for their consideration. The timing of this report is triggered by Medicare's publishing of the Medicare premium rates for the following year.

D. Annual Renewal Process

The consultant will have primary responsibility for the annual premium contract negotiations with our carriers. The consultant will be responsible for preparing and presenting the renewal analysis and the updating of member contribution rates based on LACERA's benefit structure.

E. Audits

1. The Consultant will conduct, as needed, up to two claims audits per year; one each for Anthem Blue Cross of California Plans I, II, and III, and the CIGNA HealthCare Dental indemnity plan. The audits must be statistically valid, and must determine, at the least: 1) the timeliness of claims processing; 2) the rate of incorrect claims payments; and 3) the rate of non-payment claims errors.
2. The Consultant will assist LACERA in the development of an Audit Program that will analyze the effectiveness, accuracy, and quality of our carriers and of the Retiree Healthcare Benefits Program internal operational practices. The product of this assignment will be a comprehensive audit program that will meet the short- and long-term needs of the LACERA Retiree Healthcare Program in the areas of benefit maximization, cost-savings, and industry best practices. LACERA is seeking guidance in this currently unexplored area.

F. Ongoing Program Administration and Maintenance

The consultant will assist LACERA in the overall day-to-day administration and maintenance of the Retiree Healthcare Benefits Program. The consultant must have the resources available to assist LACERA in evaluating current administrative practices and developing recommendations to enhance the effectiveness of procedures. The various services that may be required are:

- Serving as administrative liaison with carriers
- Assisting in reviewing, evaluating and negotiating contracts
- Administrative business processes
- Assisting in interpreting, addressing and resolving legislative, legal, contract and compliance issues
- Monitoring the carriers' production of monthly claim service reports
- Producing monthly claim service reports for the Insurance, Benefits & Legislative Committee
- Reviewing year-end accounting for LACERA participating arrangement contracts for reasonableness and accuracy
- Monitoring carrier compliance with contractual provisions
- Responding to ad hoc information requests from LACERA
- Providing and interpreting legislation affecting or otherwise relating to the LACERA Retiree Healthcare Benefits Program, including without limitation Medicare rules and laws, including RDS, EGWP, and MACRA
- Monitoring and reporting on the development of Medicare changes and its effect on LACERA's Retiree Healthcare Benefits Program, including RDS, EGWP, and MACRA
- Reporting on changes to the COBRA program
- Monitoring and advising LACERA on health care reform innovations and its impact on LACERA and its members
- Tracking the status of agreements and contract renewals with carriers and vendors
- Advising LACERA on all aspects of the Retiree Healthcare Benefits Program, including without limitations all Federal programs rules regulations and laws relative to LACERA's Retiree Healthcare Benefits Program (i.e, Medicare, RDS, EGWP, MACRA, etc.)
- General due diligence

G. Communications

Benefit programs must be supported by effective communications programs if they are to be understood and appreciated by plan participants. The

consultant must have qualified benefit communications personnel who have prior experience developing and implementing strategic communication plans for groups with LACERA's population. As necessary, the consultant will design, write and produce and/or review announcements on an annual basis or as needed to comply with Medicare/CMS, state and federal law mandates. Including but not limited to:

- Enrollment Forms and Brochures
- Rate Booklets
- Vendor Booklets
- Outgoing and Return Envelopes
- Letters and Other Information to Retirees
- Carrier/Vendor Informational Material
- Medicare Charts
- Special Mailings
- Wellness Program Handouts and Mailings

LACERA will pay all postage costs incurred for above communication pieces, if mailed.

The consultant will also provide the following services as a part of the overall responsibilities for the communication program:

- Maintaining carrier contributions to wellness program efforts and providing LACERA with a monthly accounting of these funds
- Researching vendor sources and obtaining quotes to achieve the best prices and quality for printed material
- Coordinating carrier mailings to LACERA members, such as announcement materials, identification cards and certificates of coverage
- Reviewing for accuracy and content, the communication materials furnished by carriers, such as certificates of coverage, summary brochures, enrollment forms, claim forms, letters and announcements to LACERA members
- Collating monthly supplies of LACERA's enrollment packet contents for new retirees and maintaining inventories of carrier materials and other

LACERA media; this includes the responsibilities of shipping, and providing messenger mail delivery services to maintain availability of these resources at LACERA

- Writing and producing printed copies of letters advising members of benefit changes, rate increases, and other plan information
- Designing, writing and producing media campaigns for special projects, including theme logos, identification buttons, and mailings to members

H. Training and Education

In the area of training and education the consultant will be responsible for but is not limited to the following:

- Training of LACERA's staff on benefit issues and programs. In addition to any education programs available to all clients of consultant, training will be provided on a quarterly basis on either topics of current interest, or general, relevant education. Topics will be recommended to LACERA, and LACERA will choose the topic to be discussed. Training will take place at the LACERA offices in Pasadena.
- Making monthly informational presentations to the Insurance, Benefits and Legislative Committee on current and ongoing healthcare issues.
- Explaining new insurance industry products.
- Providing updates on benefits legislation at the state and federal levels.

I. Special Projects

Consultant will be responsible for, but is not limited to, working with LACERA on special projects such as:

- Planning, coordinating and operating the semi-annual wellness program/health education workshops for LACERA members. Twice a year, spring and fall, LACERA hosts retiree Staying Healthy Together workshops. The consultant is the point of contact between carriers and vendors relating to the workshops and is responsible for the following tasks in relation to this program: theme/topic development, soliciting carrier input and participation, producing and mailing postcard invitations, submitting a related article for newsletter/website inclusion, searching for appropriate venues including location due diligence, setting up rooms and arranging for the catering of refreshments, assisting in the development of participative activities for the members, developing the prize giveaways and raffle, sending liability insurance certification to venues, taking the lead at the workshops to keep presentations on time and activities flowing, reviewing carrier presentations/materials for appropriateness and relevance to the theme/topic, collecting

contributions to wellness efforts from carriers, maintaining a timeline of events for current workshop activities, and developing a strategy for the next campaign.

- Advising on various Medicare programs made available with our carriers, including, but not limited to, RDS and Medicare Advantage programs.
- Assisting and participating in discussions relative to LACERA's GASB liability.

Information about LACERA's Retiree Healthcare Benefits Program can be found at LACERA's website: www.lacera.com.

EXHIBIT B

THIS IS THE GENERAL FORM AND CONTENT OF THE CONTRACT LACERA INTENDS TO USE. IN SUBMITTING A PROPOSAL WITHOUT COMMENT ON THE CONTRACT, THE BIDDER WILL BE DEEMED TO HAVE AGREED TO EACH CLAUSE IN THE AGREEMENT BELOW (AND TO NOT SEEK ANY MODIFICATIONS TO THE AGREEMENT), UNLESS BIDDER'S PROPOSAL IDENTIFIES AN OBJECTION OR INCLUSION, SETS FORTH THE BASIS FOR THE OBJECTION OR INCLUSION, AND PROVIDES SUBSTITUTE LANGUAGE TO MAKE THE CLAUSE ACCEPTABLE TO BIDDER. LACERA RESERVES THE UNILATERAL RIGHT IN ITS SOLE DISCRETION TO MAKE CHANGES TO THE CONTRACT PRIOR TO EXECUTION, WHICH CHANGES WILL NOT PROVIDE BIDDER WITH AN OPPORTUNITY TO MAKE FURTHER CHANGES TO THE OTHER TERMS OF THE CONTRACT.

**AGREEMENT
FOR
RETIREE HEALTHCARE BENEFITS CONSULTING SERVICES
BETWEEN**

AND

JULY 1, 2017

**Prepared by:
LACERA Legal Office**

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**AGREEMENT
FOR
RETIREE HEALTHCARE BENEFITS CONSULTING SERVICES**

This Agreement for Retiree Healthcare Benefits Consulting Services ("Agreement") is made and entered into as of July 1, 2017 ("Agreement Date"), at Pasadena, California, by and between the Los Angeles County Employees Retirement Association ("LACERA"), and _____ ("Consultant"), for the performance of the health care benefits consulting services described herein.

RECITALS

- A. LACERA is a duly established and existing public retirement system created under the County Employees Retirement Law of 1937, California Government Code Section 31450 et seq.; and
- B. LACERA administers a Retiree Healthcare Benefits Program established by the County of Los Angeles, California ("County") for eligible retired members of LACERA (the "Program"), which Program includes medical, dental, and vision; and
- C. All premiums for the insurance obtained under the Program are paid entirely by, and the entire cost of the administration of the Program is borne entirely by, the participants in the Program and the County; and
- D. LACERA desires to engage a consultant to provide comprehensive benefit consulting services related to all aspects of the Program, and such other services as may be mutually agreed upon from time to time; and
- E. LACERA has issued a request for proposal dated August 11, 2016 ("RFP") for such services; and
- F. Consultant submitted a proposal dated _____ ("Consultant's Proposal") in response to the RFP, and has represented to LACERA that it is qualified to perform the desired consulting services, and it is ready, willing and able to perform the duties and responsibilities entrusted to it under this Agreement; and
- G. Consultant hereby reaffirms the reliability and accuracy of the written Proposal and oral representations made to LACERA in the RFP process; and
- H. LACERA has determined, based on Consultant's Proposal and Consultant's oral representations made to LACERA during the RFP process, that Consultant is qualified to perform the desired consulting services and desires to retain Consultant to provide such services.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, and intending to be legally bound, the parties hereto agree as follows:

AGREEMENT

1. Definitions. For purposes of this Agreement, capitalized terms shall have the meanings set forth in this Section 1.

"Agents" means any principals, employees, agents, consultants, or representatives of Consultant acting in connection with this Agreement.

"Agreement" means this Agreement for Retiree Healthcare Benefits Consulting Services entered into by and between LACERA and Consultant.

"Agreement Date" means the date shown in the preamble of this Agreement.

"Authorized Persons" is defined in Section 4.D

"Confidential Information" means all information, data and records in any form from any source related to the Consulting Services, including but not limited to (a) all information and records in any form provided by LACERA and LACERA's agents, employees, representatives, and consultants and subcontractors to Consultant or its Agents, and (b) all transaction, advice, time sheets, cost, billing, accounting and financial records, correspondence, and Work Records, and other information and records in any form created by Consultant or its Agents in connection with the Consulting Services, and Derivative Works.

"Consultant" means _____, a _____.

"Consultant's Proposal" means the proposal dated _____ submitted by Consultant in response to the RFP, and all attachments thereto and Consultant's oral representations made in the RFP process, incorporated herein and attached as Exhibit ____.

"Consultant's Proprietary Materials" is defined in Section 13.B.(1).

"County" means the County of Los Angeles, California.

"Covered Persons" means LACERA, its trustees, officers, employees, contractors, agents, and representatives, but does not include Consultant.

"Derivative Works" means records, information or data that references, repeats, analyzes, or otherwise relates or refers in any way to LACERA Records.

"Effective Termination Date" means the date on which work under this Agreement will formally cease, as specified in any Notice of Termination delivered by one party to the other.

"Force Majeure" means any cause, circumstance, or event beyond the reasonable control and without the fault or negligence of Consultant or its Agents which causes Consultant to fail to perform its obligations hereunder. Such causes, circumstances or events may include, but are not restricted to, acts of God or of the public enemy, acts of any foreign, international, federal or state government (including all subdivisions thereof) in such government's sovereign capacity, fires, floods and earthquakes; but in every case the failure to perform must be beyond the control and without the fault or negligence of Consultant.

"HIPAA Rules" include but are not limited to the Standards for Privacy of Individually Identifiable Health Information (the "Privacy Rule"), 45 CFR Parts 160 & 164, Subparts A & E; Health Insurance Reform: Security Standards (the "Security Rule"), 45 CFR Parts 160 & 164, Subparts A & C; Breach Notification for Unsecured Protected Health Information (the "Breach Notification Rule"), 45 CFR Parts 160 & 164, Subparts A & D; Health Insurance Reform: Standards for Electronic Transactions (the "Transactions Rule"), 45 CFR Parts 160 & 162; and HIPAA Administrative Simplification: Enforcement (the "Enforcement Rule"), 45 CFR Part 160, Subparts C-E. This definition shall also include the rules and regulations of the Health Information Technology for Economic and Clinical Health Act (HITECH Act).

"LACERA" means the Los Angeles County Employees Retirement Association, an independent public pension fund established under the authority of the County Employees Retirement Law of 1937 (California Government Code Sections 31450 et seq.).

"LACERA Records" shall be broadly construed to encompass all information and records from any source and in any form, including verbal, written and electronic, whether identified as "confidential" or not, related to the Services, including but not limited to those (a) provided by LACERA and LACERA's agents, employees, representatives, and consultants and subcontractors to Consultant or its Agents, and (b) created by Consultant or its Agents in connection with the Services, including but not limited to transactions, advice, time sheets, cost, billing, accounting and financial records, charts, drafts, correspondence, Data, notes, work product, reports, recommendations, working papers and internal communications.

"LACERA's Project Director" means Cassandra Smith, Director, Retiree Healthcare Division, or her delegate.

"Legal Requirements" means all federal, state, county and local laws, rules, regulations, ordinances, registrations, filings, approvals, authorizations, consents and examinations, presently existing or enacted or promulgated during the term of this

Agreement, which may apply from time to time to Consultant or LACERA in relation to their performance under this Agreement, including the HIPAA Rules.

“Member Records” means any records or information in any form, hard copy, electronic, or verbal, and any records in any form created by Consultant or its Agents, relating to LACERA’s members or beneficiaries to which Consultant or its Agents are exposed from any source or which Consultants or its Agents create when performing under this Agreement, including Personal Health Information as defined by the Health Insurance Portability and Accountability Act of 1996.

"Notice of Termination for Convenience" means a written notice delivered by LACERA when LACERA desires to terminate this Agreement (or a portion of the work to be performed by Consultant) for its convenience, or for any other reason other than Consultant’s default.

"Notice of Termination for Default" means a written notice delivered by one party to the other party when the notifying party desires to terminate this Agreement (or a portion of the work to be performed by Consultant) due to a default by the other party.

“Program” means the Retiree Healthcare Benefits Program administered by LACERA for the County of Los Angeles, California.

“RFP” means the Request for Proposals for Retiree Healthcare Benefits Consulting Services issued by LACERA dated August 19, 2011.

“Work Records” is defined in Section 12.A.(1).

“Work Product” is defined in Section 13.A.(1).

2. Performance Requirements.

A. Work to be Performed. Consultant agrees to perform and deliver the comprehensive benefit consulting services related to the Program in the manner and form as described in the body of this Agreement and in Exhibit “A” (Statement of Work) attached hereto and incorporated herein by reference. Consultant agrees that up to two (2) LACERA staff may accompany and observe Consultant during Consultant’s on-site audits and examinations of carriers’ records and procedures that are described in the Statement of Work. Consultant further agrees to cause carriers to permit LACERA staff to accompany and observe Consultant on those audits and examinations.

B. Quality of Services. Consultant agrees to discharge its duties under this Agreement with the same standard of care, skill, prudence and diligence that applies to other experts practicing in a like enterprise. If the quality of service provided by Consultant to other clients it serves in the same capacity exceeds the requirements of the preceding sentence, the quality of service provided by Consultant hereunder shall

be at least equivalent to that higher quality of service. All services which Consultant provides hereunder shall meet the requirements and standards set forth in this Agreement. Consultant shall promptly correct any errors or omissions in the performance or delivery of its services, at no cost or expense to LACERA, within three (3) business days after request by LACERA's Project Director, but such opportunity to correct errors or omissions will not affect LACERA's right to terminate this Agreement for default set forth in Section 8.C.

C. Resolution of Conflicting Provisions. This Agreement, and the term "Agreement" as used herein, includes exhibits, which are incorporated herein as a part of this Agreement. The provisions of these documents will be interpreted so as to harmonize their meaning and intent. In the event of any conflict or inconsistency between this Agreement, the exhibits incorporated herein and any amendments thereto, said conflict or inconsistency shall be resolved by giving precedence in the following order:

- (1) Each amendment in descending order by date of execution
- (2) Agreement
- (3) Exhibits

3. Project Responsibility - Consultant.

A. Consultant's Project Manager. (Name and title) shall act as Consultant's Project Manager. Consultant's Project Manager shall:

(1) be a full time employee of Consultant having full authority to act for Consultant on all matters relating to the daily operation of this Agreement;

(2) be reasonably available during LACERA's normal working hours for telephone contact and in-person meetings with LACERA personnel designated to discuss Consultant's performance; and

(3) personally attend all meetings of the LACERA Board of Retirement Insurance, Benefits, and Legislative Committee and, upon request, meetings of the Board of Retirement, other Board of Retirement committees, and the Board of Investments unless LACERA gives its advance written approval for the Alternate Project Manager or some other person to attend a meeting.

B. Alternate Project Manager. Consultant shall inform LACERA in writing of the person appointed, if any, as its alternate Project Manager, which appointment shall be subject to LACERA's advance written approval. The alternate Project Manager shall act in the Project Manager's absence or unavailability and shall assume the same responsibilities as the Project Manager.

C. Consultant's Designated Agents.

_____ have been designated by Consultant to perform the services described in the Statement of Work attached to this Agreement. Consultant shall not remove said individual(s) or Consultant's Project Manager from the work without the prior written consent of LACERA's Project Director, provided however, such restriction shall not apply to instances of employment termination, serious illness, death, or other cause beyond Consultant's reasonable control.

D. Change in Consultant's Designated Agents. Upon request by LACERA's Project Director, Consultant shall replace any of Consultant's Agents assigned to perform services under this Agreement, who are in LACERA's opinion, unable to effectively carry out the responsibilities of this Agreement.

E. Conduct on LACERA's Premises. Consultant's Agents shall comply with all applicable rules and regulations of LACERA's premises while on LACERA's premises, including security requirements.

4. Project Responsibility - LACERA.

A. LACERA's Project Director. LACERA's Project Director shall be Cassandra Smith, Director, Retiree Healthcare Division, who shall be responsible for:

(1) providing overall management and coordination of this Agreement, acting as liaison for LACERA;

(2) insuring that the provisions and objectives of this Agreement are met;

(3) providing overall direction to Consultant in all matters relating to policy information, information requirements, and procedural requirements.

B. Delegation by LACERA's Project Director. LACERA's Project Director may delegate all or some of her authority from time to time.

C. Limit on Authority. LACERA's Project Director is not authorized to make any changes in the terms and conditions of this Agreement and is not authorized to obligate LACERA in any way whatsoever, beyond those duties and responsibilities delegated to the LACERA Project Director in this Agreement.

D. List of Authorized Persons. Upon execution of this Agreement, LACERA's Director of Retiree Healthcare Division shall provide Consultant with a list of authorized LACERA personnel ("Authorized Persons") who will be permitted to contact Consultant. The list of Authorized Persons and any changes to such list shall be made in writing to Consultant and signed by LACERA's Chief Executive Officer or his or her delegate.

E. No Personal Liability. In no event shall LACERA's Project Director or any Authorized Person have any personal liability to Consultant for any action taken or not taken by such individual while acting or purporting to act as LACERA's Project Director or as an Authorized Person.

5. Independent Contractor Status. In performing under this Agreement, Consultant is at all times acting in the capacity of an independent contractor. This Agreement is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association as between LACERA and Consultant. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever. Nothing in this Agreement shall cause LACERA to be responsible for any action, omission, or inaction of Consultant. Consultant shall be solely liable and responsible for providing all compensation and benefits to, or on behalf of, all persons furnishing services to LACERA pursuant to this Agreement. LACERA shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of Consultant. For all purposes, Consultant understands and agrees that all persons furnishing services to LACERA pursuant to this Agreement are, for purposes of workers' compensation liability deemed employees solely of Consultant and not employees of LACERA.

6. Compensation and Payment.

A. Compensation to Consultant. Consultant shall be compensated for services rendered under this Agreement in the manner described in this Section 6.A.

(1) For services performed in accordance with the Statement of Work attached as Exhibit "A", Consultant shall be compensated as described in Exhibit "B", Fee Schedule, attached to and made a part of this Agreement; and

(2) LACERA may from time to time request that Consultant perform work not included in the Statement of Work. Consultant shall not commence such work until a full estimate of the cost has been submitted by Consultant and approved by LACERA in writing. Consultant shall be paid for such work on a project by project basis, under a separate fee arrangement prepared by Consultant and approved in writing by LACERA prior to the commencement of such work. The hourly rates for such work will fall within the ranges shown on Exhibit B, with the actual hourly rate to be negotiated by the parties in good faith based upon the experience and expertise of Consultant's personnel performing such work.

(3) LACERA, and not any third party, will compensate Consultant for its services rendered under this Agreement. Consultant will not accept any compensation or benefit of any type whatsoever, including without limitation any fee, commission, percentage, soft dollar gifts and other consideration or benefits, direct or indirect, from any third party for performing the services and delivering the

deliverables contemplated by this Agreement, including audits of carriers, or otherwise in connection with the work performed under this Agreement. This obligation is ongoing and Consultant will provide written confirmation on an annual basis

B. Expenses. Consultant's expenses are included in the compensation described in Exhibit B and therefore, Consultant shall not be entitled to any separate reimbursement for any expenses incurred by it in discharging its duties under this Agreement, unless specifically provided otherwise in the Statement of Work.

C. Invoices and Payment. Consultant shall be paid in arrears for services rendered. Consultant shall submit invoices for services rendered not earlier than the tenth day of the second full calendar month following the period for which payment is requested. (For example, Consultant shall deliver an invoice not earlier than August 10 for services rendered through the period ending June 30.) The invoice shall include a summary of the services rendered in such detail as may be reasonably required by LACERA. Subject to the provisions of Section 8, LACERA shall pay undisputed invoices within twenty days of receipt. The payments provided for in this Section 6.C. constitute the entire compensation to which Consultant is entitled for performing the services described in the Statement of Work, and Consultant shall not be entitled to additional compensation in the event that the cost to Consultant of providing such services exceeds the compensation payable under this Section 6.C. Invoices shall be mailed to:

Los Angeles County Employees Retirement Association
300 North Lake Avenue, Suite 300
Pasadena, CA 91101-4199
Attention: Cassandra Smith, Director
Retiree Healthcare Division

D. Non-Compensable Services. Consultant agrees that should work be performed outside the scope of the Statement of Work described in Exhibit A hereto, without the prior written consent of LACERA in accordance with Section 18.A (Changes and Amendments), such work shall be deemed to be a gratuitous effort on the part of Consultant, and Consultant shall have no claim against LACERA for such work, and LACERA shall have no obligation to pay for such work.

E. Compensation Payable upon Termination by LACERA. If LACERA terminates this Agreement for convenience as permitted by Section 8.B., Consultant shall be paid for work performed prior to the Effective Termination Date in the manner set forth in Section 8.H.(3).

7. Liability for Consultant's Failure to Perform. Unless otherwise specified in Exhibit "A" (Statement of Work), Consultant acknowledges that it shall be liable to LACERA for any actual loss incurred by LACERA as a result of Consultant's failure to perform under the terms of this Agreement.

8. Term and Termination.

A. General Term. Subject to the termination provisions set forth in Sections 8.B. through 8.E., the term of this Agreement shall commence as of July 1, 2017 and continue until 11:59:59 PM Los Angeles time on June 30, 2022.

B. Term Renewals. For any renewal of this Agreement following the initial five year term pursuant to this section, Consultant's fee shall remain the same as that which applies to the then current term for the Services unless, at least one hundred and eighty (180) days prior to the expiration of the then current term, a party ("Notifying Party") gives written notice to the other party that the Notifying Party desires to renegotiate Consultant's fee. Any renegotiated compensation shall be set forth in a written amendment to this Agreement pursuant to the requirements of Section 21.A. If the parties are unable to agree to an amended fee, the Notifying Party may terminate this Agreement for convenience pursuant to Section 8.C. If such termination occurs, Consultant shall continue to provide the Services during the transfer period as required in Section 8.I.(6) following the Effective Termination Date at the then current fee and subject to all of the terms and conditions of this Agreement.

C. Termination by LACERA for Convenience.

(1) LACERA may terminate this Agreement in its entirety (or any portion of Consultant's work described in the Statement of Work) without cause at any time by delivering to Consultant a written Notice of Termination for Convenience specifying the extent to which Consultant's services are terminated and the Effective Termination Date. The Effective Termination Date shall be no earlier than ten (10) calendar days after such Notice of Termination for Convenience is delivered to Consultant; provided however, in the event a shorter/longer notice is required pursuant to the applicable provisions of the Statement of Work, such shorter/longer notice shall be given. In no event shall LACERA's termination of this Agreement under this Section 8.B be deemed a waiver of LACERA's right to make a claim against Consultant for damages resulting from any default by Consultant which occurred prior to the Effective Termination Date.

D. Termination by LACERA for Default. LACERA may immediately terminate this Agreement (or any portion of Consultant's work described in the Statement of Work) by delivering to Consultant a written Notice of Termination for Default which specifies the Effective Termination Date, under any of the following circumstances:

(1) With notice and opportunity to cure if:

(a) Consultant fails to perform any portion of the work specified in the Statement of Work within the time specified or any extension thereof approved by LACERA; or

(b) Consultant fails to perform any other provision of this Agreement, or so fails to make progress as to endanger performance of this Agreement in accordance with its terms; and, as determined by LACERA in its sole and reasonable discretion, in either (a) or (b) Consultant fails to cure such default within three (3) business days (or such longer period as LACERA may authorize in writing) after receipt of written notice from LACERA specifying such default;

(2) Upon notice but without opportunity to cure if:

(a) Consultant repeatedly fails to perform according to this Agreement following notice and failure to cure pursuant to Section 8.C.(1);

(b) Consultant (i) materially breaches any of the warranties, representations and covenants made in Section 10 (Consultant's Representations, Warranties and Covenants); (ii) breaches its obligations under Section 17 (Ethical Wall, Conflicts Management, Disqualification); (iii) fails to maintain the insurance it is required to maintain under Section 9; or (iv) fails to comply with Section 11.A (Compliance with Legal Requirements);

(c) Consultant is subject to criminal indictment or conviction, or is found civilly or criminally liable by a trial court, jury or administrative body in connection with any matter involving breach of trust, breach of fiduciary duty, fraud, theft, or moral turpitude; or

(d) Consultant attempts or purports to assign this Agreement, or any portion hereof, or any of its rights or obligations hereunder, in violation of Section 18.J (Assignment, Delegation and Subcontracts).

E. Termination by LACERA for Insolvency. LACERA may immediately terminate this Agreement (or any portion of the services to be rendered by Consultant) by delivering to Consultant a written Notice of Termination for Default which specifies the Effective Termination Date, under any one of the following circumstances:

(1) Consultant has become insolvent, meaning that it has ceased to pay its debts in the ordinary course of business or cannot pay its debts as they become due, whether it has committed an act of bankruptcy or not, and whether or not it is insolvent within the meaning of the United States Bankruptcy Code (11 U.S. Code § 101 et seq.);

(2) Consultant has filed a voluntary petition under any bankruptcy, reorganization or insolvency law and relief from the automatic stay is obtained by LACERA;

(3) Consultant has applied for or consented to appointment of a trustee or receiver to take possession of all or substantially all its assets;

(4) Consultant has consented to, or filed an answer admitting the jurisdiction of the court and the material allegations of, an involuntary petition filed under any bankruptcy, reorganization or insolvency law; or

(5) An involuntary proceeding of bankruptcy, reorganization or insolvency has been commenced against Consultant and not dismissed within thirty (30) days after commencement.

F. Termination by LACERA for Non-Appropriation of Funds.

Notwithstanding anything contained in this Agreement to the contrary, services rendered by Consultant in a fiscal year are payable by LACERA only from the funds appropriated for such services as a separate line item entry in LACERA's approved budget for such fiscal year. In the event this Agreement extends into succeeding fiscal years beyond the fiscal year of the Agreement Date and LACERA does not appropriate funds for Consultant's services under this Agreement as a specific line item entry in the approved budget for any succeeding fiscal year, this Agreement shall terminate automatically in accordance with the provisions of Section 8.B (Termination by LACERA for Convenience), as of the end of the then current fiscal year. LACERA shall make a good faith effort to notify Consultant in writing of such non-appropriation as soon as practicable.

G. Termination by Consultant for Default. Consultant may terminate this Agreement in its entirety, but not in part, upon written Notice of Termination for Default if LACERA materially fails to perform any of its obligations under this Agreement and fails to cure such default within thirty (30) calendar days of receiving Consultant's written notice of such default, which notice describes in reasonable detail the nature of the default and Consultant's view as to the cure required in order to bring LACERA's performance into compliance with its obligations under this Agreement.

H. Force Majeure. Consultant shall not be terminated for default, pursuant to Sections 8.C. or 8.D., if Consultant's failure to perform under this Agreement arises solely from causes of Force Majeure.

I. Rights, Remedies and Responsibilities upon Termination. If this Agreement is terminated, all of the terms and conditions of this Agreement shall continue to apply through the Effective Termination Date. The following provisions shall also apply to any termination of this Agreement.

(1) Post-Termination Responsibilities. If LACERA terminates this Agreement, and unless otherwise expressly directed by LACERA, Consultant shall: (i) take all necessary steps to stop providing services under this Agreement on the Effective Termination Date, or sooner, as provided in the Notice of Termination; and (ii) continue to perform those services, if any, which have not been terminated.

(2) Recovery of Damages Upon Default. If LACERA terminates this Agreement in whole or in part for default pursuant to Sections 8.C or 8.D, LACERA

shall be entitled to recover from Consultant all damages resulting from such default. By way of example and not limitation, LACERA may procure, upon such terms and in such manner as LACERA may deem appropriate, services similar to those terminated, and Consultant shall be liable to LACERA for any excess cost of such similar services.

(3) Payment When Terminated for Other than Default. If LACERA or Consultant terminates this Agreement for any reason other than Consultant's default, LACERA shall pay Consultant for the actual cost of the work performed through the Effective Termination Date but for which Consultant has not been compensated; in no event, however, will Consultant be entitled to receive more than the amount otherwise payable through the Effective Termination Date under Section 6.C, with the maximum monthly fee payable for the month in which the Effective Termination Date occurs being prorated based upon a 30 day month. Consultant shall submit to LACERA, in the form and with the certifications as may be prescribed by LACERA, its termination claim and invoice. Such claim and invoice shall be submitted promptly, but not later than ninety (90) days from the Effective Termination Date. If Consultant fails to submit its termination claim and invoice within the time allowed, LACERA may determine on the basis of information reasonably available to LACERA, the amount, if any, due to Consultant in respect of such termination and such determination shall be final. After such determination is made, LACERA shall pay the amount so determined. No payment will be made by LACERA under this Section 8.H.(3) if Consultant is in breach of any of its obligations under Section 8.H.(6).

(4) Payment Withheld for Default. LACERA shall not authorize and shall withhold payment for services rendered if LACERA terminates this Agreement for default pursuant to Sections 8.C or 8.D above. In the event the damages caused by such default are less than the withheld payment for services, the amount withheld in excess of the damages shall be paid to Consultant.

(5) Excusable Default. If, after LACERA issues a Notice of Termination for Default pursuant to Sections 8.C or 8.D, it is determined for any reason that Consultant was not in default, or that such default was excusable, then the rights and obligations of the parties shall be the same as if LACERA had issued a Notice of Termination for Convenience pursuant to Section 8.B.

(6) Good Faith Transfer. Upon any termination of this Agreement by LACERA, and to the extent directed by LACERA, Consultant shall cooperate with LACERA in good faith to effect a smooth and orderly transfer of such services and all applicable records to a successor designated by LACERA. Upon termination of this Agreement, Consultant shall retain all Work Records according to the record retention provisions set forth in Section 12, or if required by LACERA, promptly deliver the Work Records and/or Work Product to LACERA or to such other party designated by LACERA.

(7) Cumulative Nature of Rights and Remedies. The rights and remedies provided by this Section 8 are not exclusive, but cumulative and in addition to

any other rights and remedies provided by law, in equity or under any other provisions of this Agreement. The running of any grace period for cure of a default pursuant to Sections 8.C or 8.D shall not limit LACERA's right to terminate this Agreement for convenience at any time, pursuant to Section 8.B.

9. Indemnification and Insurance.

A. Indemnification of LACERA.

(1) Definitions. As used in this Section:

(a) "Claims" means any and all liabilities, losses, injuries, suits, costs, charges, judgments, fines, penalties, expenses (including without limitation defense costs, expert witness fees and reasonable attorneys' fees), claims, demands, recoveries, settlements, or damages of any nature whatsoever, including but not limited to loss of funds, bodily injury, death, personal injury, workers' compensation suits, or property damage, whether based on contract, tort, negligence, strict liability in tort, by statute or any other legal or equitable theory. Such Claims include first party and third party actions.

(b) "LACERA Covered Persons" means LACERA, its officers, trustees, fiduciaries, employees and agents, but does not include Consultant or its Agents.

(c) "Consultant Action" means any advice, decision or other action taken, omitted or suffered by Consultant, its officers, trustees, shareholders, employees and agents, including without limitation, any alleged or claimed:

(i) bad faith, negligence, willful misconduct, fraud, improper or unethical practice by Consultant or its Agents;

(ii) breach of, misrepresentation of, or inaccuracy in any representation or warranty made by Consultant, any exhibit to this Agreement, in this Agreement or in any agreement contemplated by this Agreement;

(iii) breach of any covenant, agreement or obligation of Consultant contained in this Agreement or any other instrument contemplated by this Agreement, including, breach of trust, breach of confidentiality, or violation of any Legal Requirement;

(iv) misrepresentation contained in any statement or certificate furnished by Consultant pursuant to this Agreement;

(v) actual or alleged infringement of intellectual property rights, including infringement of any patent, trade secret, service mark, copyright; and

(v) any misrepresentation contained in any statement or certificate furnished by or on behalf of Consultant pursuant to this Agreement.

(2) Consultant will defend at its expense, indemnify, save, and hold harmless the LACERA Covered Persons from and against any and all Claims arising out, related to, or in connection with any Consultant Action. The passive negligence of any LACERA Covered Person will not relieve Consultant of its obligations to defend and indemnify. Consultant's obligation to defend and indemnify survives the termination of this Agreement.

(3) LACERA Covered Persons shall give Consultant prompt notice of any Claim for which LACERA Covered Persons are entitled to indemnification pursuant to this Section 9.A, and Consultant shall control the defense or settlement thereof; provided, no such settlement or compromise shall be entered into unless, as part of such settlement or compromise, the third party executes a full and complete release of LACERA Covered Persons without recourse to any LACERA Covered Persons for any amount, claim or other obligation whatsoever respecting such Claim. Delay in prompt notice will not be a defense to providing indemnity except to the extent of actual material prejudice resulting therefrom. Consultant shall have no right to settle or compromise any such Claim without the consent of LACERA Covered Persons, which consent can be withheld or delayed for any reason or no reason if such settlement or compromise involves the issuance of injunctive or other non-monetary relief binding upon LACERA Covered Persons or a plea of guilty or *nolo contendere* on the part of LACERA Covered Persons in any criminal or quasi-criminal proceeding, or which involves any admission of liability or culpability on the part of LACERA Covered Persons, or which has any collateral estoppel effect on LACERA Covered Persons. Consultant's obligation to defend the LACERA Covered Persons at Consultant's expense is in addition to, and separate from, Consultant's obligation to indemnify under this Section 9.A.

B. Insurance.

(1) General Insurance Requirements. Without limiting Consultant's obligations under Section 9.A. hereof and during the term of this Agreement, Consultant will provide and maintain, and will require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance will be primary and not contributing with any other insurance or self-insurance program maintained by LACERA, and such coverage shall be provided and maintained at Consultant's own expense.

(2) Evidence of Insurance: Prior to commencing services under this Agreement and annually thereafter, Consultant shall cause certificate(s) or other evidence of coverage, and such other information as may be required by LACERA concerning coverage, satisfactory to LACERA in its sole discretion to be delivered to:

Cassandra Smith

Director, Retiree Healthcare Division
LACERA
300 N. Lake Avenue, Suite 300
Pasadena, CA 91101-4199

Such certificates or other evidence shall:

- (a) Specifically identify this Agreement.
- (b) Clearly evidence all coverages required in this Agreement.
- (c) Contain the express condition that LACERA is to be given written notice by mail at least forty-five (45) days in advance of cancellation for all policies.
- (d) Include copies of the additional insured endorsement to the commercial general liability policy, adding LACERA, its trustees, officers and employees as insureds for all activities arising from this Agreement.

(3) Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to LACERA with an A.M. Best rating of not less than A-, X, unless otherwise approved by LACERA.

(4) Failure to Maintain Coverage: Failure by Consultant to maintain the required insurance, or to provide evidence of insurance coverage acceptable to LACERA, shall constitute a material breach of the contract upon which LACERA may immediately terminate or suspend this Agreement. LACERA, at its sole option, may obtain damages from Consultant resulting from said breach.

(5) Compensation for LACERA Costs: In the event that Consultant fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to LACERA, Consultant shall pay full compensation for all costs incurred by LACERA.

(6) Cooperation Regarding Insurance. LACERA may elect to procure, at its own expense, insurance against loss or damage it may sustain in connection with Consultant's performance under this Agreement. Consultant will promptly cooperate with any reasonable request for information regarding Consultant which is required to obtain such insurance.

(7) Effect of Policy Limits. Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve Consultant for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverages; nor shall it preclude LACERA from taking such other actions as are available to it under any other provisions of this Agreement or otherwise at law or in equity.

(8) Survival of Obligations. Consultant's obligations under this

Section 9.B. shall survive expiration or termination of this Agreement.

(a) General Commercial Liability. Consultant shall provide and maintain a Commercial General Liability insurance policy, which names LACERA as additional insured. Such policy shall cover legal liability for bodily injury and property damage arising out of Consultant's business operations and services that Consultant provides pursuant to this Agreement. Such policy shall include, without limitation, endorsements for Property Damage, Premises-Operations, Products/Completed Operations, Contractual, Independent Contractors, and Personal/Advertising Injury with a limit of at least Three Million Dollars (\$3,000,000) per occurrence and an annual aggregate of at least Six Million Dollars (\$6,000,000). If such insurance is written on a Claims Made Form, such insurance shall be endorsed providing an extended reporting period of not less than five (5) years following termination or expiration of this Agreement.

(b) Auto Liability. Consultant shall provide and maintain a comprehensive auto liability insurance policy endorsed for all "owned", "non-owned", and "hired" vehicles, or coverage for any "auto", with a combined single limit of not less than One Million Dollars (\$1,000,000) per accident.

(c) Workers' Compensation. Consultant shall bear sole responsibility and liability for furnishing Workers' Compensation benefits to Consultant's employees for injuries arising from or connected with any services provided to LACERA under this Agreement. Consultant shall provide and maintain a program of Workers' Compensation, in an amount and form to meet all applicable statutory requirements. In all cases, workers compensation insurance also shall include Employer's Liability Insurance with limits of not less than One Million Dollars (\$1,000,000), each accident, and One Million Dollars (\$1,000,000), disease, covering all of Consultant's employees.

(d) Crime Insurance.

(1) Consultant shall provide and maintain throughout the term of this Agreement a fidelity or financial institution bond policy with at least the following insuring agreements:

(a) Employee Dishonesty Coverage, Five Million Dollars per occurrence.

(b) Computer Theft Coverage - Five Million Dollars

(2) Such policy shall provide protection to LACERA against loss by reason of fraud or dishonesty on the part of Consultant, and shall be in an amount meeting the bonding requirements of Section 412(a) of the Employee Retirement Income Security Act, as amended from time to time, if such amounts are from time to time greater than those specified in this paragraph 9.B.e.

(e) Professional Liability. Consultant shall provide and maintain insurance covering liability arising from any error, omission, negligent or wrongful act of the Consultant, its officers, employees or Agents, with limits of at least Ten Million Dollars (\$10,000,000) per claim and an annual aggregate of at least Twenty Million Dollars (\$20,000,000). The coverage also shall provide an extended one-year reporting period commencing upon termination or cancellation of this Agreement.

(f). Cyber Liability Insurance: Without limiting any of the obligations or liabilities of Consultant, Consultant shall carry and maintain, at its own expense including any applicable deductibles or retention, Cyber Liability insurance with limits of not less than \$2,000,000 for each occurrence and an annual aggregate of \$5,000,000 covering claims involving privacy violations, information theft, damage to or destruction of electronic information, intentional and/or unintentional release of private information, alteration of electronic information, extortion and network security. The policy coverage shall include, but not be limited to:

(1). Privacy Liability Coverage. This coverage shall include LACERA and its members for breaches of their private information in the case of a data breach.

(2). Notification Costs. This coverage shall cover the costs of notifying third parties and LACERA members potentially affected by a data breach.

(3). Crisis Management. This coverage shall include the costs of managing the public relations outfall from most data breach scenarios.

(4) Credit/Identity Monitoring. This coverage shall include coverage for affected members for at least 24 months or the minimum legally required period, whichever is longer.

(5) Theft and Fraud Coverage. This coverage shall include the costs of theft or destruction of the LACERA's data and theft of funds.

(6) Network and Business Interruption. This coverage shall include any expense due to an intentional interruption of the LACERA's computer systems.

(7) Data Loss and Restoration. This coverage shall include the costs of diagnosing and repairing the cause of the loss and restoring all data.

10. Consultant's Representations, Warranties and Covenants. Consultant makes the following representations, warranties, covenants and agreements set forth in this Section 10 with the understanding that LACERA has relied upon them in determining to enter into this Agreement, and that they constitute a material inducement to LACERA to enter into this Agreement and continue the Agreement in full force and

effect. The representations, warranties, covenants and agreements contained in this Section 10 shall survive the expiration or termination of this Agreement.

A. Authorization.

(1) Consultant is duly organized, validly existing, and in good standing under the laws of the state of its organization and is qualified to do business in California, and has full corporate power and authority to carry on its business as it has been and is conducted.

(2) The execution and delivery of this Agreement and the provision and delivery of services contemplated by this Agreement are within the power of the Consultant and have been duly authorized by all necessary corporate and other action. Consultant has duly authorized, executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding agreements and obligations of Consultant, enforceable against Consultant in accordance with its terms, except insofar as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar limitations on creditors' rights generally and general principles of equity.

(3) Consultant is not subject to or obligated under any law, rule or regulation of any governmental authority, or any order, injunction or decree, or any agreement, that would be breached or violated by Consultant's execution, delivery or performance of this Agreement.

(4) Consultant has completed, obtained, and performed all registrations, filings, approvals, licenses, authorizations, consents, or examinations required by any government or governmental authority for entry into this Agreement and performance of its acts contemplated by this Agreement, and Consultant shall maintain such proper authorizations while this Agreement is in force.

(5) Consultant has the skill, expertise and experience to perform the services required in the Agreement.

B. Contingent Fees. Neither Consultant nor any of its affiliates has paid or agreed to pay any fee or commission, percentage, brokerage, or contingent fee, consulting fees, or similar fees, to any entity or person in connection with the negotiation or execution of the Agreement by LACERA, except for bona fide employees of Consultant. This covenant is ongoing for the life of the Agreement. In the event of any breach or violation of this warranty, LACERA shall have the right to immediately terminate this Agreement and, in LACERA's sole discretion, to deduct from Consultant's compensation under this Agreement, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

C. Gratuities. Neither Consultant nor any of its affiliates, agents or representatives has offered or given any gratuities in the form of gifts, entertainment or

otherwise to any officer, fiduciary, or employee of LACERA or the County with a view toward securing this Agreement or securing any favorable determination made concerning the award of this Agreement. Consultant covenants that no such gratuities will be offered or given to any such person with a view toward securing any favorable determination concerning the performance, continuation, and/or amendment of this Agreement. If it is found that such gratuities have been offered or given by Consultant, LACERA may terminate this Agreement upon one (1) calendar day's written notice; *provided, however*, that the facts upon which LACERA bases such findings shall be at issue and may be reviewed in any competent court sitting in the County. In the event of such termination, LACERA shall be entitled to pursue the same remedies against Consultant as it could pursue in the event of default by Consultant.

D. Conflicts of Interest With Persons Related to LACERA.. Consultant does not and shall not knowingly employ in any capacity: (1) any LACERA or County employee or fiduciary who either could influence the award of this Agreement or any competing agreement, or who does or will have any direct or indirect financial interest in this Agreement ("Interested Person") and (2) any spouse or economic dependent of any Interested Person. This covenant is ongoing for the life of the Agreement and shall survive one year after the Term.

E. Recruiting. During the term of this Agreement and for one (1) calendar year thereafter, Consultant shall not intentionally induce or persuade any employee of or independent consultant to LACERA to join Consultant.

F. Intellectual Property. No program, process, composition, writing, equipment, appliance or device, or any trademark, service mark, logo, idea, or any other work or invention of any nature or any other tangible or intangible assets whatsoever developed, provided or used by Consultant in connection with its performance under this Agreement, infringes or will infringe on any patent, copyright, or trademark of any other person or entity, or is or will be a trade secret of any other person or entity, or is or will constitute the wrongful use or appropriation of the proprietary rights of any other person or entity. If any claim of infringement of any intellectual property right is made against LACERA, Consultant shall indemnify, defend and hold harmless all LACERA Covered Persons as provided in Section 9 above. In addition, following notice of any such Claim, Consultant may, at its expense, either procure for LACERA the right to continue to use the allegedly infringing work, or replace or modify such work to make it non-infringing but functionally equivalent.

G. Consultant's Agents. The Agents of Consultant who will be responsible for performing under this Agreement are individuals experienced in the performance of the various functions contemplated by this Agreement and have not been convicted of any crime or found liable in a civil or administrative proceeding or pleaded no contest, or agreed to any consent decree with respect to any matter involving infringement of intellectual property rights, breach of fiduciary duty, bad faith, willful misconduct, improper or unethical practice, fraud or violation of any Legal Requirement.

H. Employment Eligibility Verification. Consultant fully complies with all Federal statutes and regulations regarding employment eligibility of aliens and others and all its employees performing services under this Agreement are eligible for employment in the United States. Consultant has secured and retained all required documents verifying employment eligibility of its personnel, and shall secure and retain verification of employment eligibility from any new personnel in accordance with the applicable provisions of law as they currently exist and as they may be hereafter amended. Consultant shall indemnify, defend and hold harmless all LACERA Covered Persons from and against any alleged employer sanctions and other liability which may be assessed against Consultant or LACERA in connection with any alleged violation of any Federal statutes or regulations pertaining to the eligibility for employment of any employees of Consultant performing work under this Agreement.

I. Licensed Personnel. Consultant and all persons performing services on behalf of Consultant under this Agreement presently hold, and at all times during this Agreement shall hold and maintain in good standing, such licenses, if any, as may be required by the State of California for persons and entities to perform the types of services Consultant agrees to perform under this Agreement.

J. Nondiscrimination. All persons employed by Consultant, its affiliates, subsidiaries, or holding companies are and will be treated equally without regard to race, religion, ancestry, national origin, sex, age, condition of physical handicap, marital status or political affiliation, and in compliance with all applicable Federal and State anti-discrimination laws and regulations.

K. Certification Concerning Financial Contacts and Solicitations. Consultant shall immediately advise LACERA if any member of the LACERA Boards or key staff of the Boards (as such Board members and key staff are identified in writing by the Chief Executive Officer from time to time), or any elected or appointed official of Los Angeles County, or any person claiming to represent or have influence with either Board or with any member of the Boards contacts Consultant with respect to a financial transaction or solicitation which is not solely on behalf of LACERA's business with Consultant, and shall deliver to LACERA on or before January 31st of each year, or more frequently if requested, the certification and information required by Exhibit C attached hereto.

L. Annual Certification and Notice of Changes. Consultant shall certify in writing no later than January 31 of each year that each of the representations, warranties and covenants made in this Section are true as of December 31 of the prior year, or shall state in writing the facts that render such representations, warranties and covenants no longer true. Consultant shall notify LACERA in writing within three (3) business days of any of the following changes: (i) Consultant becomes aware that any of its representations, warranties and covenants set forth herein cease to be materially true at any time during the term of this Agreement; (ii) there is a change in Consultant's personnel assigned to perform services under this Agreement; (iii) there is any change in ownership or control of Consultant of more than five percent of the issued and outstanding shares of Consultant; or (iv) Consultant becomes aware of any other

material change in its business organization, including without limitation the filing for bankruptcy relief.

M. Investigations and Complaints. To the extent permitted by applicable law, Consultant shall promptly advise LACERA in writing of any civil or criminal investigation, examination, complaint, disciplinary action or other proceeding relating to or affecting Consultant's ability to perform its duties under this Agreement or involving any personnel employed by Consultant who has performed any service with respect to LACERA's account in the twenty-four (24) preceding months, which is commenced by any federal, state, local or other regulatory agency. Except as otherwise required by law, LACERA shall maintain the confidentiality of all such information until the investigating entity makes the information public.

N. Consultant's Agents. The Agents of Consultant who will be responsible for performing under this Agreement are individuals experienced in the performance of the various functions contemplated by this Agreement and have not been convicted of any felony, found liable in a civil or administrative proceeding, pleaded no contest, or agreed to any consent decree with respect to any matter involving breach of trust, breach of fiduciary duty, fraud, or bankruptcy law violations.

11. Governmental Provisions.

A. Compliance with Legal Requirements. In performing under this Agreement, Consultant and LACERA agree to comply with all Legal Requirements, and all provisions required thereby to be included in this Agreement are hereby incorporated by reference.

B. Assurance of Compliance with Civil Rights Laws.. Consultant shall comply with all applicable Federal and State statutes to the end that no person shall, on the grounds of race, religion, ancestry, national origin, sex, age, condition of physical handicap, marital status or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement or under any project, program, or activity supported by this Agreement.

C. Nondiscrimination in Employment. Consultant shall take all necessary action to ensure that qualified applicants are employed, and that employees are treated during employment, without regard to race, religion, ancestry, national origin, sex, age, condition of physical handicap, marital status, or political affiliation. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

D. Compliance with Wage and Hour Laws. Consultant shall indemnify, defend and hold harmless LACERA and Covered Persons from any and all liability including but not limit to, wages overtime pay, liquidated damages, penalties, court costs, and reasonable attorneys' fees arising under any wage and hour law

including, but not limited to, the Federal Fair Labor Standards Act for services performed by Consultant's employees for which LACERA may be found jointly or solely liable.

12. Records and Audits.

A. Record Keeping.

(1) Consultant shall maintain accurate and complete records related to the performance of Consultant or its Agents under this Agreement, including but not limited to any pertinent transaction, activity, dates and time spent providing services under this Agreement, invoices billed to LACERA, proprietary data, financial records, word documents, employment records and any other records created by Consultant or its Agents in connection with this Agreement (collectively, the "Work Records"). In performing this Agreement, Consultant shall fully document all work efforts including the development of any materials prepared for LACERA in connection with each task. Such documentation shall include, but not be limited to, the source of data, and schedules, narratives, and other work product supporting the conclusions reached and resultant recommendations. Consultant shall also maintain accurate and complete employment and other records relating to its performance of this Agreement.

(2) Consultant shall keep and maintain such Work Records for no less than six (6) years following the termination of this Agreement. After the minimum retention period has expired, Consultant will give LACERA at least sixty (60) days notice of its intent to dispose of the Work Records and LACERA will have the right to take possession of such records prior to disposal. Consultant will cooperate with LACERA with respect to the change of possession of the Work Records. All such material shall be maintained by Consultant at Consultant's Los Angeles office at Consultant's expense and made available to LACERA during the term of this Agreement and any extension thereof.

B. Record Review and Audit. Consultant agrees that LACERA, or any duly authorized representative of LACERA, including any successor consultant designated by LACERA, will have access to and the right to examine, audit, excerpt, copy or transcribe any Work Records at any time during the term of this Agreement, or at any time for up to six (6) years after the termination of this Agreement. LACERA agrees that any such review and audit will be conducted in a manner to minimize interference with Consultant's normal business activities. Upon reasonable advance notice to Consultant (which in no event shall be more than three business days), Consultant will make the Work Records available for review and audit during normal business hours. Consultant will make the persons responsible for creating and maintaining the Work Records available to LACERA during such review and audit for the purpose of responding to LACERA's reasonable inquiries. LACERA will pay all costs associated with such audit, other than any costs incurred by Consultant to make personnel available as required by the preceding sentence; however, if the audit reveals

that Consultant has materially violated any of the provisions of this Agreement, Consultant will pay all costs associated with such audit

C. Audit Settlement. If such audit finds that LACERA's dollar liability for such work is less than payment made by LACERA, then the difference will be either repaid by Consultant to LACERA by cash payment upon demand or, at the option of LACERA, deducted from any amounts otherwise due to Consultant from LACERA. If such audit finds that LACERA's dollar liability for such work is more than the payments made by LACERA, then the difference will be paid to Consultant by LACERA; however, the total payments shall not exceed the maximum amount payable by LACERA under Section 6 for work performed through the period covered by the audit.

13. Confidentiality; Proprietary Rights.

A. LACERA's Confidential and Proprietary Materials.

(1) LACERA's Proprietary Rights. All LACERA Records are the sole property of LACERA, and upon the expiration or earlier termination of this Agreement, Consultant will promptly deliver to LACERA all LACERA Records; however, Consultant may retain an archival copy of any LACERA Records, including any documents received from LACERA or its Back Office Operations related to the Consulting Services, in accordance with its professional standards and retention policy subject to the confidentiality obligations herein. Consultant shall make the sole determination of documents to be maintained by Consultant as Consultant's Working Papers. Both parties hereto acknowledge that Consultant retains the right to use its experience, expertise and knowledge on similar projects for other clients, so long as Consultant protects LACERA's interests in all of its confidential records and property.

(2) Member Records. Consultant acknowledges that when performing under this Agreement, Consultant may be exposed to Member Records and that such Member Records are considered confidential and protected from public disclosure by law. Consultant will maintain the confidentiality of all Member Records according to all applicable federal, state, county and local laws, regulations, ordinances and directives relating to confidentiality, including California Government Code section 31532 and the Health Insurance Portability and Accountability Act of 1996, enacted by the U.S. Congress as Public Law 104-191, as amended ("HIPAA"), and the regulations promulgated with respect thereto. Consultant agrees and represents that it is aware of HIPAA Rules and regulations and will perform its duties to the standard of a "Business Associate" in Section 160.103 of the final Privacy Rule issued by the Department of Health and Human Services ("HHS") in its performance of the Agreement, even if Consultant does not meet the definition of a Business Associate. The Consultant is required to follow all HIPAA Rules including but not limited to:

a. describing the permitted and required uses and disclosure of protected health information (as defined in 45 CFR 164.501, "PHI") by Consultant;

- b. prohibiting Consultant from disclosing PHI beyond the permitted uses and disclosures;
- c. requiring Consultant to implement safeguards to prevent the improper use and disclosure of PHI;
- d) requiring Consultant to report to LACERA any improper use or disclosure of PHI;
- e. requiring Consultant make PHI available in compliance with member's rights to access, amend, and receive an accounting related to such information;
- f. requiring Consultant to return or destroy PHI upon termination of LACERA's business relationship with Consultant;
- g. requiring Consultant to make its books and records available to HHS for purposes of determining LACERA's compliance with HIPAA;
- h. imposing the above standards on any and all of Consultant's subcontractors; and
- i. authorizing LACERA to terminate its contract with Consultant for cause if Consultant violates HIPAA Rules.

(2) Protection of Confidential and Proprietary Rights.

a. Consultant shall maintain the confidentiality of all Confidential Information using whatever security measures are necessary to protect all such material, data and information from loss or damage by any cause, including, but not limited to, fire and theft. LACERA maintains the right to control the release of the LACERA Records and Derivative Works and therefore, Consultant's obligations under this Section apply even if some portion of the LACERA Records or Derivative Works, becomes known to the general public or to a third party. Consultant agrees that the Confidential Information will be used by Consultant only for the purpose of providing the Consulting Services and not in any way detrimental to LACERA or for the benefit of a third party. Only representatives and Agents of Consultant who need to review the Confidential Information in connection with providing the Consulting Services may access and view the Confidential Information. Consultant shall inform all of its Agents of the confidentiality provisions of this Agreement and require each Agent who is to have access to the Confidential Information sign a confidentiality agreement governing the Confidential Information that is at least as restrictive as this Agreement before given access to the Confidential Information. Consultant will notify LACERA orally and in writing within twenty-four hours after Consultant learns that the confidentiality of the Confidential Information in Consultant's possession has been compromised through

dissemination, disclosure or impermissible use, or it is reasonably possible that it has been compromised and will use best efforts to assist LACERA in minimizing the damage from such disclosure. Consultant shall indemnify, defend and hold harmless LACERA from and against any Claims arising from or relating to the unauthorized disclosure of any Confidential Information by Consultant or its Agents. Both the confidentiality and indemnity obligations of Consultant under this Section will survive expiration or termination of this Agreement.

b. Consultant's obligations under this Section do not apply to any Confidential Information that (1) LACERA has given written authorization to Consultant to release, but only to the extent of such authorization and (2) is required by law or order of court of competent jurisdiction to be disclosed, but only to the extent and for the purposes of such required disclosure, and only if Consultant gives LACERA prompt notice of the request for disclosure and cooperates with LACERA in obtaining a protective order against disclosure.

c. Consultant is solely responsible for any authorized or unauthorized collection, storage, disclosure and use of, and access to the Confidential Information in its possession or in the possession of its service providers, contractors, or Agents. At LACERA's request, Consultant will provide LACERA with a copy of its data privacy, security, and disaster recovery policies and procedures that apply to the Confidential Information. Subject to reasonable notice by LACERA, Consultant shall allow LACERA to conduct a privacy and security assessment or audit of Consultant's security program and systems and procedures that are applicable to the Consulting Services. Such audit may be conducted onsite by LACERA or a third party agreed upon by LACERA and Consultant or through surveys and interviews, at the option of LACERA, and at LACERA's own expense, provided that Consultant shall cooperate with any such assessment or audit and shall, at its own expense, provide all necessary support, personnel and information needed to ensure the successful completion of the assessments or audits.

B. Consultant's Proprietary Materials.

(1) Absent Consultant's written consent authorizing disclosure, LACERA will use reasonable means to protect and maintain the confidentiality of any of Consultant's materials which Consultant considers to be proprietary, so long as:

(a) Consultant clearly and prominently marks all such material "confidential" or "proprietary"; and

(b) public disclosure of such material is not required by law, including the California Public Records Act (Cal. Government. Code Section 6250 et seq., the "Act"), or by order of any tribunal having jurisdiction

(2) If an action is commenced against LACERA under the Act or otherwise that challenges LACERA's refusal to disclose Consultant's proprietary

material, Consultant will defend LACERA in the action, and will pay any judgment for damages or attorneys' fees that may be entered as a result of LACERA's refusal to disclose Consultant's confidential material.

(3) LACERA's obligations under Section 13.B.(1) do not apply to:

(a) any confidential information that LACERA can demonstrate has become public information through no breach of this Agreement by LACERA; and

(b) the Work Product.

(4) Consultant acknowledges that its work may be included in materials presented or discussed at meetings of LACERA's Board of Retirement and Insurance, Benefits and Legislative Committee which are open to the public in accordance with the Ralph M. Brown Act (California Government Code Section 54950 et seq.), and that such materials are not exempt from disclosure under the California Public Records Act.

C. Delivery of Work Product. If so directed by LACERA after termination or expiration of this Agreement, Consultant will deliver the Work Product to LACERA or to such third party as designated by LACERA, at LACERA's expense.

14. Seminars and Training Programs. In the event Consultant conducts seminars, training sessions or similar events which are generally made available to Consultant's clients, LACERA shall be invited to attend upon comparable terms and conditions as such other clients. If Consultant offers to pay the cost of such events and/or the travel or lodging expenses incurred by its clients in connection with attending such events and if LACERA is willing to accept reimbursement, Consultant shall reimburse LACERA for such expenses on a comparable basis as Consultant reimburses the expenses of its other clients.

15. Publicity. In recognizing Consultant's need to identify its services and related clients to sustain itself, Consultant may publicize its role under this Agreement within the following conditions:

A. Consultant will develop and present all such publicity material in a professional and not misleading manner.

B. During the course of performance of this Agreement, Consultant, its employees, agents, and subcontractors will not publish or disseminate commercial advertisements, press releases, opinions or feature articles, using the name of LACERA without the prior written consent of LACERA.

C. Consultant may, without the prior written permission of LACERA, indicate in its proposals and sales materials that it has been awarded an agreement to provide the Services to LACERA and the amount of assets of LACERA under its advisement.

16. Ethical Wall, Conflicts Management, and Disqualification.

A. Consultant's Obligations. [Note – this section is intended to protect LACERA against conflicts of interest Consultant may have. The contract language will depend on the circumstances of the Consultant.]

B. Material Inducement to LACERA. Consultant acknowledges that its agreement to establish _____ as required in this Section 16 constitutes a material inducement to LACERA to enter into this Agreement and the breach by Consultant of its obligations under this Section 16 constitutes a material breach upon which LACERA may immediately terminate or suspend this Agreement (or any services to be provided by Consultant) for default, pursuant to Section 8.C.(2) above.

17. SOC-2 Report.

A. The Consultant shall have an annual audit performed by an independent audit firm. The audits shall include the Consultant's and any subcontractor's handling of Covered Information (defined herein below) and shall address all areas relating to information technology security and operational processes to provide such security. The audits shall be performed in accordance with the guidance set forth in *Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2)*, as published by the American Institute of Certified Public Accountants (AICPA) and as updated from time to time, or according to the most current audit guidance promulgated by the AICPA or similarly recognized professional organization, as agreed to in writing by LACERA. The audit shall assess the security of information technology security and operational process to provide such security as follows:

B. The type of audit to be performed in accordance with the Guidance is a SOC 2 Type 2 Audit (referred to as the "SOC 2 Audit" or "SOC 2 Report"). The initial SOC 2 Audit shall be scheduled and completed within six months of executing the agreement. All subsequent SOC 2 Audits that are arranged after this first audit shall be performed and submitted annually.

C. The SOC 2 Audit shall report in writing on the Consultant's and any subcontractor's system(s) and the suitability of the design and operating effectiveness of controls of the information functions and/or processes to meet the requirements of the Agreement, including the security requirements.

D. The scope of the SOC 2 Report shall include work performed by any subcontractors that provide essential support to the Consultant for the information

functions or processes for the services offered to LACERA under the Agreement. The Consultant shall ensure the audit includes all subcontractors operating in the performance of the Contract.

E. All SOC 2 Audits, including those of the Consultant and any subcontractors, shall be performed at no additional expense to LACERA.

F. The Consultant and all relevant subcontractors shall promptly provide a complete copy of the final SOC 2 Report(s) to the Contract Monitor upon completion of each SOC 2 Audit engagement.

G. The Consultant shall provide to LACERA, within 30 calendar days of the issuance of each SOC 2 Report, a documented corrective action plan that addresses each audit finding or exception contained in a SOC 2 Report. The corrective action plan shall identify in detail the required remedial action by the Consultant or subcontractor(s) along with the implementation date(s) for each remedial action.

H. If the Consultant or any subcontractor fails to obtain an annual SOC 2 Report, LACERA shall have the right to retain an independent audit firm to perform an audit engagement of a SOC 2 Report. The audit will include the information functions and processes utilized or provided by the Consultant and any relevant subcontractor under the Contract. The Consultant and any subcontractor agree to allow the independent audit firm to access its facilities for purposes of conducting this audit engagement. They will provide the necessary support and cooperation to the independent audit firm that is required to perform the audit engagement of the SOC 2 Report. LACERA will invoice the Consultant for the expense of the SOC 2 Report(s), or deduct the cost from future payments to the Consultant.

18. Data Breach Verification.

A. Consultant shall provide an annual written, signed attestation that no data breach, hacking, or incidental divulging of Member Records has occurred and that no Member Record has been compromised. The attestation shall verify that adequate internal policies and procedures exist to prevent data theft and unauthorized access.

B. Consultant shall provide an annual system penetration test in support the attestation made in item A above. Consultant shall provide the results of penetration tests to LACERA.

C. Consultant shall comply with California Civil Code § 1798.29(e) and California Civ. Code § 1798.82(f). In the event of a security breach of more than 500 records, the Consultant shall electronically submit a single sample copy of that security breach notification, excluding any personally identifiable information, to the Attorney General. Notwithstanding the referenced legal obligation, Consultant shall immediately notify LACERA in the event of any data breach.

D. Consultant shall notify any California resident whose unencrypted personal information, as defined, was acquired, or reasonably believed to have been acquired, by an unauthorized person as required by California Civil Code §1798.29(a) and California Civ. Code §1798.82(a). Notwithstanding the referenced legal obligation, Consultant shall immediately notify LACERA in the event of any data breach.

19. Annual Certification and Notice of Changes. Consultant shall certify in writing no later than January 31 of each year that each of the representations, warranties and covenants made in this Section are true as of December 31 of the prior year, or shall state in writing the facts that render such representations, warranties and covenants no longer true.

20. Surviving Provisions. The parties agree that the provisions and obligations with respect to Section 8 (Term and Termination), Section 9 (Indemnification and Insurance), Section 10 (Consultant's Representations, Warranties and Covenants), Section 12 (Records and Audits), Section 13 (Confidentiality), Section 15 (Publicity) and Section 16 (Ethical Wall, Conflicts Management, and Disqualification) and other provisions which by their nature are intended to survive expiration or termination of the Agreement will survive any expiration or termination of this Agreement.

21. General Provisions.

A. Changes and Amendments.

(1) This Agreement may be amended or modified only by a written instrument executed by both parties hereto and making specific reference to this Agreement and the intent of the parties that it be modified or amended by such writing.

(2) The parties shall meet and confer in good faith on any modification of this Agreement that may become necessary to make its provisions consistent with any investment policy of LACERA, or any federal, state, county or local statute, rule, regulation or ordinance which governs any aspect of this Agreement.

B. Notices. All notices, requests, demands or other communications required, permitted or desired to be given hereunder or required under any applicable law now or hereafter in effect shall be in writing, and shall be delivered or sent, as the case may be, by any of the following methods: (i) personal delivery, (ii) overnight commercial carrier, (iii) registered or certified mail, postage prepaid, return receipt requested, or (iv) electronic mail. Any such notice or other communication shall be deemed received and effective upon the earlier of (a) if personally delivered, the date of delivery to the address of the person to receive such notice; (b) if delivered by overnight commercial carrier, one day following the receipt of such communication by such carrier from the sender, as shown on the sender's delivery invoice from such carrier; (c) if mailed, on the date of delivery as shown by the sender's registry or certification receipt; (d) if given by electronic mail, when sent. Any notice or other communication sent by

electronic mail must be confirmed within forty-eight hours by letter mailed or delivered personal delivery, overnight commercial carrier, or registered or certified mail. Any reference herein to the date of receipt, delivery, or giving, or effective date, as the case may be, of any notice or communication shall refer to the date such communication becomes effective under the terms of this Section. Rejection or other refusal to accept or failure to receive because of changed address of which no notice was given shall be deemed to constitute receipt of notice or other communication sent. The address to be used in connection with notices are the following, or such other address as a party shall from time to time direct by notice given in accordance with this Section:

To LACERA:

Cassandra Smith, Director
Retiree Healthcare Division
LACERA
300 N. Lake Ave., Ste. 300
Pasadena, CA 91101-2601
Fax No. (626) 236-4342
Email: csmith@lacera.com

To Consultant:

Healthcare Consultant

Either party may notify the other of its change in address in the manner provided above. Notwithstanding the prescribed method of delivery set forth above, actual receipt of written notice by the natural person designated above shall constitute notice given in accordance with this Agreement on the date received, unless deemed earlier given pursuant to the foregoing paragraph.

Notwithstanding this Section 18.B, Consultant's invoices shall be addressed as provided in Section 6.C.

C. Compliance with LACERA Communication Policy. Consultant agrees to comply with the following communication policy adopted by the Board:

All formal notices required to be given to LACERA by a service provider pursuant to the service provider's contract with LACERA shall be addressed and delivered in accordance with the terms and conditions of the contract.

A service provider, or person or entity related to a service provider, shall provide to LACERA's Director of Retiree Healthcare Division a copy of all written communications to LACERA (other than purely personal or social correspondence, routine announcements, generally-distributed newsletters, and the like) related to LACERA's business. If the communication relates to an actual or potential contract dispute, a copy shall also be provided to LACERA's Chief Counsel.

The addresses for LACERA's Director of Retiree Healthcare and Chief Counsel are:

Cassandra Smith, Director
Retiree Healthcare Division
LACERA
300 N. Lake Ave., Ste. 300
Pasadena, CA 91101

Steven Rice
Chief Counsel
LACERA
300 N. Lake Ave., Ste. 620
Pasadena, CA 91101

D. Attorneys' Fees. In any proceeding which arises out of this Agreement (whether in contract, tort or any other legal or equitable theory or combination of theories), the party not prevailing shall pay to the prevailing party all reasonable costs and expenses incurred therein by the prevailing party including without limitation, reasonable attorneys fees, together with all reasonable costs and expenses incurred by the prevailing party, including without limitation, court costs, expert witness fees and costs, travel time and associated costs, copy costs, deposition costs, exhibit costs, costs on appeal, fees and costs associated with execution upon any judgment or order, special transcript costs, and the appointment of a Special Master or discovery referee, to resolve the dispute and enforce the final judgment or decision. These expenses shall be in addition to any other relief to which the prevailing party may be entitled and shall be included in and as part of the judgment or decision rendered in such proceeding.

E. Section Headings; Interpretation. Caption and section headings used in this Agreement are for convenience and reference only and shall not affect in any way the meaning, construction or interpretation of this Agreement. Each party hereto and its counsel have participated fully and equally in the review and negotiation of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement. The language in all parts of this Agreement shall in all cases be construed according to its fair meaning, and not strictly for or against any party hereto, and shall be deemed to be jointly drafted. Section and exhibit references are references to sections of and exhibits to this Agreement, unless otherwise noted. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party does not apply in interpreting this Agreement.

F. Entire Agreement. This Agreement, including all exhibits and attachments hereto contains the complete, entire and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersedes all previous oral and written agreements or understandings, and all contemporaneous oral and written negotiations, commitments, understandings and communications between the parties, relating to the subject matter of this Agreement. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Agreement.

G. Severability. If any provision of this Agreement is held by any court to be void, illegal, invalid, or unenforceable, in whole or in part, the remaining terms and provisions of this Agreement will be valid and enforceable to the fullest extent permitted by law, unless a party shows by a preponderance of the evidence that the invalidated provision was an essential economic term of the agreement or that an essential purpose of this Agreement would be defeated by the loss of the void, illegal, invalid, or unenforceable provision.

H. Waiver. No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. The waiver of any breach of any provision of this Agreement by either party does not constitute a waiver of any preceding or subsequent breach of such provision or of any other provision of this Agreement. The failure or delay of either party to exercise any right given to the party under this Agreement does not constitute a waiver of such right, nor does any partial exercise of any right given hereunder preclude further exercise of such right.

I. Governing Law and Venue. This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of California without regard to principles of conflicts of laws. Any party bringing a legal action or proceeding against any other party arising out of or relating to this Agreement or the transactions it contemplates (whether in contract, tort, equity, or otherwise), shall bring the legal action or proceeding in either the United States District Court sitting in the County of Los Angeles, California or in any court of the State of California sitting in the County of Los Angeles, California. Each party to this Agreement consents to the exclusive jurisdiction of any United States District Court sitting in the County of Los Angeles, California and any court of the State of California sitting in the County of Los Angeles, California, and their appellate courts for the purpose of all legal actions and proceeding arising out of or relating to this Agreement or the services it contemplates.

J. Assignment, Delegation and Subcontracts. Consultant may not assign any of its rights or delegate or subcontract any of its duties hereunder without LACERA's prior written consent, which consent may be granted or withheld in LACERA's sole discretion. Any attempted assignment or delegation in violation of this provision is void and entitles LACERA to terminate this Agreement. Despite LACERA's consent, no assignment releases Consultant of any of its obligations or alters any of its primary obligations to be performed under this Agreement. Payments to any assignee under this Agreement shall be subject to set-off, recoupment, or other reduction for any claim that LACERA may have against Consultant. If Consultant is a partnership, this Agreement inures to the benefit of the surviving or remaining partners of such partnership.

K. Execution in Counterparts. The parties may execute this Agreement in any number of duplicate originals, each of which constitutes an original, and all of which, collectively, constitute only one agreement. The parties may execute

this Agreement in counterparts, each of which constitutes an original, and all of which, collectively, constitutes only one agreement. Any party delivering an executed counterpart of this Agreement by facsimile shall also deliver a manually executed counterpart of this Agreement, but the failure to do so does not affect the validity, enforceability or binding effect of this Agreement.

L. Notice of Delays. Except as otherwise provided herein, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that party shall, within five (5) days, give notice thereof, including all relevant information with respect thereto, to the other party.

M. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance.

N. Joint and Several Liability. If Consultant consists of more than one person or entity, the liability of each such person or entity signing this Agreement as Consultant shall be joint and several.

O. Word Usage.. Unless the context clearly requires otherwise, (i) the plural and singular number shall each be deemed to include the other; (ii) the masculine, feminine, and neuter genders shall each be deemed to include the others; (iii) "or" is not exclusive; (iv) "includes" and "including" are not limiting; and (v) "hereof," "herein," and other variants of "here" refer to this Agreement as a whole; and (vi) "default" and "breach" are used interchangeably.

P. Recitals Incorporated. The Recitals set forth following the preamble are incorporated by reference herein and made a part of this Agreement.

[Signatures follow on the next page.]

IN WITNESS WHEREOF, the Los Angeles County Employees Retirement Association has caused this Agreement to be subscribed on its behalf by its duly authorized officer, and _____ has caused this Agreement to be subscribed on their behalf by their duly authorized officer(s), as of the day, month, and year first written above.

LACERA:

Consultant:

Los Angeles County Employees
Retirement Association

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

LACERA Legal Office


By: _____
Name: _____
Title: _____



DATE: August 4, 2016

TO: Insurance, Benefits and Legislative Committee

Les Robbins, Chair
William de la Garza, Vice Chair
Vivian H. Gray
Shawn R. Kehoe
Ronald Okum, Alternate

FROM: Cassandra Smith 
Director, Retiree Healthcare

FOR: August 11, 2016 - Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **MEDICARE PART D RETIREE DRUG SUBSIDY AUDIT SERVICES
FINALIST SELECTION**

RECOMMENDATION

Submit a recommendation to the Board of Retirement that:

1. Board of Retirement invite the following firms to interview to provide Medicare Part D Retiree Drug Subsidy Audit Services: (1) Mercer, (2) Milliman;
2. Board of Retirement select one of the firms to perform the audit of the 2014-2015 RDS subsidy submissions, with an option for LACERA to direct the firm also to audit the 2015-2016 and 2016-2017 RDS subsidy submissions; and
3. Board of Retirement direct staff to retain the selected firm for a one year period beginning October 1, 2016 and ending November 1, 2017, with a two year extension at the discretion of LACERA.

EXECUTIVE SUMMARY

The Federal government provides a cost subsidy for certain qualified Medicare Part D drug expenditures. LACERA works with its insurance carriers to file for these subsidies under the CMS Medicare Part D RDS Program. To ensure we are maximizing our subsidy opportunity, LACERA engages an audit firm to validate the submission information and assist with revised submission as necessary. These audits have proven valuable. The Board approved a policy to continue auditing the RDS subsidy program submissions until such time as the insurance carrier submissions are

substantially correct and to initiate periodic audits every two years to ensure continued compliance. This recommendation is for the continued audit of our Anthem Blue Cross RDS subsidy program submissions and for a periodic audit of our other insurance carrier submissions.

BACKGROUND

LACERA has actively participated and filed applications for the CMS Medicare Part D RDS Program ("RDS Program") since inception of the program in 2005. Under the RDS Program, for each allowable cost, approved plan sponsors may qualify for a 28% subsidy for each Medicare Part D claim submitted which meets CMS' eligibility, cost threshold, and cost limits.

LACERA began auditing the RDS subsidy program submission in 2013 using its Retiree Healthcare Program consultant, AON, for RDS Program year 2006-2007, and thereafter using an external audit firm, Milliman, hired through a request-for-proposal process. The audit process identified incomplete subsidy submissions by the insurance carriers. For the program years where the incomplete submission was significant, LACERA petitioned CMS to re-open the submission, and for the majority of petitions, CMS allowed the insurance carriers to amend the submission resulting in additional money to be collect by LACERA on behalf of the Retiree Healthcare Program.

On July 9, 2015, the Board of Retirement approved staff's recommendation to establish a policy of auditing LACERA's continued participation in the Medicare Part D RDS program. Specifically, the action was to amend the external auditors contract to continue auditing the Anthem Blue Cross RDS subsidy submissions until the submissions are determined to be complete per CMS guidelines, and to audit LACERA's participation in the Medicare Part D RDS program every two plan years.

SEARCH PROCESS

At your April 6, 2016, meeting, your Committee approved staff's recommendation to issue a Request for Proposal (RFP) from qualified audit firms to perform the audit of the 2014-2015 RDS subsidy submission with the option for LACERA to direct the audit firm to also audit the 2015-2016 and 2016-2017 RDS subsidy submissions for a one year period beginning October 1, 2016 and ending November 1, 2017, with a two year extension at the option of LACERA.

The Statement of Work may be found in **Exhibit A**

Staff sent direct notifications of the RFP issuance to six firms in addition to posting the RFP on LACERA's website. Three firms submitted proposals by the deadline given.

Firms that were pre-notified	Firms that submitted proposal
Aon Hewitt	Mercer
Buck Consultants	Milliman
Mercer Consulting	TRICAST , LLC
Milliman	
RDS Services, LLC	
Segal Company	

EVALUATION PROCESS

RFP responses were reviewed by a Proposal Evaluation Committee comprised of five LACERA staff drawn from the Internal Audit, Legal, and Retiree Healthcare Divisions. During the first phase, the Committee determined if each firm met the following minimum qualifications and other requirements, as stated in the RFP, such as:

- A. Key Personnel shall each have a minimum of five years experience auditing RDS applications.
- B. Bidder must have performed RDS audits on at least two governmental clients having at least 5,000 participants within the last five years.
- D. The Bidder adheres to the instructions in the RFP, including submission of all required material on time.
- E. The Bidder has agreed to the RDS Audit Services Agreement or has provided comments and alternative language acceptable to LACERA.

During the second phase, each Committee member individually evaluated and scored the proposals for technical qualifications including; firm and staff qualifications, vendor experience, litigation, insurance, conflicts of interest, implementation plans, fees, adherence to the instructions in the RFP, and if the bidder agreed to the RDS Audit Services Agreement or had provided comments and alternative language acceptable to LACERA. The score earned in each evaluation category below is the average of the five Evaluation Committee members' scores. The three firms made presentations to the Evaluation Committee on July 19, 2016 and were scored on their presentation/communication skills, content of presentation, response to questions, knowledge of CMS/RDS Program, manner-ease of working with and compatibility.

FIRM SCORES

Each evaluation category is rated from 1 to 3, 1 being the highest and 3 being the lowest. The lowest score reflects the strongest candidate.

Evaluation Categories	Mercer	Milliman	TRICAST, LLC
Experience	1.2	2	2.8
Staffing	1.2	2	2.6
Implementation Plan	1.4	1.8	2.8
Fees	1.8	2.2	2
TOTAL SCORES	5.6	8	10.2

All three firms and proposed teams of personnel are qualified to perform the RDS audit services needed. Biographies for each firm's proposed team are included in each firms' profile section. Categories where some firms' responses were outside the norm include the proposed implementation plans and fees.

LACERA Carrier/Vendor Experience

Mercer and TRICAST, LLC do not have existing relationships with LACERA's health plan carriers/vendors. Mercer, however, indicated they do audit these carriers on behalf of other clients. Milliman also has existing relationships with carriers/vendors as the current auditor for the RDS audit services and for purposes of conducting the OPEB valuation for LACERA.

Implementation Plans

Two of the three firms specified their approach and presented a comprehensive implementation plans as described in the Statement of Work. TRICAST, LLC, however missed the mark in specifying their approach in their implementation plan. For example, their presentation was very general and lacked detailed explanation and description of their approach to the different phases of the RDS audit project as well as review of

LACERA Retiree Healthcare's RDS processes and procedures. TRICAST appears to be data-oriented with stress on marketing of their proprietary analytical tools and other services.

Fee Comparisons

Each firm presented detailed fees for each of the three phases of work requested in the Statement of Work. Fees listed below are totals for all work proposed. Detailed, fee breakdown per Phase for each firm are provided in Exhibit C and in each firm's Profile Section.

	Mercer	Milliman	TRICAST, LLC
Total fees all phases	\$592,000	\$624,567	\$258,000

Mercer indicated they are flexible in their compensation arrangements and open to discussing options with LACERA. Milliman recommended cost savings and willingness to negotiate a price decrease through review and elimination of certain Phases of the audit.

References

References were contacted for the two finalist firms. Comments and ratings received were all positive.

Contract Negotiations

We expect engagement negotiations to be brief. In order to streamline contract negotiations, the general form of the contract was included with the original request for proposal; and all bidders' were instructed to provide any comments or objections to any term in the contract and to propose language for each modification and/or additional term sought, along with the reasons for their proposed changes. Milliman proposed using the existing contract in place with LACERA. Mercer provided a number of exceptions to the specifications, terms, and conditions of the Proposal and listed specific sections and provisions.

FIRM SUMMARY

Mercer

Mercer's global network of more than 21,000 employees across four lines of business brings industry-leading solutions to more than 28,000 clients worldwide. Mercer has provided Retiree Drug Subsidy (RDS) audit services since the program's inception in 2006. E. Clayton Levister, III, will serve as the Relationship Manager. Mr. Levister has been with Mercer for over 20 years and has had a leadership role on major public sector accounts, including LACERA. Other key personnel proposed by Mercer have the extensive experience and knowledge necessary to provide the requested audit services. The Mercer implementation plan presented to LACERA was comprehensive and the fees proposed were the second lowest. Mercer suggested a large number of reasonable changes to the sample contract; it is likely minimal contract negotiations would be necessary to reach an agreement should Mercer be selected.

Milliman

Milliman is LACERA's current, actuarial consulting firm, in good standing, and is among the largest independent actuarial and consulting firms in the world, with more than 3,200 employees; and the firm serves the full spectrum of business, governmental, and financial organizations. Milliman has been providing RDS audit services for eight years since Brian Anderson, the Lead Consultant proposed for this project, joined the firm. Brian Anderson has been auditing and preparing RDS cost reports since 2006. In addition, Milliman has provided Medicare Part D RDS audit services to LACERA since 2013. Other key personnel proposed by Milliman have the experience necessary to provide the requested services in the RFP. The Milliman implementation plan presented to LACERA was comprehensive; and although the fees proposed were the highest, Milliman did recommend cost savings and stated a willingness to negotiate price decrease by eliminating certain tasks.

TRICAST, LLC

TRICAST, LLC has been providing services requested in the RFP for seven years. TRICAST has 40 employees and are currently working with approximately 70 clients ranging from audit services to pharmacy benefit program consulting. Greg Rucinski, founded TRICAST in 1997 and leads all aspects of consulting services for the pharmacy benefits practice. Greg will be responsible for the overall project coordination. Roy Wilkinson is the founder of Wilkinson Benefit Consultants, Inc. a Los Angeles-based consulting firm that focuses exclusively in pharmacy benefit consulting. Since 2006, Roy Wilkinson has worked with a number of state governments regarding Medicare Part

D and the evaluation of PDPs and comparisons of retiree drug subsidy. TRICAST is based in Milwaukee, WI, and Roy will provide a local presence to this project. There was a question with the relationship between TRICAST and Wilkinson Benefit Consultants. Mr. Wilkinson explained he is a consultant for TRICAST. Other key personnel proposed by TRICAST have the experience for pharmacy management and audits, but TRICAST did not provide much information on their experience necessary to provide the requested services in the RFP. TRICAST is heavy on data analysis and leveraging their proprietary analytical tools. TRICAST provided the lowest proposed fees.

CONCLUSION

1. Board of Retirement invite the following firms to interview to provide Medicare Part D Retiree Drug Subsidy Audit Services: (1) Mercer, (2) Milliman;
2. Board of Retirement select one of the firms to perform the audit of the 2014-2015 RDS subsidy submissions, with an option for LACERA to direct the firm also to audit the 2015-2016 and 2016-2017 RDS subsidy submissions; and
3. Board of Retirement direct staff to retain the selected firm for a one year period beginning October 1, 2016 and ending November 1, 2017, with a two year extension at the discretion of LACERA.

CS:ivi

Attachments


EXHIBITS

- Exhibit A – Statement of Work
- Exhibit B – Minimum Audit Criteria
- Exhibit C – Fee Review

FIRM PROFILES

Mercer
Milliman
TRICAST, LLC

REVIEWED AND APPROVED



Gregg Rademacher
Chief Executive Officer

08/04/16

Date

EXHIBIT A – STATEMENT OF WORK

Selected vendor will perform an audit of LACERA's Medicare Part D Retiree Drug Subsidy (RDS) program administration and subsidy submission process to provide assurance that this process is efficient, effective and functioning as intended. Additionally, vendor will review LACERA's Plan participants to ensure all qualifying covered retirees have been identified, as well as review the 2014-2015 Medicare Part D RDS reconciliation submitted for completeness, accuracy and compliance with the Centers for Medicare and Medicaid Services (CMS) rules and regulations. (Please see Phase 1 – Process Review, below.)

The decision to reopen a subsidy application will be largely dependent upon the results of the 2014-2015 (RDS) claims review. At LACERA's discretion, selected vendor may be engaged to re-open the 2014-2015 subsidy application and to ensure all necessary data/information is resubmitted to the Medicare RDS Program. (Please see Phase 1 – 2014-2015 Audit/Review, below.)

If sufficient errors/issues are identified in the audit of the 2014-2015 submissions, and a recommendation to reopen RDS applications for 2014-2015 is made and accepted by LACERA, LACERA may also choose to begin Phase 2 through Phase 3 and have the 2015-2016, 2016-2017 applications audited and reopened, for all plans. (Please see Phase 2 through Phase 3, on the following pages.)

Phase 1

2014-2015 Process Review

- A. Review LACERA RDS submission process to assure process is efficient and effective and functioning as intended
- B. Report results and recommendations for LACERA RDS submission process improvements.

2014-2015 Audit/Review

- A. Audit 2014-2015 RDS applications and reconciliations for all insurance plan carriers for completeness, accuracy and compliance using the attached MINIMUM AUDIT CRITERIA
- B. Report audit findings to LACERA, with all errors/exceptions found in the 2014-2015 RDS submission and provide recommendations for/against reopening of RDS submission.

2014-2015 Resubmission

If decision to reopen RDS applications is made by LACERA

- A. Reopen on LACERA's behalf
- B. Engage carriers/vendors in the reopening
- C. Provide all required submission data to/for RDS resubmission including a draft reopening letter
- D. Assure all supporting data/documentation is provided to LACERA for future audit reference.

Phase 2

2015-2016 Process Review

- A. Review LACERA RDS submission process to assure process is efficient and effective and functioning as intended
- B. Report results and recommendations for LACERA RDS submission process improvements.

2015-2016 Audit/Review

- A. Audit 2015-2016 RDS applications and reconciliations for all insurance plan carriers for completeness, accuracy and compliance using the attached MINIMUM AUDIT CRITERIA
- B. Report audit findings to LACERA, with all errors/exceptions found in the 2015-2016 RDS submission and provide recommendations for/against reopening of RDS submission.

2015-2016 Resubmission

If decision to reopen RDS applications is made by LACERA

- A. Reopen on LACERA's behalf
- B. Provide all required submission data to/for RDS resubmission
- C. Assure all supporting data/documentation is provided to LACERA for future audit reference.

Phase 3

2016-2017 Process Review

- A. Review LACERA RDS submission process to assure process is efficient and effective and functioning as intended.
- B. Report results and recommendations for LACERA RDS submission process improvements.

2016-2017 Audit/Review

- A. Audit 2016-2017 RDS applications and reconciliation for all insurance plan carriers for completeness, accuracy and compliance using the attached MINIMUM AUDIT CRITERIA.
- B. Report audit findings to LACERA, with all errors/exceptions found in the 2016-2017 RDS submission and provide recommendations for/against reopening of RDS submission.

2016-2017 Resubmission

If decision to reopen RDS applications is made by LACERA

- A. Reopen on LACERA's behalf
- B. Provide all required submission data to/for RDS resubmission
- C. Assure all supporting data/documentation is provided to LACERA for future audit reference.

EXHIBIT B – MINIMUM AUDIT CRITERIA

LACERA expects the audit to include the below listed areas. The audit provider is expected to enhance the testing criteria, where appropriate.

- A. **MEMBER ELIGIBILITY** -The purpose of this testing is to determine whether all qualifying covered retirees/survivors and dependents were included on the LACERA Covered Retiree List and whether all reported costs were incurred by qualified covered retirees and dependents. All participants will be examined to determine the following.
1. Was the participant included on the LACERA Covered Retiree List?
 2. Should the participant be included on the LACERA Covered Retiree List?
 - a. Was the participant a LACERA retiree/survivor or dependent enrolled in the Plan at the time services were rendered?
 - b. Was the participant a Medicare Part D eligible individual?
 - c. Was the participant enrolled in a Medicare Plan D plan?
 - d. Does the individual have coverage from his/her employer (not LACERA or LA County) based on current employment status?
 - e. Is the individual the spouse/dependent of a LACERA retiree who has coverage from his/her employer (not LACERA or LA County) based on current employment status?
 - f. Was the participant at least age 65 at the time services were rendered?
- B. **PRESCRIPTION DRUG ELIGIBILITY** - The purpose of this testing is to determine whether the prescription drug costs incurred by all participants were eligible under the Medicare Part D program. Reported costs shall be examined to determine the following.
1. Is the prescription drug eligible under Medicare Part D?
- C. **COST REPORTING** - The purpose of this testing is to determine whether the claims cost amounts submitted by carriers/vendors were accurate and in compliance with the CMS guidelines and requirements. Reported costs shall be examined to determine the following.
1. Does aggregate cost data reported to the RDS center reconcile with the back-up detail file prepared by the carrier/vendor for each Benefit Option?
 2. Was cost data submitted for claims incurred during the submission period?
 3. Was the “Threshold Reduction” correctly reported for each member?
 4. Was the “Limit Reduction” correctly reported for each member?
 5. Was the “Gross Eligible” correctly calculated and reported?
 6. Was the “Estimated Cost Adjustment” correctly calculated and reported?
 7. Was the “Allowable Retiree Cost” correctly calculated and reported?
 8. Was the “Subsidy Amount” correctly calculated and reported?
 9. Was the Gross Retiree Costs reduced by 0.3%, per Option 6 of CMS’ Part B vs. D guidance.

EXHIBIT C - FEE REVIEW

		Mercer	Milliman	TRICAST, LLC
Phase 1	2014-2015 LACERA Process Review	\$ 100,000	\$ 30,000	\$ 37,000
	2014-2015 LACERA Audit/Review	\$ 122,000	\$ 103,240	\$ 37,000
	2014-2015 Resubmission	-0-	\$ 55,450	\$ 12,000
Phase 2	2015-2016 LACERA Process Review	\$ 75,000	\$ 33,000	\$ 37,000
	2015-2016 LACERA Audit/Review	\$ 110,000	\$ 113,567	\$ 37,000
	2015-2015 Resubmission	-0-	\$ 60,996	\$ 12,000
Phase 3	2016-2017 LACERA Process Review	\$ 75,000	\$ 36,300	\$ 37,000
	2016-2017 LACERA Audit Review	\$ 110,000	\$ 124,922	\$ 37,000
	2016-2017 Resubmission	-0-	\$ 67,092	\$ 12,000
	TOTAL ALL PHASES:	\$ 592,000	\$ 624,567	\$ 258,000

2

EXECUTIVE SUMMARY

Mercer is uniquely suited to assist LACERA in the RDS audit and potential RDS resubmission if needed. Our Performance Audit practice has conducted general PBM audits, as well as RDS audits. We have expertise from our retirement practice to assist in the eligibility audit of the covered lives.

Some of the members of the project team are very familiar with LACERA's programs, vendors and have conducted Pharmacy audit work for LACERA in the past. All of the team members assigned have applicable technical expertise and experience related to Pharmacy audits and or RDS. All of the team members are committed to the amount of time needed to complete the project phases.

We have provided a phased implementation plan and data request components along with a description of our electronic comparison process for both the Covered Retiree List as well as the covered Part D drugs and cost report validation. Mercer maintains a proprietary database of covered Part D drugs to ensure that claims are only for covered drugs. Our process is collaborative with the plans. The Plans will be provide an exceptions list after each review and we will work with them to resolve it.

We have provided a timeline for phases 1 and 2 which will span from October 2016 to April of 2017. In the event that an application needs to be reopened, we will provide LACERA with the necessary documentation and calculations along with updates to the PBM's and plans.

3 QUESTIONNAIRE

ORGANIZATION

A. Provide the number of years the firm has been providing the services requested in this RFP, both in general and specifically for public sector retiree groups.

Mercer has been providing these services since the Retiree Drug Subsidy (RDS) program inception in 2006.

B. Please provide the size of the firm in terms of employees and clients.

Mercer's global network of more than 21,000 employees across four lines of business brings industry-leading solutions to more than 28,000 clients worldwide.

Organizational chart



Employee headcount

Mercer's employees categorized by our businesses and solutions are listed below.

1 January 2016 Mercer worldwide headcount by solution	
BUSINESS/SOLUTION	NUMBER OF EMPLOYEES
Health	5,625
Retirement	4,415
Talent	2,450
Investments	2,350
Benefits administration	1,170
Mergers & acquisitions	70
Non-consulting*	5,235
Total Mercer	21,315

*Includes functions and regional market development.

C. Provide the address, telephone number, facsimile number, and website of the firm's office.

Corporate information

Address: 1166 Avenue of the Americas
New York, NY 10036

Phone: +1 212 345 7000

Fax: +1 212 345 7414

Website: www.mercer.com

Los Angeles office information

Address: 777 S. Figueroa Street Suite 2400
Los Angeles, CA 90017

Phone: +1 213 346 2539

Fax: +1 213 346 2680

Website: www.mercer.com

D. In the last 10 years, has the firm ever been involved in a lawsuit involving any services or services similar to those required by this RFP? If so, provide details, including dates and outcomes.

In the ordinary course of business, Mercer is involved with litigation and other legal proceedings, investigations, and inquiries, some of which are conducted on an industry-wide basis. Based on

Name, title, location	Role and responsibility	Qualifications	Dedication to LACERA
CORE TEAM			
E. Clayton Levister III <i>Principal</i> Los Angeles, California	Relationship Manager Responsible for Mercer's overall relationship with LACERA, ensuring seamless service delivery, monitoring team performance, providing problem resolution, and ensuring overall quality control.	<ul style="list-style-type: none"> Clay has been with Mercer for over 20 years and has had extensive experience at a health plan prior to that. He has had a leadership role on major public sector accounts including LACERA. 	Committed to as many hours needed to delivery on the services required.
Lisa Oswald <i>Principal</i> Richmond, Virginia	RDS Claims Review Responsible for RDS cost report reconciliation audit, ensuring that vendors complied with Covered Retiree Listing(s), Medicare Part D drug coverage and CMS regulations relative to the calculation and submission of cost reports for reconciliation.	<ul style="list-style-type: none"> Lisa has been with Mercer for 16 years and in the pharmacy benefit industry for over 22. She is the national leader of pharmacy benefit audits for Mercer and during her tenure has been responsible for over 850 audits. 	Committed to as many hours needed to delivery on the services required.
Scott Pollack <i>Principal</i> San Francisco, California	RDS Eligibility Review Responsible for Mercer's review of the Covered Retiree List, including leading Mercer's internal service delivery team and managing LACERA's third party administrators and PBMs, as appropriate	<ul style="list-style-type: none"> Scott is an actuary (ASA, EA) and leader of Mercer's Retirement business in Northern California. He has 15 years of experience with Mercer, and has been the leader of Mercer's RDS eligibility audit team since its inception. 	Committed to as many hours needed to delivery on the services required.
Steve Jacobson <i>Senior Associate and Technical Consultant</i> Melville, New York	Technical Consultant Responsible for managing data, incorporating Mercer's proprietary Medicare Part D drug coverage listing, and replicating the reconciliation cost reports using our proprietary software, RDSCAS.	<ul style="list-style-type: none"> Steve has been a health care technical expert for over 20 years. In his role at Mercer, he is the strategic resource for health care data programming and review. 	Committed to as many hours needed to delivery on the services required.
Katie Cakounes <i>Associate</i> Boston, Massachusetts	Technical Consultant Responsible for delivering Covered Retiree List review, including creating internal databases, identifying discrepancies and errors and assisting in executing change files	<ul style="list-style-type: none"> Katie is an actuarial associate with over 3 years of experience. She has been involved with CRL audits ever since she joined Mercer. 	Committed to as many hours needed to delivery on the services required.

REFERENCES

Z. Bidder shall provide a list of at least three current, or recent, government clients for whom the Bidder provides/provided Retiree Drug Subsidy Program audit services. For each client, Bidder shall specify the size of the client’s participant group(s), the period retained, and the names of team members assigned to each of these clients, who are also proposed as team members for this engagement. For each client, Bidder shall include the name, title, address, e-mail address, telephone, and facsimile numbers of a responsible individual who may be contacted as a reference.

Mercer's goal is to be the preeminent human resource consulting firm worldwide. dedicated to serving our clients with unparalleled quality and proven success. We help clients advance the health, wealth, and careers of their people.

Out of consideration for our clients' day-to-day responsibilities and busy schedules, we request that LACERA notify Relationship Manager E. Clayton Levister III before contacting the references provided, so that we can let our clients know when to expect their call.

Company and address	Contact name, title	Phone, fax and email
REFERENCE 1		
Union Pacific 1400 Douglas Street, Stop 0320 Omaha, Nebraska 68179	Jack Sullivan <i>General Director of Benefits</i>	Phone:+1 402 544 7075 Fax: +1 402 233 2735 JDSulliv@up.com
REFERENCE 2		
Nokia 600 Mountain Avenue Room 7C-411A Murray Hill, NJ 07974	Ingrid Orav <i>Director, Health Plans</i>	Phone: +1 908 582 2321 Fax: +1 908 582 1444 ingrid.orav@nokia.com
REFERENCE 3		
AIG 175 Water Street, 20th Floor New York, NY 10038	Lena Zisman <i>Senior Benefits Administrator</i>	Phone:+1 212 770 5387 Fax: +1 347 843 2982 Lena.Zisman@aig.com

FEE PROPOSAL

The (non-contingent) Fee Proposal should contain all pricing information relative to performing the required auditing services as described in this RFP. Bidder will estimate overhead, out-of-pocket, and administrative expenses and include them in the total not-to-exceed Fee. All expenses will be charged against the total not-to-exceed fee and not reimbursed separately. Prices for all services and/or deliverables provided shall be final.

AA. Please provide your firm's billing procedures.

Mercer is flexible in our compensation arrangements and we are open to discussing options with LACERA. Our top priority is to help you build a strategy that enables you to deliver benefits that meet your employees' needs, today and tomorrow. Our preferred approach is to do a fixed fee projects based upon the phases below.

- **Fixed fees/project based consulting** — Invoice for services rendered where the fee and services provided are negotiated in advance and are fixed, regardless of the time and expense related to resources applied. We would finalize the number of months associated with each phase to determine an amount to be billed monthly. Out-of-scope work is billed separately based on a pre-arrangement with the client.

If you need project work that goes beyond the scope of services we've agreed upon, we'll create fee-for-service charges based on the estimated number of hours for this consulting work. We are committed to total transparency in our partnership, and we'll discuss all of our fees with you before we begin working together.

Invoicing and terms

Mercer's policy is to send monthly invoices for services and expenses incurred. Out-of-pocket expenses (such as travel) are billed at cost. Payment is generally due 30 days from the date of the invoice.

BB. Please provide your total not-to-exceed maximum fee, for each project as described in Exhibit A – Statement of Work, using the format defined in Exhibit D – Fee Proposal. Exhibit D of the RFP will become Exhibit C of the final Agreement for Audit Services.

	Cigna	Kaiser	Prudent Buyer	Anthem Blue Cross		
				Plan I	Plan II	Plan III
PHASE 1						
2014-2015 LACERA Process Review	\$100,000					
2014-2015 LACERA Audit/Review	\$28,000	\$28,000	\$28,000	\$38,000		
2014-2015 Resubmission	\$0					
PHASE 2						
2015-2016 LACERA Process Review	\$75,000					
2015-2016 LACERA Audit/Review	\$25,000	\$25,000	\$25,000	\$35,000		
2015-2016 Resubmission	\$0					
PHASE 3						
2016-2017 LACERA Process Review	\$75,000					
2016-2017 LACERA Audit/Review	\$25,000	\$25,000	\$25,000	\$35,000		
2016-2017 Resubmission	\$0					
Phase 1	\$222,000					
Phase 2	\$185,000					
Phase 3	\$185,000					
	\$592,000					
Assumptions:						
<ul style="list-style-type: none"> • It is more efficient and accurate to conduct the Process Review globally versus individually by PBM/plan. • Information and programming utilized in Phase 1 allow lower fees in Phases 2 and 3. • PBMs will provide one claims extract for full population(s). • We are happy to assist in providing information and cost data to facilitate resubmission; however, Mercer cannot act as the authorized representative or account manager for RDS purposes. • PBMs and LACERA provide accurate data, materials, and timely responses. • We recognize that LACERA may have want some adjustments to the project scope/budget and are open to discussion to ensure the project meets your needs 						

A

BIOGRAPHIES

Biographies for your Mercer team members are listed below in alphabetical order

KATIE CAKOUNES

Katie is an associate in Mercer's Retirement business in the Boston office. Katie has been with Mercer since June of 2013. Her experience includes ERISA actuarial valuations, government filing preparation, accounting disclosures, and benefits administration work. In addition, Katie has been internally managing Mercer's RDS CRL audit team, assisting in the development of proprietary databases, overseeing the review of preliminary CRLs and creating audit reports for clients and third party administrators.

Katie graduated with a MS in actuarial science from Boston University and a BS in computational mathematics from the University of Massachusetts Dartmouth. She is working towards becoming a credentialed actuary.

E. CLAYTON LEVISTER III

Clay is a principal and senior consultant with the Health business in Mercer's Los Angeles office. Clay has 27 years of experience in the healthcare industry. He has wide expertise as a senior consultant, including strategic planning, plan design, vendor selection, budget projections, funding mechanisms, and renewal negotiations. He has worked with corporations and public entities of varied sizes, with extensive consulting to retirement boards and labor management organizations on the full range of health and benefits topics covering strategic planning, compliance/regulatory issues, and financial/funding mechanisms.

Prior to joining Mercer, Clay began his consulting career with A. Foster Higgins. His first 7 years was with a major insurer with several assignments between the underwriting and group information systems area.

Clay holds a BA from Occidental College with a major in mathematics and minor in economics. Clay is licensed to practice as a life and disability agent in California.

STEPHEN JACOBSON

Steve Jacobson is a senior associate in the New York Healthcare and Group Benefits practice. He has more than 20 years of experience processing insurance claim data. His background includes designing and developing medical statistical reports for networks and clients. He has experience developing reports for managed care and indemnity products, as well as HEDIS and physician profile reports. Some of his recent Mercer projects have included: Discount analysis for multiple clients. Electronic drug audits which include screening for pricing errors, Copay/coinsurance errors, Non Covered drugs, Refills to soon.

Before joining Mercer Human Resource Consulting, Stephen was the manager of the SAS programming unit at MetLife Managed Care Service Group. Stephen graduated with honors from C.W. University with a B.S. in Psychology

LISA OSWALD

Based in Mercer's Richmond office, Lisa been with Mercer for 16 years. She is the national leader of all pharmacy audits conducted by the Performance Audit Group. Lisa manages a national team of project managers, audit analysts, and programmers. In addition, Lisa is responsible for maintaining a detailed knowledge of all facets of the pharmacy benefit management (PBM) industry including PBM operational capabilities, and national standards such as the National Council of Prescription Drug Programs (NCPDP). Having a strong PBM background, Lisa performs extensive pharmacy audits across all PBM operations, providing detailed prescription claims analysis. Lisa has been responsible for over 500 pharmacy audits.

Lisa has more than 22 years of experience in the pharmacy benefit management industry. Prior to joining Mercer, Lisa was part of a client management team for an organization providing project management support to both commercial and government prescription drug clients. As part of this team, Lisa was responsible for ensuring adherence to state and federal laws and regulations, as well, as proper administration of individual client benefits. She has significant experience working with large employers and very complex plans.

Lisa is licensed as a health care benefits consultant in the state of Virginia. Additionally, Lisa is a member of NCPDP and sits on work group committees that develop national prescription drug processing standards.

SCOTT POLLACK

Scott is currently Mercer's northern California Retirement Business Leader, based in San Francisco, California. A consultant and principal, he contributes to the development and management of Mercer's relationship with several major clients, providing strategic design and actuarial consulting. Additionally, Scott plays a key role in Mercer's North American Retirement leadership group, formerly acting as a member of the young leader's group advisory panel and now leading innovation initiatives for the Retirement business.

In addition, Scott has worked with Lisa to create Mercer's RDS audit support solution, focusing on RDS eligibility and CRL review. Scott also acts as a designee for 10 plan sponsors and 47 applications, assisting clients by managing retiree populations, coordinating data flows between plan sponsors, third party administrators and PBMs and acting as a cost reporter.

Scott earned a BA in mathematics and a BS in actuarial science from the Wharton School at the University of Pennsylvania. He is an associate in the Society of Actuaries, an Enrolled Actuary and a member of the American Academy of Actuaries. Scott was also named one of Boston's Future Leaders by the Boston Chamber for 2013.

EXECUTIVE SUMMARY

In response to your RFP, Milliman is pleased to present this proposed project work plan for Medicare Part D Retiree Drug Subsidy (RDS) auditing services for the Los Angeles County Employees Retirement Association (LACERA). Milliman will provide LACERA with professional consulting services to conduct a compliance audit of the RDS cost reporting for all phases defined in the RFP. LACERA has proposed the project phases from oldest to most recent. We recommend that LACERA consider focusing on the most recent plan years first. We feel this is important because CMS may be more willing to reopen recent plan years for resubmissions, and the pharmacy benefit manager (PBM) will have the data more readily available.

We appreciate the opportunity to extend our relationship with LACERA, and we would perform these projects under our current contract with LACERA.

ORGANIZATION

In this section, the Bidder shall address the qualifications of the firm.

- A. Provide the number of years the firm has been providing the services requested in this RFP, both in general and specifically for public sector retiree groups.**

Milliman has been providing the subject matter expertise and assistance in the electronic assessments and onsite reviews for various plan sponsors and health plans for more than 20 years. Milliman has been providing RDS audit services for 8 years since Brian Anderson joined the firm. Brian Anderson has been auditing and preparing RDS cost reports since 2006.

- B. Please provide the size of the firm in terms of employees and clients.**

Milliman is among the world's largest independent actuarial and consulting firms. With more than 3,200 employees and revenues of US\$905 million in 2015, the firm serves the full spectrum of business, governmental, and financial organizations. Founded in 1947, Milliman today has offices in principal cities worldwide, covering markets in North America, Latin America, Europe, Asia and the Pacific, the Middle East, and Africa.

- C. Provide the address, telephone number, facsimile number, and website of the firm's office.**

4370 La Jolla Village Drive
Suite 700
San Diego, CA 92122
Tel (858) 558-8400
Fax (858) 597 0111
milliman.com

person receiving the gift, (2) the earlier of the date the gift was promised or given, (3) a brief description of the gift, and (4) the fair market value of the gift when promised or given, whichever is greater.

No gifts were given to members of LACERA’s Board of Retirement and staff or staff employed or anyone associated with the Plan Sponsor (Los Angeles County) within the twelve months immediately prior to the date of this RFP.

PROFESSIONAL STAFF

Bidder shall state the role(s) that each proposed person will perform on this project and identify key personnel for this project. Bidder shall relate the qualifications of each of the personnel being proposed to the role(s) they are to fulfill. The information provided shall be specific to the actual experience/qualifications of each proposed person.

M. Provide list of staff members to be assigned to this project, office location, and expected hours per staff member dedicated to the project.

Name	Office Location	Expected Hours for All Phases
Brian Anderson, MBA	San Diego, CA	264
Patrick Cambel, CPhT	San Diego, CA	297
Angela Reed	San Diego, CA	72
Matt Schoonmaker, ASA	San Diego, CA	110
Marina Zen, ASA	San Diego, CA	80
Andrew Dressler	San Diego, CA	110
Rebekah Bayram, FSA, MAAA	San Diego, CA	90

N. Provide biographies of staff to be assigned to this project and indicate the specific roles of each staff member. Please include recent projects similar to this assignment, education, training, and professional certifications.

Name	Role	Similar Projects
Brian Anderson, MBA	Lead Consultant & RDS Expert	RDS Audit, Part D Data Validation, PBM Claims Audit
Patrick Cambel, CPhT	PBM Database Expert	RDS Audit, Data Validation, PBM Claims Audit
Angela Reed	RDS Reopening Expert & Project Manager	RDS Audit, Data Validation, PBM Claims Audit
Matt Schoonmaker, ASA	Data Analyst	RDS Audit, Data Validation, PBM Claims Audit

Brian N. Anderson

MBA
Consultant



CURRENT RESPONSIBILITY

Brian is a consultant with the San Diego office of Milliman. He joined the firm in 2008, and has been a pharmacy benefits consultant since 2001.

EXPERIENCE

Brian has provided pharmacy benefit consulting services to a wide range of clients, including Medicare plans, Medicaid MCOs, VA, health plans, state systems, union funds, coalitions, high-risk pools, PBMs, GPOs, and large employers. His consulting specialty is the prescription drug benefit market. His experience includes understanding prescription benefit operations, pharmacy benefit manager contracting, cost management, program development, and yearly benefit planning. He has demonstrated success in prescription benefit management, strategic planning, and problem solving, and has a successful track record of overall cost management, with an emphasis on practical and focused solutions.

Brian's experience includes:

- Healthcare reform
- Management of Medicare and Medicaid programs
- Auditing
- Contracting
- Vendor selection
- Benefit planning
- Benefit operations management
- Vendor oversight
- Benefit design
- Cost analysis

PRESENTATIONS

- IFEBP Annual Conference
- NCPERS Annual Conference
- World Congress Executive Forum on PBM Strategies
- National Healthcare Reform Conference
- ISCEBS Employee Benefits Symposium

PUBLICATIONS

- *Medicare Part D: Optimizing the Opportunities for Employer Plans* (IFEBP, *Benefits and Compensation Digest*, Volume 46, No. 4, Feb. 2009.)
- *Medicare Part D: Taking another look at employee group waiver plans for tax-exempt plan sponsors* (Milliman Briefing Paper, 2009)
- *Effective contracting with Pharmacy Benefit Managers: Protecting a plan sponsor's resources* (Society of Actuaries, *Health Watch*, Issue 63 Feb. 2010)
- *Healthcare reform and Medicare Part D: Closing the donut hole-and more* (Milliman Briefing Paper, 2010)
- *Healthcare reform and pharmacy benefits: Changes in benefits and reporting requirements* (Milliman Briefing Paper, 2010)
- *Law of Averages: New benchmarks for wholesale drug pricing have the health industry scrambling to adapt.* (AM Best, *Best's Review*, May 2010)
- *Coming to Grips with Reform and its Impact on Drug Coverage.* (InsuranceNewsNet Magazine, August 2010)
- *Are your pharmacy benefits being adjudicated properly?* (Benefits Magazine, May 2014)

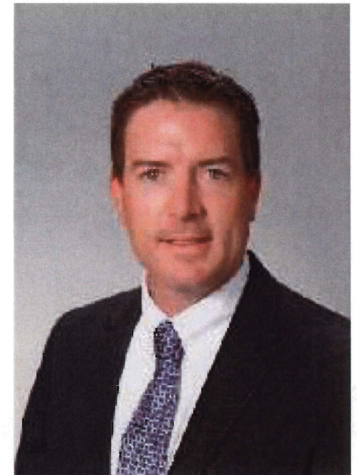
Publications are available at <http://www.milliman.com>

PROFESSIONAL ASSOCIATIONS

- National Council of Prescription Drug Plans (NCPDP)

EDUCATION

- MBA, University of Phoenix
- BA, Biology and Health-Related Areas, Columbia College



Patrick Cambel

CPhT

Analyst



CURRENT RESPONSIBILITY

Patrick is a pharmacy analyst with the San Diego office of Milliman. He joined the firm in 2012, and has been working in pharmacy since 2006.

EXPERIENCE

Patrick has previously worked for a major pharmacy benefit manager (PBM) and pharmacy field experience working at multiple major retail pharmacy chains. Patrick has worked in multiple operational roles including contact center, prior authorizations, and benefit configurations. In addition, Patrick held positions in internal audit and provider audit. His specialty is in pharmacy claims processing and performance guarantees. He has supported a wide range of clients including Medicare Part D plans, state Medicaid plans, health plans, self-insured employer groups, and third party administrators.

Patrick's experience includes

- Benefit Plan Design
- Contact Center Operations
- Fraud, Waste, and Abuse
- Medicare Part D Data Validations
- Medicare Part D Employer Group Waiver Plans (EGWP)
- Medicare Part D Retiree Drug Subsidy (RDS)
- Medicare Part D Star Ratings
- Performance Guarantees
- Pharmacy Benefit Manager Audits
- Pharmacy Claims Processing
- Pharmacy Audits
- Prior Authorization Processing
- Cost analysis
- Contracting
- Vendor selection
- Vendor oversight

EDUCATION

BS, Pharmacology,
University of California, Santa Barbara

PROFESSIONAL DESIGNATIONS

- Certified Pharmacy Technician, Pharmacy Technician Certification Board
- Pharmacy Technician License, California Board of Pharmacy



Angela Reed

GBA
Analyst



CURRENT RESPONSIBILITY

Angela is an analyst with the San Diego office of Milliman. She joined the firm in 2013, and has been working in pharmacy benefits management (PBM) industry since 2008.

EXPERIENCE

Angela has previously worked for a nationally recognized, full-service Pharmacy Benefit Manager (PBM). She has worked in a variety of different roles within pharmacy benefits including design, configuration, testing and validation, and operations management. Angela's specialty is in benefits testing and validation. She has supported a wide range of clients analyzing claims to identify discrepancies, inaccuracies and anomalies to ensure claims are adjudicated accurately. Clients Angela has worked with include managed care plans, Medicare Part D plans, self-insured employer groups, and third party administrators.

Angela's experience includes:

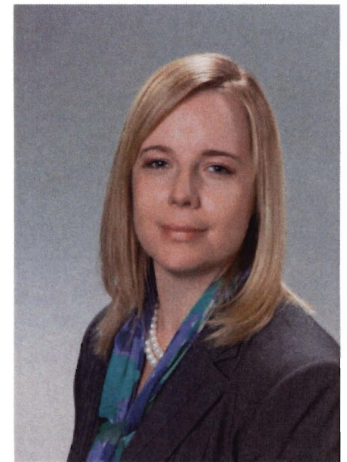
- Operations Management
- Process Improvement
- Benefit Design
- Benefit Configuration
- Benefit Testing and Validation
- Claims Review and Monitoring
- Performance Guarantees
- Medicare Part D Retiree Drug Subsidy (RDS)
- Medicare Part D Applications
- Medicare Part D Data Validations
- Medicare Part D Readiness Reviews
- Medicare Part D Mock Audits
- Pharmacy Benefit Manager (PBM) Request for Proposal (RFP)

EDUCATION

BS, Business Administration,
California State University, San Marcos

PROFESSIONAL DESIGNATIONS

Group Benefits Associate, International
Foundation of Employee Benefit Plans



Matt Schoonmaker, ASA, MAAA

Associate Actuary



CURRENT RESPONSIBILITY

Matt is an associate actuary with the San Diego office of Milliman. He joined the firm in 2012 and has worked in the actuarial profession since 2010. He is currently working towards his Fellowship in the Society of Actuaries.

EXPERIENCE

Since joining Milliman, Matt has performed work for a variety of client plans including HMOs, PPOs, Medicare Part D, and large employers. He has focused on the cost management of the pharmacy benefits for plans. His experience includes:

- Pharmacy Benefit Manager (PBM) Audits
- PBM Market Checks
- PBM Quarterly Reporting
- PBM Stop-loss analysis
- Re-pricing claims analysis
- Medicare Part D Retiree Drug Subsidy (RDS)
- Medicare Part D Data Validation
- Incurred But Not Paid (IBNP) estimations
- Data analysis of health claims used to price plans
- Research of landscape of health markets due to PPACA
- Analyzing, interpreting and extrapolating data

EDUCATION

BA, Mathematics, and Economics
Whitman College



Marina Zen
ASA, MAAA
Associate Actuary



CURRENT RESPONSIBILITY

Marina is an associate actuary with the San Diego office of Milliman. She joined the firm in 2015. She is an Associate of the Society of Actuaries.

EXPERIENCE

Since joining Milliman, Marina has performed work for a variety of different clients, including HMOs, PPOs, and large employers. Her experience includes:

- Commercial pricing and rate filings
- Healthcare cost benchmarking
- Incurred but not reported (IBNR) reserving
- Healthcare reform
- Research projects

Prior to joining Milliman, Marina was a senior actuarial assistant at the California Department of Insurance (CDI).

PROFESSIONAL DESIGNATIONS

- Associate, Society of Actuaries
- Member, American Academy of Actuaries

EDUCATION

BA, Mathematics and Sociology,
University of California, San Diego



Andrew Dressler

Actuarial Analyst



CURRENT RESPONSIBILITY

Andrew is an actuarial analyst with the San Diego office of Milliman. He joined the firm in 2015. He is currently working towards his Associateship in the Society of Actuaries.

EXPERIENCE

Since joining Milliman, Andrew has performed work for a variety of different clients, including HMOs, PPOs, large employers, trusts, and a state-based exchange. His experience includes:

- Incurred but not reported (IBNR) reserving
- Cost benchmarking
- Medicare Part D Data Validations
- Commercial rate filings
- Research projects

Prior to joining Milliman, Andrew was a data analyst for a tech company focused on the retirement industry.

EDUCATION

BS, Mathematics and Economics,
University of California, San Diego



Rebekah D. Bayram

FSA, MAAA, FCA
Principal and Consulting Actuary



CURRENT RESPONSIBILITY

Rebekah is a principal and consulting actuary in the San Diego office of Milliman, Inc. She joined the firm in 2007 and has been in the actuarial profession since 1997. Rebekah consults with employer benefit plans and healthcare insurers and providers in both the public and private sectors.

EXPERIENCE

Rebekah's healthcare experience includes pricing, benefit design, feasibility studies, utilization and cost benchmarking, and projecting liabilities for claims incurred but not reported.

She has served on a healthcare reform taskforce, and has provided consulting services to several states developing health benefits exchanges. She has been the consulting actuary for several regional California health plans submitting products for the California exchange.

Rebekah has worked with many employers and other group benefit sponsors, providing a wide variety of consulting services such as retiree medical valuations, Retiree Drug Subsidy attestation and settlement calculations, pharmacy benefit manager (PBM) request-for-proposal evaluations, and PBM audits.

Rebekah has worked on various committees for the Conference of Consulting Actuaries and served as a member of its Board of Directors for three years.

PROFESSIONAL DESIGNATIONS

- Fellow, Society of Actuaries
- Member, American Academy of Actuaries
- Fellow, Conference of Consulting Actuaries

EDUCATION

BA, Mathematics, Rutgers University



- Actual Cost Adjustment (ACA) from PBM
- Monthly subsidy amounts estimated by PBM, including the following amounts needed for the RDS calculation:
 - Gross Retiree Cost (GRC)
 - Threshold Reduction (THR)
 - Limit Reduction (LR)
 - Gross Eligible (GE)
 - Estimated Cost Adjustment (ECA)
 - Allowable Retiree Cost (ARC)
 - Subsidy Amount (SA)
- Information used to identify Part D eligible drugs, including B vs. D determination
 - Any database (SQL or SAS) coding logic or a list fields used in identifying these claims
- All the monthly cost reports submitted to LACERA for claims experience

The following items will be provided by Milliman:

- Prescription Drug Eligibility: Milliman developed a list of prescription drugs eligible for coverage under the Medicare Part D program as defined in the “Medicare Prescription Drug Benefit Manual: Chapter 6 – Part D Drugs and Formulary Requirements” (Available on the web at <http://www.cms.gov/PrescriptionDrugCovContra/downloads/R2PDBv2.pdf>)

REFERENCES

- Z. Bidder shall provide a list of at least three current, or recent, government clients for whom the Bidder provides/provided Retiree Drug Subsidy Program audit services. For each client, Bidder shall specify the size of the client’s participant group(s), the period retained, and the names of team members assigned to each of these clients, who are also proposed as team members for this engagement. For each client, Bidder shall include the name, title, address, e-mail address, telephone, and facsimile numbers of a responsible individual who may be contacted as a reference.**

Milliman has provided RDS auditing services to two governmental clients as stated in the requirement section of the RFP. The services were provided separately for plan years 2009, 2012, 2013, 2014, 2015, and 2016.

Client: LACERA

Size: 40,000 lives

Period retained: 2013, 2014, 2015, and 2016

Team members assigned: Angela Reed, Brian Anderson, Patrick Cambel, Matt Schoonmaker, and Rebekah Bayram

Contact: Cassandra Smith

Title: Director Retiree Healthcare
Address: 300 N. Lake Ave, #300 Pasadena, CA 91101
Email: CSmith@lacera.com
Tel: (626) 564-6000 ext. 3621

Client: Division of State Group Insurance, Florida Department of Management Services
Size: 175,000 lives
Period retained: 2010, 2012
Team members assigned: Brian Anderson, Patrick Cambel, Matt Schoonmaker, and Rebekah Bayram
Contact: Toletha Sylvester, MBA, FCCM
Title: Senior Management Analyst II
Address: 4050 Esplanade Way, Suite 215E, Tallahassee, FL 32399-0950
Email: Toletha.Sylvester@dms.myflorida.com
Tel: (850) 921-4543
Fax: (850) 488-0252

On an annual basis, we conduct Medicare Part D Data Validation Audit Services to the governmental clients listed below:

Client: Missouri Department of Transportation
Size: 25,000
Period retained: 2011 to current
Team members assigned: Brian Anderson, Patrick Cambel, Matt Schoonmaker, Rebekah Bayram, and Angela Reed
Contact: Jeff Padgett
Title: Director of Risk and Benefits Management
Address: Central Office
105 W. Capitol Avenue
Jefferson City, MO 65102
Email: Jeffery.Padgett@modot.mo.gov
Tel: (573) 522-6197
Fax: (573) 751-5266

Client: Kentucky Retirement Systems
Size: 35,000
Period retained: 2011 to current
Team members assigned: Brian Anderson, Patrick Cambel, Matt Schoonmaker, and Angela Reed
Contact: Connie Pettyjohn R.N.
Title: Director of Retiree Health Care
Address: Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601-6124
Email: connie.pettyjohn@kyret.ky.gov



Tel: 502-696-8457
Fax: n/a

Milliman has also provided RDS auditing services, and Medicare Part D compliance audits, to a variety of non-governmental clients.

FEE PROPOSAL

The (non-contingent) Fee Proposal should contain all pricing information relative to performing the required auditing services as described in this RFP. Bidder will estimate overhead, out-of-pocket, and administrative expenses and include them in the total not-to-exceed Fee. All expenses will be charged against the total not-to-exceed fee and not reimbursed separately. Prices for all services and/or deliverables provided shall be final.

AA. Please provide your firm’s billing procedures.

Milliman bills on a project basis. Milliman will submit invoices after each phase is complete and presented to LACERA. The budgets presented above assume that Milliman is asked to complete all tasks within each phase. In addition, we recommend that LACERA revisit the scope after phase 1 is complete to reassess the progress and findings to make sure resources are spent appropriately.

BB. Please provide your total not-to-exceed maximum fee, for each project as described in Exhibit A - Statement of Work, using the format defined in Exhibit C – Fee Proposal.

		Cigna	Kaiser	Anthem Blue Cross			
				Prudent Buyer	Plan I	Plan II	Plan III
Phase 1	2014-2015 LACERA Process Review	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
	2014-2015 Audit/Review	\$26,205	\$19,615	\$14,355	\$14,355	\$14,355	\$14,355
	2014-2015 Resubmission	\$16,845	\$16,845	\$ 5,440	\$ 5,440	\$ 5,440	\$ 5,440
Phase 2	2015-2016 LACERA Process Review	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500
	2015-2016 Audit/Review	\$28,826	\$21,577	\$15,791	\$15,791	\$15,791	\$15,791



		Cigna	Kaiser	Anthem Blue Cross			
				Prudent Buyer	Plan I	Plan II	Plan III
	2015-2016 Resubmission	\$18,530	\$18,530	\$ 5,984	\$ 5,984	\$ 5,984	\$ 5,984
Phase 3	2016-2017 LACERA Process Review	\$ 6,050	\$ 6,050	\$ 6,050	\$ 6,050	\$ 6,050	\$ 6,050
	2016-2017 Audit/Review	\$31,708	\$23,734	\$17,370	\$17,370	\$17,370	\$17,370
	2016-2017 Resubmission	\$20,382	\$20,382	\$ 6,582	\$ 6,582	\$ 6,582	\$ 6,582

EXCEPTIONS

CC. Any exceptions to the specifications, terms, and conditions of the RFP shall be explicitly set forth in this section of the Proposal. If there are no exceptions, the Bidder shall explicitly state the Bidder takes no exception to the RFP’s specifications, terms and conditions

The only exception is to request the use of the existing contract. If this exception is not granted, Milliman reserves the right to propose edits to LACERA’s standard terms and conditions.

CONTRACT REVIEW

The general form of the contract is included with this Proposal in Exhibit E – Sample Contract. By submitting a Proposal without comment on the contract, Bidder is deemed to have agreed to each term in the contract, and will not seek any modifications to the contract. If Bidder objects to a term in the contract, or wishes to modify or add terms to the contract, Bidder’s Proposal must identify each objection, and propose language for each modification, and additional term sought, and includes the reasons therefore. LACERA reserves the right to make changes to the contract prior to execution.

Milliman proposes using the existing contract in place with LACERA, which is included in Appendix B of this proposal.

CONCLUSION

We look forward to continuing to support LACERA in this assignment. Please feel free to contact me if you have any questions about this proposal.

EXECUTIVE SUMMARY

TRICAST has provided Retiree Drug Subsidy Audits for nearly 20 years. We have worked with state, county and local entities. What sets TRICAST apart from other competitors is that we perform 100% claim data. Since sampling is not a reliable method to accurately determine PBM performance, Greg Rucinski began TRICAST in 1997. Greg developed proprietary software built with algorithms designed to help clients determine cost-saving opportunities or where their PBM may be falling short.

For Los Angeles County Employees Retirement Association ("LACERA"), TRICAST will complete the project in three phases including a plan design audit, eligibility review and provide guidance if reopenings are necessary. LACERA currently files RDS applications for the following health plans:

Medical Plans	Total Number of Plan Participants (As of July 1, 2014)	Pharmacy Benefit Manager
Cigna Network Model HMO	1,624	Cigna
Kaiser HMO (Basic, under 65)/Kaiser MA PD Plan	4,641	Kaiser
Anthem Blue Cross Plan I	1,538	CVS/Caremark
Anthem Blue Cross Plan II	749	CVS/Caremark
Anthem Blue Cross Plan III	21,006	CVS/Caremark
Anthem Blue Cross Prudent Buyer Plan	10,490	Anthem Blue Cross Pharmacy
TOTAL	40,048	

Our company motto is *"Let the Data Drive Your Decisions."* Our unique approach is to effectively control prescription drug costs and use our forward-thinking strategies to break down silos, driving efficient interaction across the pharmaceutical supply chain. The proposed TRICAST team averages 23 years of industry experience. Our team is prepared to act as LACERA's advocate when determining money owed through the RDS Audit Process.

ORGANIZATION

- A. Provide the number of years the firm has been providing the services requested in this RFP, both in general and specifically for public sector retiree groups.

TRICAST has been providing services requested in this RFP for 7 years. The first public sector retiree group TRICAST audited was in 2009.

- B. Please provide the size of the firm in terms of employees and clients.

There are 40 employees at TRICAST. Currently, we are working with approximately 70 clients ranging from audit services to pharmacy benefit program consulting.

- C. Provide the address, telephone number, facsimile number, and website of the firm's office.

The contact information for TRICAST is:

10400 W. Innovation Drive, Suite 310
Milwaukee, WI 53226
Ph: (414) 302-9733
Fax: (414) 302-9837

<http://www.tricast.com>

- D. In the last 10 years, has the firm ever been involved in a lawsuit involving any services or services similar to those required by this RFP? If so, provide details, including dates and outcomes.

TRICAST has not been involved in a lawsuit in the last 10 years.

- E. In the last five years, has the firm, related entities, principals and/or officers been a party in any material civil or criminal litigation, whether or not directly related to services requested by this RFP? If so, provide details, including dates and outcomes.

In the last five years, TRICAST, nor any related entities, principals or officers have been involved in a civil or criminal litigation.

- F. Describe any expected litigation in which your firm may become involved.

TRICAST does not expect any litigation in the foreseen future.

- G. What amount of insurance does the firm carry? State the insurance carriers' names, types of insurance, amounts of coverage, any deductibles and coinsurance amounts, if applicable.

A copy of TRICAST's insurance coverage and information is on the following page.

PROFESSIONAL STAFF

Bidder shall state the role(s) that each proposed person will perform on this project and identify key personnel for this project. Bidder shall relate the qualifications of each of the personnel being proposed to the role(s) they are to fulfill. The information provided shall be specific to the actual experience/qualifications of each proposed person.

- M. Provide list of staff members to be assigned to this project, office location, and expected hours per staff member dedicated to the project.

BASED ON \$74,000 FOR TRICAST

TRICAST Employee	Office Location	Hours Expected
Greg Rucinski	Milwaukee, WI	25
Roy Wilkinson	Los Angeles, CA	40
Bre Tirado	Milwaukee, WI	35
Stacy Ausprung	Milwaukee, WI	45
Regina Ackley	Milwaukee, WI	90
Tom Rieger	Milwaukee, WI	35

- N. Provide biographies of staff to be assigned to this project and indicate the specific roles of each staff member. Please include recent projects similar to this assignment, education, training, and professional certifications.

Greg Rucinski, RPh. – Executive Sponsor

Greg has dedicated the last 35 years to the pharmaceutical industry. He founded TRICAST in 1997 and leads all aspects of consulting services for the pharmacy benefits practice.

Prior to founding TRICAST Greg spent 10 years as President and CEO at SPS – a pharmacy benefit management company and specialty mail order provider focused on large self-funded groups. He also worked nine years at Serv-U, a Wisconsin-based pharmacy chain, where he held positions as Director of Marketing, Advertising and Professional Affairs and Managing Partner.

Greg has served as pharmacy consultant to a number of large health plans, has partnered with many reinsurers and served as guest speaker for industry events.

Project Role: Greg will be responsible for the overall project coordination and ensure project milestones are met.

Roy Wilkinson, RHU, REBC – Senior Consultant

Roy is the founder and serves as President and CEO of Wilkinson Benefit Consultants, Inc. (“WBC”) a Los Angeles-based consulting firm that focuses exclusively in pharmacy benefit consulting. WBC was founded in Baltimore, Maryland in 1991 and works with a diverse clientele of corporate, Taft-Hartley and public pharmacy benefit plan sponsors. WBC represents clients in negotiations with their Pharmacy Benefit Managers (“PBM”) and provides consulting and strategic planning regarding plan design, contract analysis, vendor performance, clinical guidance, specialty drugs, formulary analysis, vendor procurement, Medicare Part D and plan auditing.

Since 2006, we have worked with a number of state governments and other sponsors of retiree health benefit programs regarding Medicare Part D and the evaluation of PDPs and comparisons of retiree drug subsidy (“RDS”) and EGWPs.

Previously, Mr. Wilkinson served as Practice Leader of Health & Welfare for Milliman in New York City, a global actuarial and benefit consulting firm. He served as subject matter expert for pharmacy consulting projects and Medicare Part D. In this role he interacted closely with senior management of the Centers for Medicare and Medicaid Services (“CMS”). Additionally, Roy has served as Western Region Health Practice Leader for Segal Consulting, a national actuarial and benefits consulting firm. He was very active in shaping the pharmacy work for the region and headed consulting projects regarding retiree subsidies and EGWP analysis. Roy has also founded two healthcare services companies, including a disease management firm that was at the forefront of the population health management movement as well as developing an electronic prescribing system for physician practices. He is an author and frequent speaker on managed care topics with a particular emphasis on pharmacy benefits.

In addition to being a subject matter expert in Medicare Part D, Roy has lead recent reviews of RDS and EGWP programs for the State of Alaska, Directors' Guild of America-Producer Health Plan, Writers' Guild Industry Health Fund, and is currently working with Colorado Public Employees' Retirement Association on various prescription drug projects.

He is a graduate of the Pennsylvania State University, University Park, PA with a degree in Business Administration, Major in Insurance. He has also earned the professional designations of Registered Health Underwriter and Registered Employee Benefit Consultant from The American College, Bryn Mawr, PA.

Roy has been active in a number of organizations including the Northeast Business Group on Health, the Academy of Managed Care Pharmacy, the Pharmacy Benefit Management Institute, International Foundation of Employee Benefits and the American Society of Association Executives.

Additionally, Roy served as vice-chairman of Medbank of Maryland, a national Prescription Assistance Program (“PAP”) that provided free prescription drugs to needy patients.

Roy resides in Los Angeles.

Project Role: Roy will provide a local presence to this project, allowing for in-person communication. As needed, he will attend meetings with LACERA staff, trustees or other parties to present audit findings and discuss recommendations.

Bre Tirado, Pharm.D. – Director of Pharmacy

Bre Tirado provides clinical guidance and industry knowledge for the TRICAST suite of products and services. In addition, she brings nearly 17 years of experience to our team and a deep comprehension of CMS regulations and requirements.

Prior to joining TRICAST, she was the Director of Pharmacy for a Medicare Advantage – Part D (MA-PD) Special Needs Plan in Wisconsin. During her career she has worked in retail pharmacy, long-term care pharmacy, health plan, and pharmacy benefit management (PBM) settings.

Bre received her Doctor of Pharmacy degree, summa cum laude, from Drake University, College of Pharmacy and Health Sciences.

Project Role: As an expert in helping clients understand CMS regulations and compliance standards, Bre will lead the resubmission process if necessary. Bre will also assist with clinical review of information.

Stacy Ausprung – Director, Client Services

Stacy has nearly 15 years of experience in the healthcare industry. As Senior Business Analyst at TRICAST, Inc., she conducts data analysis, develops client reports and deliverables and communicates all project expectations to team members and key stakeholders. Stacy also analyzes and generates audit reports, troubleshoots and consults with clients on audit findings.

Prior to joining TRICAST Stacy held a number of positions at Medco Health Solutions including Marketing Coordinator, Business Support Analyst and Account Coordinator. Stacy excels at cross-divisional communications, project management and customer service.

Stacy received her Bachelor of Business Administration from the University of Wisconsin Madison.

Project Role: Stacy will be responsible for day-to-day management of the project timelines and tasks. She is accountable for completing the data and project deliverable analysis and will assist in providing feedback and observations.

Regina Ackley – Senior Business Analyst

Regina has more than 17 years of experience in the healthcare industry and pharmacy benefit management. With a strong focus on data analytics and account management, she mentors a team of business analysts and performs troubleshooting of data and reporting issues.

Prior to joining TRICAST Regina held various business analysts and account management roles at Serve You Custom Prescription Management and Systemed/Medco Health Solutions.

Regina earned her Bachelor of Science in Business Administration from Mount Mary University

Project Role: Regina will analyze data to determine actual claims results with expected results. Regina will be responsible for preparing reports and providing recommendations.

Tom Rieger – Pharmacy Database Architect

Tom joined TRICAST in 2006 as a technical expert in Database Administration. In his current role, he enhances and redesigns the company's enterprise data model, which integrates pharmacy and medical data. He is also responsible for overseeing the receipt and loading of much of the data flowing into and throughout TRICAST. From initial data receipt and quality control to forensic analysis and transformation and loading, Tom is key to the process. He has extensive experience in SQL server and data warehousing and uses standard industry databases in conjunction with observed claims experience to develop benchmarks and standards to be used throughout the organization.

Prior to joining TRICAST, Tom held a number of information technology positions at Blue Cross and Blue Shield of Wisconsin (Anthem). These roles included application programming, database administration and data architecture. At Anthem, he was the designer and implementer of the Wisconsin health claims data warehouse.

Tom majored in Mathematics and Computer Science at Marquette University where he graduated Cum Laude with a Bachelor of Science degree.

Project Role: Tom will be responsible for loading and mining pharmacy claim data. This data will be used to audit the PBM's performance.

- O. Include a description of a transition plan in case a key professional assigned to this project leaves the firm.

In case a member of the team leaves the firm, TRICAST has several staff members and consultants that can provide project knowledge and perform RDS audit and reporting for LACERA.

- P. Does your firm have existing relationships with LACERA's health plan carriers/vendors? Please describe.

TRICAST does not have existing relationships with LACERA's health plan carriers/vendors.

REFERENCES

- Z. Bidder shall provide a list of at least three current, or recent, government clients for whom the Bidder provides/provided Retiree Drug Subsidy Program audit services. For each client, Bidder shall specify the size of the client's participant group(s), the period retained, and the names of team members assigned to each of these clients, who are also proposed as team members for this engagement. For each client, Bidder shall include the name, title, address, e-mail address, telephone, and facsimile numbers of a responsible individual who may be contacted as a reference.

Number of Lives	80,000
Project Date	2012 - Present
Team Members	Greg Rucinski, Stacy Ausprung, Regina Ackley, Tom Rieger
Company Name:	EIT Benefit Funds; NECA & IBEW
Contact/Title:	Sean Madix, Fund Administrator
Location:	221 N. LaSalle Street, Suite 200 Chicago, IL 60601-1214
Phone Number:	(312) 785-5442 x214
Email:	smadix@fundoffice.org
Services Performed:	Audits (pricing, plan design, RDS), contract negotiations

Number of Lives	243,500
Project Date	2011 - 2012
Team Members	Greg Rucinski, Stacy Ausprung, Regina Ackley, Tom Rieger
Company Name:	State of Wisconsin
Contact/Title:	Jeff Bogardus, Managing Pharmacy Benefit Programs
Location:	P.O. Box 7931 Madison, WI 53707
Phone Number:	(608) 266-3099
Email:	Jeff.bogardus@eft.state.wi.us
Services Performed:	Audits (pricing, plan design, rebates, pharmacy network, RDS, EGWP)

Number of Lives	330,000
Project Date	2015 - Present
Team Members	Greg Rucinski, Stacy Ausprung, Regina Ackley, Tom Rieger
Company Name:	Metropolitan Nashville Public Schools
Contact/Title:	David Hines, Director of Benefits
Location:	2601 Bransford Ave., Nashville, TN 37204
Phone Number:	615-259-8415
Email:	David.hines@mnps.org
Services Performed:	Audits (pricing, plan design, RDS)

FEE PROPOSAL

The (non-contingent) Fee Proposal should contain all pricing information relative to performing the required auditing services as described in this RFP. Bidder will estimate overhead, out-of-pocket, and administrative expenses and include them in the total not-to-exceed Fee. All expenses will be charged against the total not-to-exceed fee and not reimbursed separately. Prices for all services and/or deliverables provided shall be final.

AA. Please provide your firm's billing procedures.

TRICAST typically bills ½ the fee at the beginning of the project and the other ½ at the time of final report delivery. However, due to differences in project scope and contract length, TRICAST would negotiate with LACERA to come to billing terms that satisfy both parties.

BB. Please provide your total not-to-exceed maximum fee, for each project as described in Exhibit A – Statement of Work, using the format defined in Exhibit D – Fee Proposal. Exhibit D of the RFP will become Exhibit C of the final Agreement for Audit Services.

		Cigna	Kaiser	Anthem Blue Cross			
				Prudent Buyer	Plan I	Plan II	Plan III
Phase 1	2014-2015 LACERA Process Review	\$6,166.66	\$6,166.66	\$6,166.67	\$6,166.67	\$6,166.67	\$6,166.67
	2014-2015 Audit/Review	\$6,166.67	\$6,166.67	\$6,166.67	\$6,166.67	\$6,166.66	\$6,166.66
	2014-2015 Resubmission	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
Phase 2	2015-2016 LACERA Process Review	\$6,166.66	\$6,166.66	\$6,166.67	\$6,166.67	\$6,166.67	\$6,166.67
	2015-2016 Audit/Review	\$6,166.67	\$6,166.67	\$6,166.67	\$6,166.67	\$6,166.66	\$6,166.66
	2015-2016 Resubmission	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
Phase 3	2016-2017 LACERA Process Review	\$6,166.66	\$6,166.66	\$6,166.67	\$6,166.67	\$6,166.67	\$6,166.67
	2016-2017 Audit/Review.	\$6,166.67	\$6,166.67	\$6,166.67	\$6,166.67	\$6,166.66	\$6,166.66
	2016-2017 Resubmission	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00

**INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE
 RETIREE HEALTHCARE BENEFITS PROGRAM
 STAFF ACTIVITIES REPORT
 JULY 2016
 FOR INFORMATION ONLY**

**Centers for Medicare and Medicaid Services (CMS) Medicare Part D
 Retiree Drug Subsidy (RDS) Applications Plan Year 7/1/2014 –
 6/30/2015 – Reconciliation**

On July 12, 2016, staff and carriers completed the Reconciliation steps and submitted the subsidy payment request to CMS/RDS for Cigna and Local 1014, before the due date of September 30, 2016. On July 27, 2016, CMS approved LACERA's payment request for Cigna and Local 1014 and received the payments on July 29, 2016, as confirmed by Facilities, Accounting, and Services (FASD) Division.

Staff and carriers are currently completing the Reconciliation process for Anthem Blue Cross and Kaiser. It is staff's intent to complete this by the September 30, 2016 deadline. We will continue to keep you apprised on the status.

Plan	Approved Subsidy Amount (PY 2014-2015)	Subsidy Amount Received
Anthem Blue Cross	In Process	In Process
Cigna HMO	\$22,754.94	\$22,754.94
Kaiser	Pending	Pending
LACFF Local 1014	In Process	In Process

**Kaiser Georgia Out-of-State Plan – Temporary Waiver of 6-months
Waiting Period**

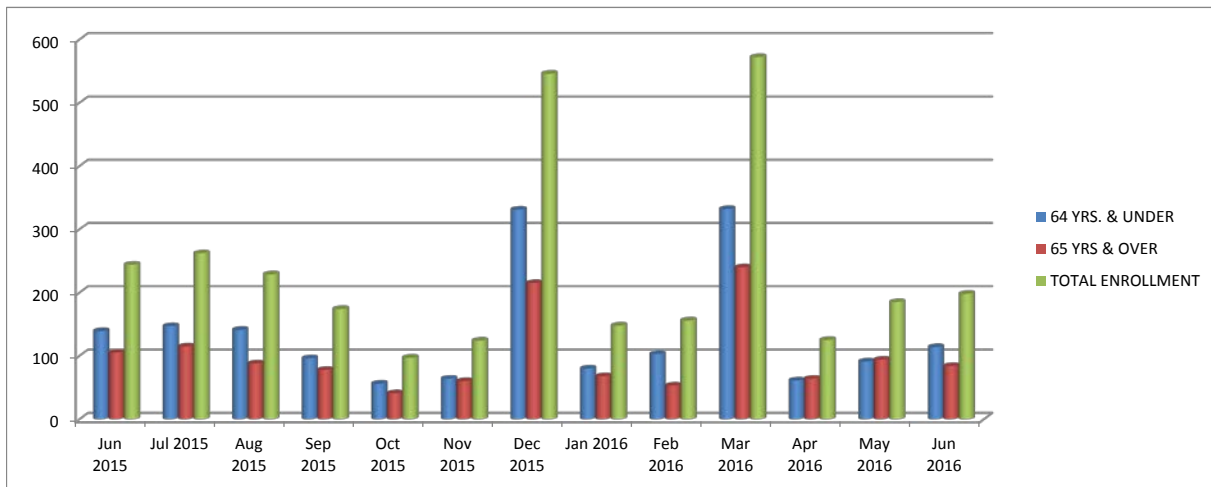
At the Board of Retirement held last month (July 2016), the Board approved staff's recommendation to waive the temporary 6-months waiting period to allow affected members with 25 or more years of service, enrolled in Kaiser Georgia plan to switch to another medical plan due to the 2016-2017 premium rate increase going above the benchmark rate.

Staff identified 24 members that were affected. Subsequently, staff sent letters to these members in July, informing them of this temporary waiver of the six months wait period. The temporary waiting period waiver will apply for forms received up to September 15, 2016 and medical change forms received on/after September 16, 2016 will be subject to the standard 6-month waiting period.

Retirees Monthly Age Breakdown JUNE 1, 2015 - JUNE 30, 2016

Service Retirement

MONTH	64 YRS. & UNDER	65 YRS & OVER	TOTAL ENROLLMENT
Jun 2015	139	105	244
Jul 2015	147	115	262
Aug 2015	141	88	229
Sep 2015	96	78	174
Oct 2015	56	41	97
Nov 2015	64	60	124
Dec 2015	331	215	546
Jan 2016	80	68	148
Feb 2016	103	53	156
Mar 2016	332	240	572
Apr 2016	61	64	125
May 2016	91	94	185
Jun 2016	114	84	198



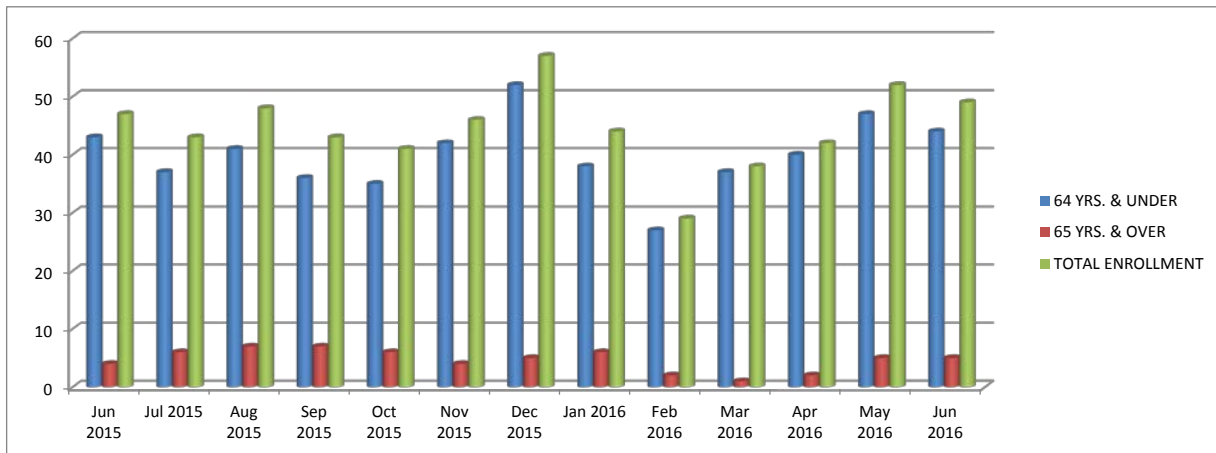
PLEASE NOTE:

- The RHC Work Items Summary is currently under review as to its accuracy.
- July's (7/2016) data is not yet available as data is provided on a **full month basis**.
- Next Report will include the following dates: July 1, 2015 through 31, 2016.

Retirees Monthly Age Breakdown JUNE 1, 2015 - JUNE 30, 2016

Disability Retirement

MONTH	64 YRS. & UNDER	65 YRS. & OVER	TOTAL ENROLLMENT
Jun 2015	43	4	47
Jul 2015	37	6	43
Aug 2015	41	7	48
Sep 2015	36	7	43
Oct 2015	35	6	41
Nov 2015	42	4	46
Dec 2015	52	5	57
Jan 2016	38	6	44
Feb 2016	27	2	29
Mar 2016	37	1	38
Apr 2016	40	2	42
May 2016	47	5	52
Jun 2016	44	5	49



PLEASE NOTE:

- The RHC Work Items Summary is currently under review as to its accuracy.
- July's (7/2016) data is not yet available as data is provided on a full month basis.
- Next Report will include the following dates: July 1, 2015 through 31, 2016.

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 7/31/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
ANTHEM BC III				
211	1	(\$209.80)	0	\$0.00
221	1	(\$104.90)	0	\$0.00
240	6,246	\$667,869.00	11	\$311.50
241	186	\$19,148.90	1	\$62.90
242	831	\$89,821.70	1	\$121.80
243	3,558	\$756,737.40	6	\$427.20
244	16	\$1,729.10	0	\$0.00
245	48	\$5,238.00	0	\$0.00
246	18	\$1,922.00	0	\$0.00
247	84	\$9,061.60	0	\$0.00
248	10	\$2,114.90	1	\$31.50
249	41	\$8,134.40	0	\$0.00
250	13	\$2,778.10	0	\$0.00
Plan Total:	11,053	\$1,564,240.40	20	\$954.90
CIGNA-HEALTHSPRING PREFERRED with RX				
321	22	\$2,341.60	0	\$0.00
322	7	\$734.30	0	\$0.00
324	16	\$3,373.70	0	\$0.00
327	2	\$209.80	0	\$0.00
329	2	\$436.50	0	\$0.00
Plan Total:	49	\$7,095.90	0	\$0.00
KAISER SR. ADVANTAGE				
403	9,617	\$1,029,293.00	7	\$204.10
411	1	(\$209.80)	0	\$0.00
413	1,697	\$184,882.30	0	\$0.00
418	4,795	\$1,021,158.10	4	\$213.40
419	247	\$25,902.80	0	\$0.00
426	197	\$21,121.60	0	\$0.00
427	161	\$17,074.80	0	\$0.00
445	2	\$209.80	0	\$0.00
451	28	\$2,971.00	0	\$0.00
457	11	\$2,324.70	0	\$0.00
462	53	\$5,593.50	0	\$0.00
465	13	\$1,380.60	0	\$0.00
466	25	\$5,295.70	0	\$0.00
472	32	\$3,373.70	0	\$0.00
476	5	\$575.20	0	\$0.00
478	12	\$2,517.60	0	\$0.00
482	74	\$7,897.80	1	\$12.20
486	11	\$1,187.70	0	\$0.00
488	41	\$8,804.60	0	\$0.00
492	1	\$104.90	0	\$0.00
493	1	\$104.90	0	\$0.00
Plan Total:	17,024	\$2,341,564.50	12	\$429.70

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 7/31/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
SCAN				
611	258	\$27,226.20	0	\$0.00
613	96	\$20,221.80	0	\$0.00
Plan Total:	354	\$47,448.00	0	\$0.00
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
701	1,492	\$159,488.10	1	\$36.50
702	320	\$34,686.30	0	\$0.00
703	819	\$176,772.00	1	\$10.50
704	67	\$7,505.00	0	\$0.00
705	23	\$4,348.10	0	\$0.00
Plan Total:	2,721	\$382,799.50	2	\$47.00
Grand Total:	31,201	\$4,343,148.30	34	\$1,431.60

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 7/31/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
ANTHEM BC III				
211	1	(\$209.80)	0	\$0.00
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243	3,558	\$756,737.40	6	\$427.20
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245	48	\$5,238.00	0	\$0.00
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247	84	\$9,061.60	0	\$0.00
248	10	\$2,114.90	1	\$31.50
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250	13	\$2,778.10	0	\$0.00
Plan Total:	11,053	\$1,564,240.40	20	\$954.90
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427	161	\$17,074.80	0	\$0.00
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462	53	\$5,593.50	0	\$0.00
465	13	\$1,380.60	0	\$0.00
466	25	\$5,295.70	0	\$0.00
472	32	\$3,373.70	0	\$0.00
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482	74	\$7,897.80	1	\$12.20
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488	41	\$8,804.60	0	\$0.00
492	1	\$104.90	0	\$0.00
493	1	\$104.90	0	\$0.00
Plan Total:	17,024	\$2,341,564.50	12	\$429.70

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 7/31/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
SCAN				
611	258	\$27,226.20	0	\$0.00
613	96	\$20,221.80	0	\$0.00
Plan Total:	354	\$47,448.00	0	\$0.00
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
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704	67	\$7,505.00	0	\$0.00
705	23	\$4,348.10	0	\$0.00
Plan Total:	2,721	\$382,799.50	2	\$47.00
LOCAL 1014				
804	167	\$20,937.50	0	\$0.00
805	181	\$22,351.70	0	\$0.00
806	554	\$124,914.80	0	\$0.00
807	34	\$4,444.00	0	\$0.00
808	10	\$2,165.60	0	\$0.00
812	208	\$22,999.30	0	\$0.00
Plan Total:	1,154	\$197,812.90	0	\$0.00
Grand Total:	32,355	\$4,540,961.20	34	\$1,431.60

Medical and Dental Vision Insurance Premiums August 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Medical Plan							
Anthem Blue Cross Prudent Buyer Plan							
201	750	\$632,895.00	\$105,430.88	\$527,458.12	\$632,889.00	(\$1,684.12)	\$631,204.88
202	414	\$688,410.30	\$77,068.74	\$608,023.92	\$685,092.66	(\$1,658.82)	\$683,433.84
203	112	\$209,649.44	\$47,246.46	\$158,662.24	\$205,908.70	\$5,609.61	\$211,518.31
204	36	\$40,113.55	\$14,310.69	\$23,634.56	\$37,945.25	\$0.00	\$37,945.25
SUBTOTAL	1,312	\$1,571,068.29	\$244,056.77	\$1,317,778.84	\$1,561,835.61	\$2,266.67	\$1,564,102.28
Anthem Blue Cross I							
211	955	\$1,018,895.24	\$69,769.99	\$968,710.70	\$1,038,480.69	(\$6,295.52)	\$1,032,185.17
212	348	\$677,707.05	\$38,704.08	\$589,330.46	\$628,034.54	(\$2,578.32)	\$625,456.22
213	49	\$113,213.00	\$15,940.36	\$108,572.94	\$124,513.30	\$0.00	\$124,513.30
214	17	\$23,961.16	\$4,623.09	\$19,338.07	\$23,961.16	\$0.00	\$23,961.16
215	6	\$2,127.06	\$233.97	\$1,893.09	\$2,127.06	(\$351.51)	\$1,775.55
SUBTOTAL	1,375	\$1,835,903.51	\$129,271.49	\$1,687,845.26	\$1,817,116.75	(\$9,225.35)	\$1,807,891.40
Anthem Blue Cross II							
221	2,103	\$2,242,422.16	\$137,530.15	\$2,104,889.01	\$2,242,419.16	(\$5,328.95)	\$2,237,090.21
222	1,931	\$3,716,829.60	\$102,327.90	\$3,574,187.85	\$3,676,515.75	(\$1,919.85)	\$3,674,595.90
223	553	\$1,254,400.04	\$48,092.75	\$1,197,244.25	\$1,245,337.00	\$4,522.52	\$1,249,859.52
224	114	\$160,680.72	\$14,771.35	\$145,909.37	\$160,680.72	\$4,219.44	\$164,900.16
225	2	\$709.02	\$177.25	\$531.77	\$709.02	\$0.00	\$709.02
SUBTOTAL	4,703	\$7,375,041.54	\$302,899.40	\$7,022,762.25	\$7,325,661.65	\$1,493.16	\$7,327,154.81

Medical and Dental Vision Insurance Premiums August 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Anthem Blue Cross III							
240	6,268	\$2,706,759.00	\$435,438.39	\$2,277,760.11	\$2,713,198.50	(\$6,469.50)	\$2,706,729.00
241	184	\$255,856.02	\$33,096.10	\$204,910.52	\$238,006.62	\$0.00	\$238,006.62
242	836	\$1,158,229.94	\$67,775.00	\$1,074,378.80	\$1,142,153.80	\$2,742.14	\$1,144,895.94
243	3,566	\$3,065,989.78	\$360,566.89	\$2,674,618.93	\$3,035,185.82	(\$3,425.30)	\$3,031,760.52
244	16	\$12,341.28	\$2,560.81	\$9,780.47	\$12,341.28	\$0.00	\$12,341.28
245	47	\$37,023.84	\$4,890.22	\$32,133.62	\$37,023.84	\$0.00	\$37,023.84
246	18	\$32,586.90	\$3,190.08	\$34,530.12	\$37,720.20	\$0.00	\$37,720.20
247	85	\$147,498.60	\$8,472.60	\$135,595.80	\$144,068.40	\$0.00	\$144,068.40
248	10	\$11,965.90	\$1,914.54	\$10,051.36	\$11,965.90	\$0.00	\$11,965.90
249	40	\$49,060.19	\$3,151.61	\$42,160.43	\$45,312.04	\$0.00	\$45,312.04
250	13	\$17,430.01	\$750.83	\$16,679.18	\$17,430.01	\$0.00	\$17,430.01
SUBTOTAL	11,083	\$7,494,741.46	\$921,807.07	\$6,512,599.34	\$7,434,406.41	(\$7,152.66)	\$7,427,253.75
CIGNA Network Model Plan							
301	374	\$498,366.22	\$118,755.70	\$380,889.11	\$499,644.81	\$0.00	\$499,644.81
302	175	\$423,153.28	\$93,721.75	\$325,107.40	\$418,829.15	(\$484.43)	\$418,344.72
303	25	\$70,950.00	\$17,996.24	\$47,277.76	\$65,274.00	\$0.00	\$65,274.00
304	24	\$44,191.00	\$16,074.39	\$24,581.33	\$40,655.72	\$0.00	\$40,655.72
SUBTOTAL	598	\$1,036,660.50	\$246,548.08	\$777,855.60	\$1,024,403.68	(\$484.43)	\$1,023,919.25

Medical and Dental Vision Insurance Premiums August 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
CIGNA Healthspring Pref w/ Rx - Phoenix, AZ							
321	22	\$7,578.78	\$1,371.07	\$6,207.71	\$7,578.78	\$0.00	\$7,578.78
322	8	\$11,324.24	\$452.96	\$9,455.75	\$9,908.71	\$0.00	\$9,908.71
324	16	\$10,895.68	\$1,348.34	\$9,547.34	\$10,895.68	\$0.00	\$10,895.68
327	2	\$3,697.48	\$369.75	\$3,327.73	\$3,697.48	\$0.00	\$3,697.48
329	2	\$2,362.48	\$0.00	\$2,362.48	\$2,362.48	\$0.00	\$2,362.48
SUBTOTAL	50	\$35,858.66	\$3,542.12	\$30,901.01	\$34,443.13	\$0.00	\$34,443.13

Medical and Dental Vision Insurance Premiums August 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser/Senior Advantage							
401	1,683	\$1,549,403.05	\$140,303.26	\$1,379,187.64	\$1,519,490.90	\$6,082.30	\$1,525,573.20
403	9,696	\$2,354,433.00	\$257,166.33	\$2,107,076.07	\$2,364,242.40	(\$3,147.80)	\$2,361,094.60
404	496	\$491,397.12	\$17,375.80	\$497,586.44	\$514,962.24	\$1,956.45	\$516,918.69
405	887	\$845,740.08	\$22,528.20	\$833,128.05	\$855,656.25	\$0.00	\$855,656.25
406	44	\$81,336.00	\$27,407.86	\$40,920.54	\$68,328.40	\$0.00	\$68,328.40
411	1,827	\$3,333,992.40	\$175,008.76	\$3,130,371.51	\$3,305,380.27	(\$1,732.80)	\$3,303,647.47
413	1,701	\$1,967,479.80	\$90,884.53	\$1,848,432.42	\$1,939,316.95	\$1,689.75	\$1,941,006.70
414	139	\$274,727.15	\$4,926.14	\$219,292.44	\$224,218.58	\$0.00	\$224,218.58
418	4,792	\$2,291,037.20	\$186,886.26	\$2,097,878.14	\$2,284,764.40	(\$1,192.00)	\$2,283,572.40
419	247	\$308,780.64	\$6,763.76	\$303,192.28	\$309,956.04	\$0.00	\$309,956.04
420	123	\$246,680.00	\$947.26	\$284,740.38	\$285,687.64	\$0.00	\$285,687.64
421	9	\$8,207.55	\$1,203.79	\$7,003.76	\$8,207.55	\$0.00	\$8,207.55
422	205	\$382,410.16	\$1,633.58	\$377,063.86	\$378,697.44	\$0.00	\$378,697.44
423	21	\$54,567.45	\$9,282.25	\$45,285.20	\$54,567.45	\$0.00	\$54,567.45
426	196	\$233,840.97	\$3,299.86	\$229,926.13	\$233,225.99	\$0.00	\$233,225.99
427	163	\$327,947.00	\$3,626.69	\$304,154.95	\$307,781.64	(\$3,858.20)	\$303,923.44
428	45	\$90,951.11	\$1,083.68	\$85,997.17	\$87,080.85	\$0.00	\$87,080.85
429	11	\$32,126.64	\$2,513.75	\$11,336.30	\$13,850.05	\$0.00	\$13,850.05
430	128	\$244,689.78	\$3,300.46	\$218,067.38	\$221,367.84	\$0.00	\$221,367.84
431	12	\$36,944.74	\$4,338.92	\$22,192.75	\$26,531.67	\$0.00	\$26,531.67
432	8	\$27,048.00	\$8,933.92	\$18,114.08	\$27,048.00	\$0.00	\$27,048.00
SUBTOTAL	22,433	\$15,183,739.84	\$969,415.06	\$14,060,947.49	\$15,030,362.55	(\$202.30)	\$15,030,160.25

Medical and Dental Vision Insurance Premiums August 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Colorado							
450	4	\$4,250.44	\$552.55	\$3,697.89	\$4,250.44	\$0.00	\$4,250.44
451	28	\$9,608.48	\$1,070.68	\$8,537.80	\$9,608.48	\$0.00	\$9,608.48
453	4	\$9,397.32	\$1,288.44	\$5,759.55	\$7,047.99	\$0.00	\$7,047.99
454	1	\$3,171.92	\$907.66	\$2,264.26	\$3,171.92	\$0.00	\$3,171.92
457	11	\$7,461.52	\$1,302.37	\$6,159.15	\$7,461.52	\$0.00	\$7,461.52
SUBTOTAL	48	\$33,889.68	\$5,121.70	\$26,418.65	\$31,540.35	\$0.00	\$31,540.35
Kaiser - Georgia							
440	1	\$1,164.41	\$98.62	\$1,065.79	\$1,164.41	\$0.00	\$1,164.41
441	2	\$2,328.82	\$197.24	\$2,131.58	\$2,328.82	\$0.00	\$2,328.82
442	4	\$4,657.64	\$394.48	\$4,263.16	\$4,657.64	\$0.00	\$4,657.64
445	2	\$3,129.34	\$0.00	\$3,129.34	\$3,129.34	\$0.00	\$3,129.34
461	18	\$20,959.38	\$4,426.27	\$15,368.70	\$19,794.97	\$0.00	\$19,794.97
462	54	\$22,046.04	\$3,486.53	\$18,559.51	\$22,046.04	\$0.00	\$22,046.04
463	4	\$13,924.98	\$1,761.88	\$2,879.78	\$4,641.66	\$0.00	\$4,641.66
465	13	\$20,340.71	\$2,503.47	\$17,837.24	\$20,340.71	\$0.00	\$20,340.71
466	25	\$20,213.00	\$905.54	\$19,307.46	\$20,213.00	\$0.00	\$20,213.00
SUBTOTAL	123	\$108,764.32	\$13,774.03	\$84,542.56	\$98,316.59	\$0.00	\$98,316.59

Medical and Dental Vision Insurance Premiums

August 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Hawaii							
471	6	\$6,019.20	\$1,123.58	\$4,895.62	\$6,019.20	\$0.00	\$6,019.20
472	32	\$12,103.04	\$2,012.12	\$10,090.92	\$12,103.04	\$0.00	\$12,103.04
473	2	\$2,992.72	\$989.03	\$2,003.69	\$2,992.72	\$0.00	\$2,992.72
474	3	\$5,995.20	\$1,157.18	\$4,838.02	\$5,995.20	\$0.00	\$5,995.20
476	5	\$6,867.10	\$2,582.03	\$4,285.07	\$6,867.10	\$0.00	\$6,867.10
478	12	\$8,981.28	\$568.81	\$8,412.47	\$8,981.28	\$0.00	\$8,981.28
SUBTOTAL	60	\$42,958.54	\$8,432.75	\$34,525.79	\$42,958.54	\$0.00	\$42,958.54
Kaiser - Oregon							
481	7	\$7,625.17	\$1,486.21	\$6,138.96	\$7,625.17	\$0.00	\$7,625.17
482	74	\$33,700.34	\$4,636.08	\$29,064.26	\$33,700.34	\$0.00	\$33,700.34
484	4	\$8,682.48	\$905.90	\$5,605.96	\$6,511.86	\$0.00	\$6,511.86
486	11	\$16,903.92	\$1,106.44	\$15,797.48	\$16,903.92	\$0.00	\$16,903.92
488	41	\$37,015.62	\$5,453.05	\$31,562.57	\$37,015.62	\$0.00	\$37,015.62
489	1	\$991.06	\$0.00	\$991.06	\$991.06	\$0.00	\$991.06
492	1	\$1,603.48	\$320.70	\$1,282.78	\$1,603.48	\$0.00	\$1,603.48
493	1	\$2,618.03	\$353.77	\$2,264.26	\$2,618.03	\$0.00	\$2,618.03
495	2	\$4,608.28	\$768.58	\$3,839.70	\$4,608.28	\$0.00	\$4,608.28
SUBTOTAL	142	\$113,748.38	\$15,030.73	\$96,547.03	\$111,577.76	\$0.00	\$111,577.76
SCAN Health Plan							
611	259	\$79,820.00	\$16,350.82	\$63,162.18	\$79,513.00	(\$0.60)	\$79,512.40
613	96	\$58,176.00	\$11,559.64	\$46,616.36	\$58,176.00	\$0.00	\$58,176.00
SUBTOTAL	355	\$137,996.00	\$27,910.46	\$109,778.54	\$137,689.00	(\$0.60)	\$137,688.40

Medical and Dental Vision Insurance Premiums August 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
UHC Medicare Adv.							
701	1,495	\$498,870.00	\$64,016.67	\$434,886.34	\$498,903.01	(\$314.12)	\$498,588.89
702	319	\$431,412.48	\$27,056.45	\$392,372.35	\$419,428.80	\$0.00	\$419,428.80
703	818	\$538,871.20	\$57,317.45	\$485,179.59	\$542,497.04	(\$657.16)	\$541,839.88
704	69	\$103,749.78	\$4,360.46	\$97,885.70	\$102,246.16	\$0.00	\$102,246.16
705	22	\$19,072.98	\$148.73	\$16,481.03	\$16,629.76	\$0.00	\$16,629.76
SUBTOTAL	2,723	\$1,591,976.44	\$152,899.76	\$1,426,805.01	\$1,579,704.77	(\$971.28)	\$1,578,733.49
United Healthcare							
707	409	\$415,866.22	\$47,729.03	\$359,204.11	\$406,933.14	\$2,891.44	\$409,824.58
708	359	\$666,918.12	\$26,493.10	\$630,542.88	\$657,035.98	\$5,279.74	\$662,315.72
709	232	\$507,471.67	\$36,633.77	\$462,400.00	\$499,033.77	\$0.00	\$499,033.77
SUBTOTAL	1,000	\$1,590,256.01	\$110,855.90	\$1,452,146.99	\$1,563,002.89	\$8,171.18	\$1,571,174.07

Medical and Dental Vision Insurance Premiums August 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Local 1014 Firefighters							
801	44	\$45,496.00	\$1,675.08	\$58,702.18	\$60,377.26	\$0.00	\$60,377.26
802	261	\$486,603.18	\$13,162.54	\$473,440.64	\$486,603.18	\$0.00	\$486,603.18
803	226	\$497,019.20	\$15,174.48	\$479,310.70	\$494,485.18	\$0.00	\$494,485.18
804	167	\$172,678.00	\$10,464.08	\$161,068.58	\$171,532.66	(\$20,937.50)	\$150,595.16
805	182	\$339,317.16	\$9,806.65	\$326,815.75	\$336,622.40	(\$22,351.70)	\$314,270.70
806	555	\$1,034,730.90	\$36,504.61	\$995,531.53	\$1,032,036.14	(\$126,779.18)	\$905,256.96
807	34	\$74,772.80	\$703.74	\$74,069.06	\$74,772.80	(\$4,444.00)	\$70,328.80
808	10	\$21,992.00	\$175.94	\$21,816.06	\$21,992.00	(\$2,165.60)	\$19,826.40
809	22	\$22,748.00	\$2,647.04	\$20,100.96	\$22,748.00	\$0.00	\$22,748.00
810	4	\$7,457.52	\$1,528.79	\$5,928.73	\$7,457.52	\$0.00	\$7,457.52
811	5	\$10,996.00	\$0.00	\$10,996.00	\$10,996.00	\$0.00	\$10,996.00
812	208	\$215,072.00	\$19,997.56	\$196,108.44	\$216,106.00	(\$21,965.30)	\$194,140.70
SUBTOTAL	1,718	\$2,928,882.76	\$111,840.51	\$2,823,888.63	\$2,935,729.14	(\$198,643.28)	\$2,737,085.86
Medical Plan Total	47,723	\$41,081,485.93	\$3,263,405.83	\$37,465,342.99	\$40,728,748.82	(\$204,748.89)	\$40,523,999.93

Medical and Dental Vision Insurance Premiums August 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
<u>Dental/Vision Plan</u>							
CIGNA Indemnity Dental/Vision							
501	22,548	\$1,152,930.37	\$138,272.51	\$1,023,132.66	\$1,161,405.17	\$299.82	\$1,161,704.99
502	20,792	\$2,211,916.80	\$178,539.03	\$2,026,231.15	\$2,204,770.18	(\$231.74)	\$2,204,538.44
503	13	\$816.92	\$147.05	\$669.87	\$816.92	\$0.00	\$816.92
SUBTOTAL	43,353	\$3,365,664.09	\$316,958.59	\$3,050,033.68	\$3,366,992.27	\$68.08	\$3,367,060.35
CIGNA Dental HMO/Vision							
901	3,153	\$145,620.18	\$19,651.27	\$126,887.26	\$146,538.53	(\$92.34)	\$146,446.19
902	2,240	\$210,936.00	\$19,985.84	\$190,489.44	\$210,475.28	\$89.33	\$210,564.61
903	5	\$233.75	\$29.92	\$203.83	\$233.75	(\$42.80)	\$190.95
SUBTOTAL	5,398	\$356,789.93	\$39,667.03	\$317,580.53	\$357,247.56	(\$45.81)	\$357,201.75
Dental/Vision Plan Total	48,751	\$3,722,454.02	\$356,625.62	\$3,367,614.21	\$3,724,239.83	\$22.27	\$3,724,262.10
GRAND TOTALS	96,474	\$44,803,939.95	\$3,620,031.45	\$40,832,957.20	\$44,452,988.65	(\$204,726.62)	\$44,248,262.03

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
<u>Anthem Blue Cross Prudent Buyer Plan</u>		
\$630.26	201	Retiree Only
\$1,239.88	202	Retiree and Spouse/Domestic Partner
\$1,399.26	203	Retiree, Spouse/Domestic Partner and Children
\$810.01	204	Retiree and Children
\$172.06	205	Survivor Children Only Rates
<u>Anthem Blue Cross Plan I</u>		
\$904.25	211	Retiree Only
\$1,630.31	212	Retiree and Spouse/Domestic Partner
\$1,923.10	213	Retiree, Spouse/Domestic Partner and Children
\$1,196.44	214	Retiree and Children
\$299.58	215	Survivor Children Only Rates
<u>Anthem Blue Cross Plan II</u>		
\$904.25	221	Retiree Only
\$1,630.31	222	Retiree and Spouse/Domestic Partner
\$1,923.10	223	Retiree, Spouse/Domestic Partner and Children
\$1,196.44	224	Retiree and Children
\$299.58	225	Survivor Children Only Rates
<u>Anthem Blue Cross Plan III</u>		
\$365.20	240	Retiree Only with Medicare
\$1,167.61	241	Retiree and Spouse/Domestic Partner - One with Medicare (Non-Medicare has Anthem Blue Cross I)
\$1,167.61	242	Retiree and Spouse/Domestic Partner - One with Medicare (Non-Medicare has Anthem Blue Cross II)
\$726.87	243	Retiree and Spouse/Domestic Partner - Both with Medicare
\$653.93	244	Retiree and Children (Retiree has Medicare; Children have Anthem Blue Cross I)
\$653.93	245	Retiree and Children (Retiree has Medicare; Children have Anthem Blue Cross II)
\$1,456.25	246	Retiree, Spouse/Domestic Partner and Children - One with Medicare (Non-Medicare has Anthem Blue Cross I)
\$1,456.25	247	Retiree, Spouse/Domestic Partner and Children - One with Medicare (Non-Medicare has Anthem Blue Cross II)
\$1,015.45	248	Retiree, Spouse/Domestic Partner and Children - Two with Medicare (Children have Anthem Blue Cross I)
\$1,015.45	249	Retiree, Spouse/Domestic Partner and Children - Two with Medicare (Children have Anthem Blue Cross II)
\$1,138.02	250	Member, Spouse/Domestic Partner, Child (3 with Medicare)

*Benchmark premiums are bolded.

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
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CIGNA Network Model Plan

\$1,143.49	301	Retiree Only
\$2,064.71	302	Retiree and Spouse/Domestic Partner
\$2,438.35	303	Retiree, Spouse/Domestic Partner and Children
\$1,517.57	304	Retiree and Children
\$378.87	305	Survivor Children Only Rates

CIGNA Medicare Select Plus Rx (Available in the Phoenix, AZ area only)

\$328.00	321	Retiree Only with Medicare
\$1,249.22	322	Retiree and Spouse/Domestic Partner/Domestic Partner - One with Medicare
\$651.00	324	Retiree and Spouse/Domestic Partner -Both with Medicare
\$702.09	325	Retiree and Children
\$1,622.87	327	Retiree, Spouse/Domestic Partner and Children - One with Medicare
\$1,025.09	329	Retiree, Spouse/Domestic Partner and Children - Two with Medicare

Kaiser

\$774.10	401	Retiree Only ("Basic")
N/A	402	Retiree Only ("Supplement")
\$235.64	403	Retiree Only ("Senior Advantage")
\$894.95	404	Retiree Only ("Excess I")
\$795.39	405	Retiree Only - ("Excess II")
\$1,408.39	406	Retiree Only ("Excess III")
\$1,543.20	411	Retiree and Family (All family members are "Basic")
N/A	412	Retiree and Family (One family member is "Supplement"; others are "Basic")
\$1,004.74	413	Retiree and Family (One family member is "Senior Advantage"; others are "Basic")
\$1,664.05	414	Retiree and Family (One family member is "Excess I"; others are "Basic")
N/A	415	Retiree and Family (Two or more family members are "Supplement")
N/A	416	Retiree and Family (One family member is "Senior Advantage"; others are "Supplement")
N/A	417	Retiree and Family (One family member is "Excess I"; others are "Supplement")
\$466.28	418	Retiree and Family (Two or more family members are "Senior Advantage")
\$1,125.59	419	Retiree and Family (One family member is "Excess I"; others are "Senior Advantage")
\$1,784.90	420	Retiree and Family (Two or more family members are "Excess I")
N/A	421	Survivor Children Only Rates
\$1,564.49	422	Retiree and Family (One family member is "Excess II"; others are "Basic")
\$2,177.49	423	Retiree and Family (One family member is "Excess III"; others are "Basic")

*Benchmark premiums are bolded.

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
<u>Kaiser (continued)</u>		
N/A	424	Retiree and Family (One family member is "Supplement"; others are "Excess II")
N/A	425	Retiree and Family (One family member is "Supplement"; others are "Excess III")
\$1,026.03	426	Retiree and Family (One family member is "Senior Advantage"; others are "Excess II")
\$1,639.03	427	Retiree and Family (One family member is "Senior Advantage"; others are "Excess III")
\$1,685.34	428	Retiree and Family (One family member is "Excess I"; others are "Excess II")
\$2,298.34	429	Retiree and Family One family member is "Excess I"; others are "Excess III")
\$1,585.78	430	Retiree and Family (Two or more family members are "Excess II")
\$2,198.78	431	Retiree and Family (One family member is "Excess II"; others are "Excess III")
\$2,811.78	432	Retiree and Family (Two or more family members are "Excess III")
<u>Kaiser Colorado</u>		
\$793.06	450	Retiree Only ("Basic" under age 65)
\$327.27	451	Retiree Only ("Senior Advantage")
\$1,754.57	453	Retiree and Family (Two family members are "Basic")
\$2,369.25	454	Retiree and Family (Three or more family members are "Basic")
\$1,115.33	455	Retiree and Family (One family member is "Senior Advantage"; one family member is "Basic")
\$649.55	457	Retiree and Family (Two family members are "Senior Advantage")
\$1,857.56	458	Retiree and Family (One family member is "Senior Advantage"; two or more are "Basic")
\$1,437.60	459	Retiree and Family (Two family members are "Senior Advantage"; one or more are "Basic")
<u>Kaiser Georgia</u>		
\$847.24	440	Retiree Only ("Basic" over age 65 with Medicare Part B only)
\$847.24	441	Retiree Only ("Basic over age 65 with Medicare Part A only)
\$847.24	442	Retiree Only ("Basic over age 65 without Medicare Part A or Medicare Part B)
\$361.11	443	Retiree Only ("Basic" over age 65 - Medicare eligible who is classified as having renal failure)
\$1,203.35	444	Retiree and Family (One family member is "Senior Advantage"; one family member is "Basic" over age 65 with Medicare Part B only)
\$1,203.35	445	Retiree and Family (One family member is "Senior Advantage"; one family member is "Basic" over age 65 with Medicare Part A only)
\$1,203.35	446	Retiree and Family (One family member is "Senior Advantage"; one family member is "Basic" over age 65 without Medicare Part A and B)
\$847.24	461	Retiree Only ("Basic" under age 65)
\$361.11	462	Retiree Only ("Senior Advantage")

*Benchmark premiums are bolded.

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
<u>Kaiser Georgia (continued)</u>		
\$1,689.48	463	Retiree and Family (Two family members are "Basic")
\$2,531.72	464	Retiree and Family (Three or more family members are "Basic")
\$1,203.35	465	Retiree and Family (One family member is "Senior Advantage"; one is "Basic")
\$717.22	466	Retiree and Family (Two family members are "Senior Advantage")
\$2,045.59	467	Retiree and Family (One family member is "Senior Advantage"; two or more are "Basic")
\$1,559.46	468	Retiree and Family (Two family members are "Senior Advantage"; one is "Basic")
\$1,915.57	469	Retiree and Family (Three or more family members are "Senior Advantage"; one is "Basic")
\$2,045.59	470	Retiree and Family (Three or more family members are "Basic"; one is "Senior Advantage")
<u>Kaiser Hawaii</u>		
\$795.16	471	Retiree Only ("Basic" under age 65)
\$346.45	472	Retiree Only ("Senior Advantage")
\$1,381.42	473	Retiree Only (Over age 65 without Medicare Part A or Medicare Part B)
\$1,585.31	474	Retiree and Family (Two family members are "Basic")
\$2,375.47	475	Retiree and Family (Three or more family members are "Basic")
\$1,136.61	476	Retiree and Family (One family member is "Senior Advantage"; one is "Basic")
\$2,171.58	477	Retiree and Family (One family member is "Basic" under age 65; one is over age 65 without Medicare Part A or Medicare Part B)
\$687.90	478	Retiree and Family (Two family members are "Senior Advantage")
\$1,722.87	479	Retiree and Family (One family member is "Senior Advantage"; one is over age 65 without Medicare Part A or Medicare Part B)
<u>Kaiser Oregon</u>		
\$806.67	481	Retiree Only ("Basic" under age 65)
\$465.92	482	Retiree Only ("Senior Advantage")
\$1,205.27	483	Retiree Only (Over age 65 without Medicare Part A or Medicare Part B)
\$1,608.34	484	Retiree and Family (Two family members are "Basic")
\$2,410.01	485	Retiree and Family (Three or more family members are "Basic")
\$1,267.59	486	Retiree and Family (One family member is "Senior Advantage"; one is "Basic")
N/A	487	Retiree Only (Medicare Cost "Supplement" program)
\$926.84	488	Retiree and Family (Two family members are "Senior Advantage")
\$1,110.84	489	Retiree Only (Over age 65 with Medicare Part A only)
\$1,205.27	490	Retiree Only (Over age 65 with Medicare Part B only)

*Benchmark premiums are bolded.

PREMIUMS*	CARRIER DEDUCTION CODES	DEDUCTION CODE DEFINITIONS
<u>Kaiser Oregon (continued)</u>		
\$1,571.76	491	Retiree and Family (One family member is "Senior Advantage"; one is over age 65 with Medicare Par A only)
\$1,666.19	492	Retiree and Family (One family member is "Senior Advantage"; one is over age 65 without Medicare Part A or Medicare Part B)
\$2,069.26	493	Retiree and Family (One family member is "Senior Advantage"; two or more are "Basic")
\$1,728.51	494	Retiree and Family (Two family members are "Senior Advantage"; one is "Basic")
\$2,405.54	495	Retiree and Family (Two family members are over age 65 without Medicare Part A or Medicare Part B)
\$2,216.68	496	Retiree and Family (Two family members are over age 65 with Medicare Part A only)
\$2,216.68	497	Retiree and Family (One family member is "Basic"; one is over age 65 with Medicare Part A only)
\$2,006.94	498	Retiree and Family (One family member is "Basic"; one is over age 65 without Medicare Part A or Medicare Part B)

Kaiser Rate Category Definitions

"Basic" - includes those who are under age 65

Medicare Cost ("Supplement")

- Includes people who have both Part A and Part B of Medicare, who were enrolled in Kaiser's Medicare supplement ("M" coverage) before July 1, 1987, and who chose to stay in that Kaiser arrangement.
- It is not open to new enrollments.
- People who have left it cannot return to it.

"Senior Advantage"

- Includes participants who are age 65 or older and who have assigned both Medicare Part A and Part B to Kaiser.

"Excess I"

- Is for participants who have Medicare Part A only.

"Excess II"

- Is for participants in the Excess Plan who either have Medicare Part B only or are not eligible for Medicare.

"Excess III"

- Is for participants in the Excess Plan who either have Medicare Parts A and B and have not assigned their Medicare benefits to Kaiser or have not provided their Medicare status to LACERA. Premium is above the Anthem Blue Cross I and II Benchmark rate and II Benchmark.

PREMIUMS*	CARRIER DEDUCTION CODES	DEDUCTION CODE DEFINITIONS
<u>SCAN Health Plan</u>		
\$304.00	611	Retiree Only with SCAN
\$603.00	613	Retiree and 1 Dependent - Both with SCAN (Retiree and 1 Dependent = Retiree and Spouse/Domestic Partner OR Retiree and 1 Child. Both Retiree and Dependent must have Medicare.)
<u>United Healthcare Medicare Advantage (UHCMA)</u>		
(For both members and dependents who are enrolled in UHCMA, or a family combination of UHCMA/UHC)		
\$293.62	701	Retiree Only with Secure Horizons
\$1,203.81	702	Retiree and 1 Dependent - One with Secure Horizons (Retiree and 1 Dependent = Retiree and Spouse/Domestic Partner OR Retiree and 1 Child)
\$582.24	703	Retiree and 1 Dependent - Both with Secure Horizons (Retiree and 1 Dependent = Retiree and Spouse/Domestic Partner OR Retiree and 1 Child)
\$1,360.59	704	Retiree and 2 or More Dependents - One with Secure Horizons (Retiree and 2 or More Dependents = Retiree, Spouse/Domestic Partner and 1 or More Children OR Retiree and 2 or More Children)
\$739.02	705	Retiree and 2 or More Dependents - Two with Secure Horizons (Retiree and 2 or More Dependents = Retiree, Spouse/Domestic Partner and 1 or More Children OR Retiree and 2 or More Children)
\$261.24	706	Survivor Children Only Rates
<u>United Healthcare (UHC)</u>		
(For members and dependents under age 65 [no Medicare])		
\$915.18	707	Retiree Only
\$1,671.68	708	Retiree and 1 Dependent
\$1,982.16	709	Retiree and 2 Or More Dependents
<u>Local 1014 Firefighters</u>		
\$914.03	801	Member Under 65
\$1,648.06	802	Member + 1 Under 65
\$1,944.04	803	Member + 2 Under 65
\$914.03	804	Member with Medicare
\$1,648.06	805	Member + 1; 1 Medicare
\$1,648.06	806	Member + 1; 2 Medicare
\$1,944.04	807	Member + 2; 1 Medicare
\$1,944.04	808	Member + 2; 2 Medicare

*Benchmark premiums are bolded.

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
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Local 1014 Firefighters (continued)

\$914.03	809	Surviving Spouse Under 65
\$1,648.06	810	Surviving Spouse + 1; Under 65
\$1,944.04	811	Surviving Spouse + 2 Under 65
\$914.03	812	Surviving Spouse with Medicare
\$1,648.06	813	Surviving Spouse + 1; 1 Medicare
\$1,944.04	814	Spouse + 1; 1 Medicare
\$1,648.06	815	Surviving Spouse + 1; 2 Medicare

CIGNA Indemnity - Dental/Vision

\$46.55	501	Retiree Only
\$99.61	502	Retiree and Dependent(s)
\$57.81	503	Survivor Children Only Rates

CIGNA HMO - Dental/Vision

\$39.02	901	Retiree Only
\$81.07	902	Retiree and Dependent(s)
\$39.56	903	Survivor Children Only Rates

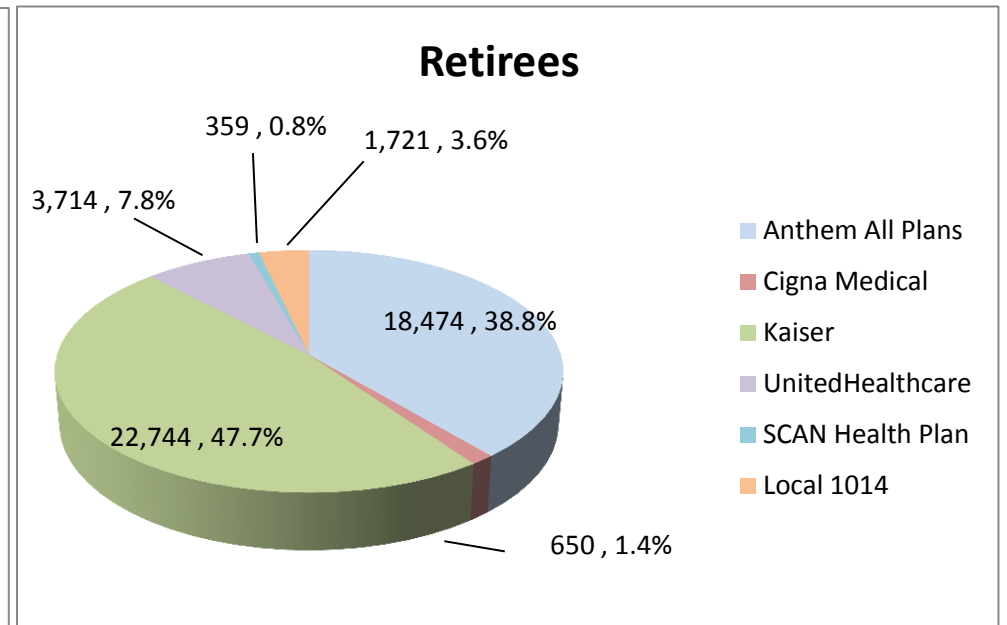
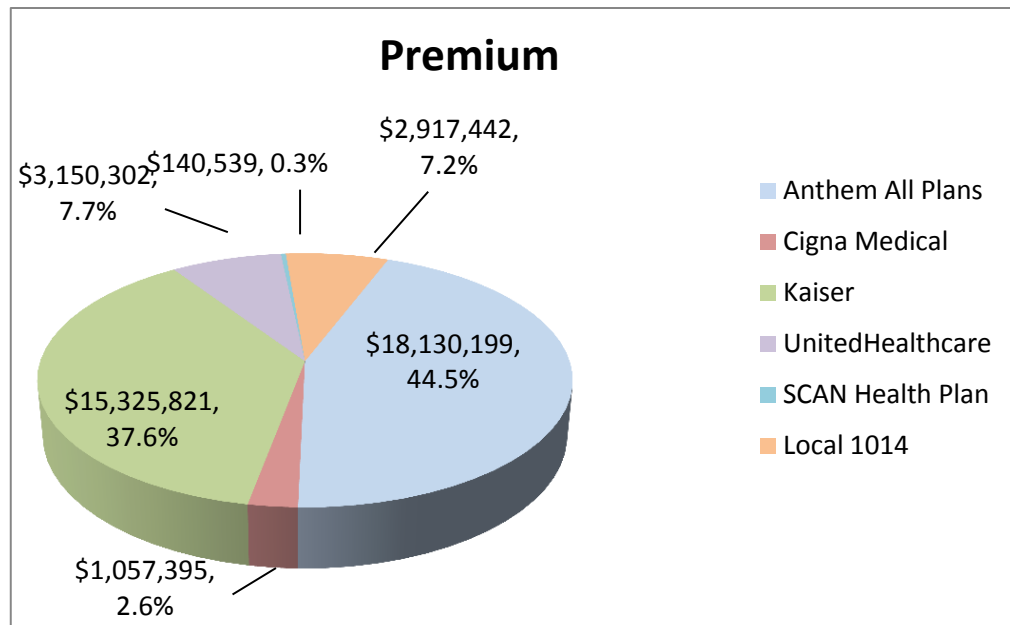
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Premium and Enrollment

June 2016 Coverage Month

Carrier / Plan	Monthly Premium	Percent of Total	Retirees	Percent of Total
Anthem All Plans	\$18,130,199	44.5%	18,474	38.8%
Cigna Medical	\$1,057,395	2.6%	650	1.4%
Kaiser	\$15,325,821	37.6%	22,744	47.7%
UnitedHealthcare	\$3,150,302	7.7%	3,714	7.8%
SCAN Health Plan	\$140,539	0.3%	359	0.8%
Local 1014	\$2,917,442	7.2%	1,721	3.6%
Combined Medical	\$40,721,698	100.0%	47,662	100.0%

Cigna Dental & Vision	\$3,722,490	48,675
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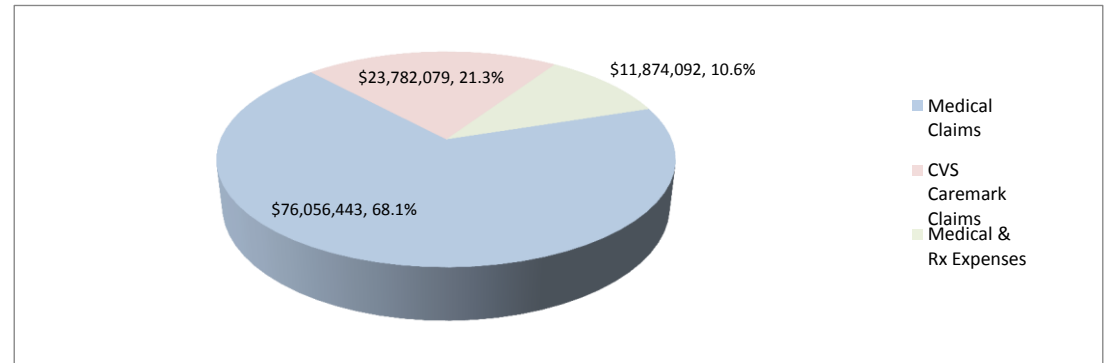
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Anthem Plans I and II

Plan Year July 1, 2015 - June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Medical Claims	CVS Caremark Claims	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Medical & Rx Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	6,158	\$9,170,958	\$6,045,082	\$1,927,509	\$7,972,591	\$1,294.67	86.9%	\$996,885	\$8,969,477	97.8%
Aug-15	6,149	\$9,187,473	\$6,191,520	\$1,848,592	\$8,040,112	\$1,307.55	87.5%	\$995,372	\$9,035,484	98.3%
Sep-15	6,125	\$9,098,082	\$6,547,496	\$2,046,606	\$8,594,101	\$1,403.12	94.5%	\$991,435	\$9,585,537	105.4%
Oct-15	6,128	\$9,169,945	\$6,330,776	\$2,035,800	\$8,366,576	\$1,365.30	91.2%	\$991,837	\$9,358,413	102.1%
Nov-15	6,115	\$9,119,484	\$5,278,304	\$1,825,634	\$7,103,938	\$1,161.72	77.9%	\$989,661	\$8,093,599	88.8%
Dec-15	6,108	\$9,128,572	\$6,385,606	\$1,865,532	\$8,251,138	\$1,350.87	90.4%	\$988,490	\$9,239,628	101.2%
Jan-16	6,103	\$9,117,643	\$7,139,839	\$1,987,884	\$9,127,723	\$1,495.61	100.1%	\$987,711	\$10,115,434	110.9%
Feb-16	6,087	\$9,068,718	\$4,889,973	\$1,920,447	\$6,810,420	\$1,118.85	75.1%	\$985,077	\$7,795,497	86.0%
Mar-16	6,095	\$9,080,791	\$7,545,117	\$2,117,864	\$9,662,980	\$1,585.39	106.4%	\$986,351	\$10,649,331	117.3%
Apr-16	6,090	\$9,094,936	\$7,121,172	\$2,047,363	\$9,168,535	\$1,505.51	100.8%	\$985,464	\$10,153,999	111.6%
May-16	6,124	\$9,144,216	\$6,411,264	\$2,208,273	\$8,619,538	\$1,407.50	94.3%	\$990,852	\$9,610,389	105.1%
Jun-16	6,088	\$9,121,640	\$6,170,295	\$1,950,575	\$8,120,870	\$1,333.91	89.0%	\$984,957	\$9,105,826	99.8%
2015/16 Plan Year	73,370	\$109,502,458	\$76,056,443	\$23,782,079	\$99,838,523	\$1,360.75	91.2%	\$11,874,092	\$111,712,614	102.0%
12 Month Average	6,114	\$9,125,205	\$6,338,037	\$1,981,840	\$8,319,877	\$1,360.75	91.2%	\$989,508	\$9,309,385	102.0%

Medical Claims reported by Anthem
 CVS Caremark Claims reported by CVS
 Expenses: Anthem Admin, Stop Loss, and Premium Taxes
 Enrollment and Premium Reported by LACERA



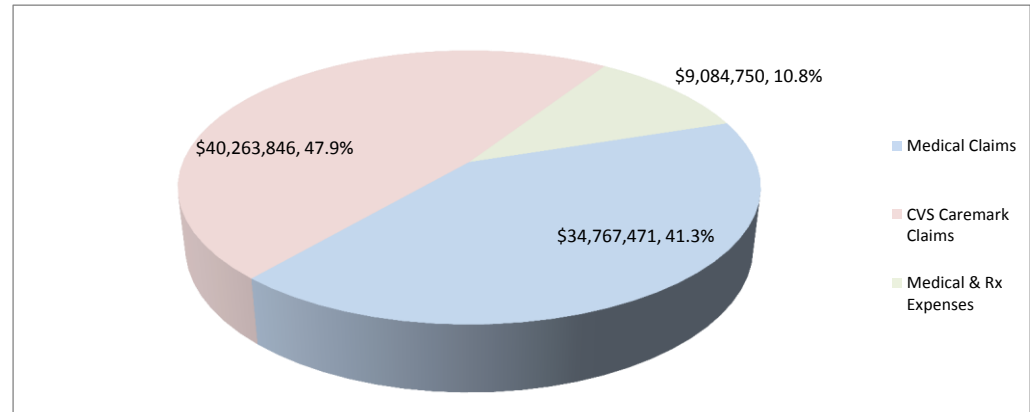
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Anthem Plan III

Plan Year July 1, 2015 - June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Medical Claims	CVS Caremark Claims	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Medical & Rx Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	10,771	\$7,235,374	\$2,953,865	\$3,470,465	\$6,424,330	\$596.45	88.8%	\$748,366	\$7,172,696	99.1%
Aug-15	10,810	\$7,269,627	\$2,599,013	\$3,209,072	\$5,808,085	\$537.29	79.9%	\$751,076	\$6,559,161	90.2%
Sep-15	10,835	\$7,259,484	\$2,785,764	\$3,236,297	\$6,022,061	\$555.80	83.0%	\$752,813	\$6,774,874	93.3%
Oct-15	10,853	\$7,266,152	\$2,695,565	\$3,181,587	\$5,877,152	\$541.52	80.9%	\$754,063	\$6,631,216	91.3%
Nov-15	10,885	\$7,297,436	\$2,730,333	\$3,159,912	\$5,890,245	\$541.13	80.7%	\$756,287	\$6,646,532	91.1%
Dec-15	10,885	\$7,265,650	\$2,828,255	\$3,287,954	\$6,116,209	\$561.89	84.2%	\$756,287	\$6,872,495	94.6%
Jan-16	10,916	\$7,317,893	\$3,047,641	\$3,306,747	\$6,354,388	\$582.12	86.8%	\$758,441	\$7,112,828	97.2%
Feb-16	10,912	\$7,308,221	\$3,172,574	\$3,374,092	\$6,546,667	\$599.95	89.6%	\$758,163	\$7,304,829	100.0%
Mar-16	10,919	\$7,298,060	\$3,376,843	\$3,474,444	\$6,851,287	\$627.46	93.9%	\$758,649	\$7,609,936	104.3%
Apr-16	10,932	\$7,333,969	\$2,777,452	\$3,296,399	\$6,073,851	\$555.60	82.8%	\$759,552	\$6,833,404	93.2%
May-16	10,971	\$7,368,514	\$2,842,154	\$3,675,730	\$6,517,884	\$594.10	88.5%	\$762,262	\$7,280,146	98.8%
Jun-16	11,065	\$7,446,109	\$2,958,011	\$3,591,147	\$6,549,158	\$591.88	88.0%	\$768,793	\$7,317,951	98.3%
2015/16 Plan Year	130,754	\$87,666,487	\$34,767,471	\$40,263,846	\$75,031,317	\$573.84	85.6%	\$9,084,750	\$84,116,068	96.0%
12 Month Average	10,896	\$7,305,541	\$2,897,289	\$3,355,321	\$6,252,610	\$573.84	85.6%	\$757,063	\$7,009,672	96.0%

Medical Claims reported by Anthem
 CVS Caremark Claims reported by CVS
 Expenses: Anthem Admin and Premium Taxes
 Enrollment and Premium Reported by LACERA



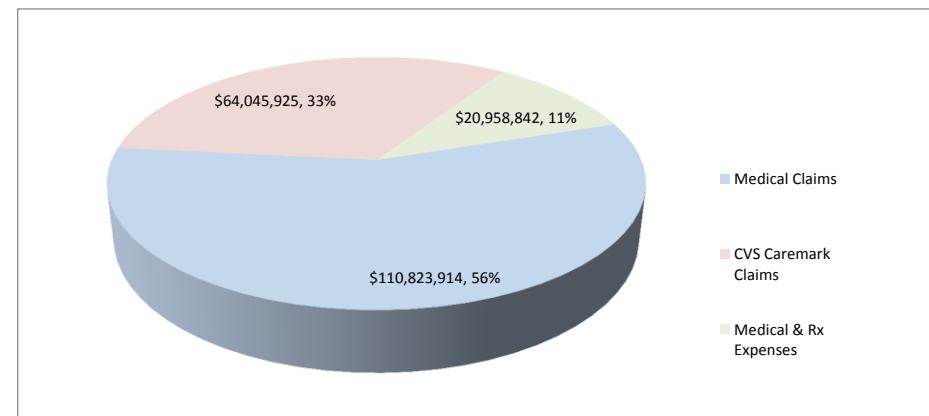
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Anthem Plan I, II, and III

Plan Year July 1, 2015 – June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Medical Claims	CVS Caremark Claims	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Medical & Rx Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	16,929	\$16,406,332	\$8,998,948	\$5,397,974	\$14,396,922	\$850.43	87.8%	\$1,745,251	\$16,142,173	98.4%
Aug-15	16,959	\$16,457,100	\$8,790,532	\$5,057,665	\$13,848,197	\$816.57	84.1%	\$1,746,448	\$15,594,645	94.8%
Sep-15	16,960	\$16,357,566	\$9,333,260	\$5,282,902	\$14,616,162	\$861.80	89.4%	\$1,744,248	\$16,360,410	100.0%
Oct-15	16,981	\$16,436,097	\$9,026,342	\$5,217,387	\$14,243,729	\$838.80	86.7%	\$1,745,900	\$15,989,629	97.3%
Nov-15	17,000	\$16,416,920	\$8,008,636	\$4,985,547	\$12,994,183	\$764.36	79.2%	\$1,745,948	\$14,740,131	89.8%
Dec-15	16,993	\$16,394,222	\$9,213,861	\$5,153,485	\$14,367,346	\$845.49	87.6%	\$1,744,777	\$16,112,123	98.3%
Jan-16	17,019	\$16,435,536	\$10,187,480	\$5,294,631	\$15,482,111	\$909.70	94.2%	\$1,746,151	\$17,228,262	104.8%
Feb-16	16,999	\$16,376,939	\$8,062,547	\$5,294,540	\$13,357,087	\$785.76	81.6%	\$1,743,239	\$15,100,326	92.2%
Mar-16	17,014	\$16,378,851	\$10,921,960	\$5,592,307	\$16,514,267	\$970.63	100.8%	\$1,745,000	\$18,259,267	111.5%
Apr-16	17,022	\$16,428,905	\$9,898,624	\$5,343,762	\$15,242,387	\$895.45	92.8%	\$1,745,016	\$16,987,403	103.4%
May-16	17,095	\$16,512,730	\$9,253,419	\$5,884,003	\$15,137,422	\$885.49	91.7%	\$1,753,114	\$16,890,535	102.3%
Jun-16	17,153	\$16,567,748	\$9,128,306	\$5,541,722	\$14,670,028	\$855.25	88.5%	\$1,753,750	\$16,423,778	99.1%
2015/16 Plan Year	204,124	\$197,168,945	\$110,823,914	\$64,045,925	\$174,869,840	\$856.68	88.7%	\$20,958,842	\$195,828,682	99.3%
12 Month Average	17,010	\$16,430,745	\$9,235,326	\$5,337,160	\$14,572,487	\$856.68	88.7%	\$1,746,570	\$16,319,057	99.3%

Medical Claims reported by Anthem
 CVS Caremark Claims reported by CVS
 Expenses: Anthem Admin, Stop Loss, and Premium Taxes
 Enrollment and Premium Reported by LACERA



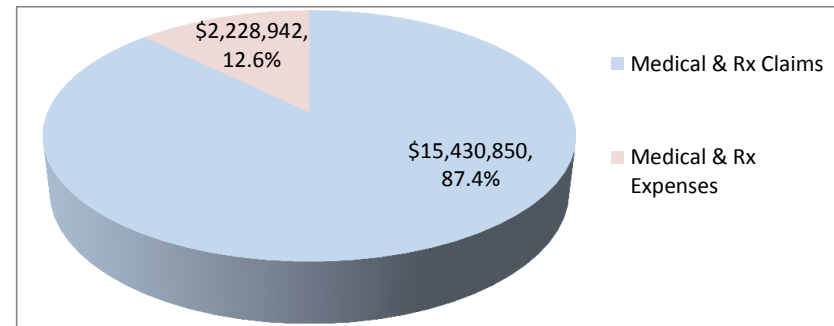
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Anthem Prudent Buyer

Plan Year July 1, 2015 – June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Medical & Rx Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	1,445	\$1,705,018	\$1,467,346	\$1,015.46	86.1%	\$194,659	\$1,662,005	97.5%
Aug-15	1,428	\$1,675,848	\$1,314,525	\$920.54	78.4%	\$192,368	\$1,506,894	89.9%
Sep-15	1,412	\$1,662,945	\$1,192,123	\$844.28	71.7%	\$190,213	\$1,382,336	83.1%
Oct-15	1,403	\$1,650,974	\$1,390,133	\$990.83	84.2%	\$189,001	\$1,579,133	95.6%
Nov-15	1,395	\$1,644,613	\$1,200,740	\$860.75	73.0%	\$187,923	\$1,388,662	84.4%
Dec-15	1,385	\$1,637,330	\$1,365,728	\$986.09	83.4%	\$186,576	\$1,552,304	94.8%
Jan-16	1,368	\$1,621,362	\$1,045,999	\$764.62	64.5%	\$184,286	\$1,230,285	75.9%
Feb-16	1,360	\$1,601,847	\$1,117,655	\$821.81	69.8%	\$183,208	\$1,300,863	81.2%
Mar-16	1,344	\$1,580,929	\$1,432,587	\$1,065.91	90.6%	\$181,053	\$1,613,639	102.1%
Apr-16	1,346	\$1,596,341	\$1,320,355	\$980.95	82.7%	\$181,322	\$1,501,677	94.1%
May-16	1,339	\$1,582,265	\$1,354,294	\$1,011.42	85.6%	\$180,379	\$1,534,673	97.0%
Jun-16	1,321	\$1,562,451	\$1,229,366	\$930.63	78.7%	\$177,954	\$1,407,321	90.1%
2015/16 Plan Plan Year	16,546	\$19,521,925	\$15,430,850	\$932.60	79.0%	\$2,228,942	\$17,659,792	90.5%
12 Month Average	1,379	\$1,626,827	\$1,285,904	\$932.60	79.1%	\$185,745	\$1,471,649	90.5%

Monthly Enrollment and Premium Data as reported by LACERA
 Medical Claims reported by Anthem
 Expenses: Anthem Admin, Stop Loss, and Premium Taxes
 Enrollment and Premium Reported by LACERA



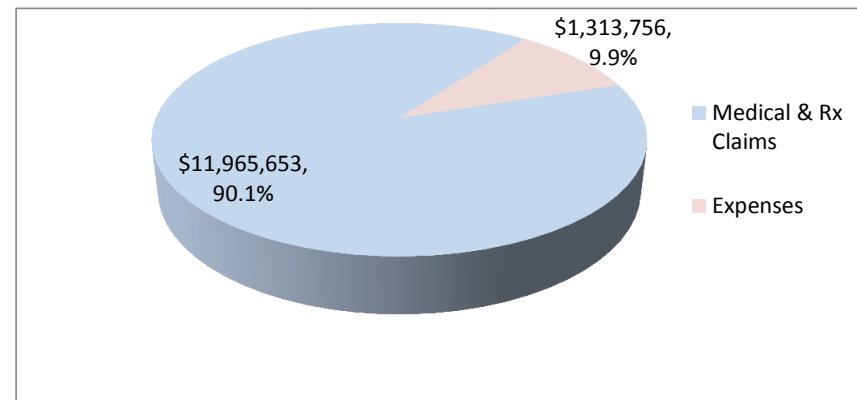
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Cigna HMO

Plan Year July 1, 2015 – June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	657	\$1,085,738	\$958,557	\$1,458.99	88.3%	\$115,092	\$1,073,649	98.9%
Aug-15	648	\$1,055,975	\$775,934	\$1,197.43	73.5%	\$111,937	\$887,871	84.1%
Sep-15	639	\$1,046,239	\$910,387	\$1,424.71	87.0%	\$110,905	\$1,021,292	97.6%
Oct-15	637	\$1,051,998	\$997,434	\$1,565.83	94.8%	\$111,515	\$1,108,949	105.4%
Nov-15	633	\$1,044,271	\$1,097,762	\$1,734.22	105.1%	\$110,696	\$1,208,458	115.7%
Dec-15	630	\$1,037,369	\$1,067,015	\$1,693.67	102.9%	\$109,965	\$1,176,980	113.5%
Jan-16	623	\$1,022,580	\$1,123,269	\$1,803.00	109.8%	\$108,397	\$1,231,666	120.4%
Feb-16	618	\$1,021,163	\$997,046	\$1,613.34	97.6%	\$108,247	\$1,105,293	108.2%
Mar-16	614	\$1,014,018	\$1,165,945	\$1,898.93	115.0%	\$107,489	\$1,273,434	125.6%
Apr-16	608	\$1,006,766	\$1,027,692	\$1,690.28	102.1%	\$106,721	\$1,134,413	112.7%
May-16	604	\$983,146	\$934,993	\$1,548.00	95.1%	\$104,217	\$1,039,210	105.7%
Jun-16	600	\$1,024,268	\$909,619	\$1,516.03	88.8%	\$108,576	\$1,018,195	99.4%
2015/16 Plan Year	7,511	\$12,393,533	\$11,965,653	\$1,593.08	96.5%	\$1,313,756	\$13,279,410	107.1%
12 Month Average	626	\$1,032,794	\$997,138	\$1,593.08	96.5%	\$109,480	\$1,106,617	107.1%

Monthly Enrollment and Premium Data as reported by LACERA
 Medical Claims reported by Cigna
 Expenses: Cigna Admin Costs and Premium Taxes
 Enrollment and Premium Reported by LACERA



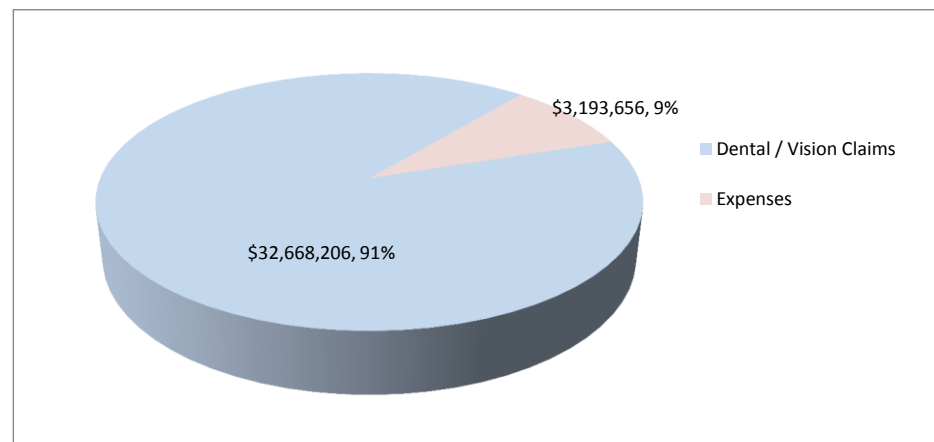
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Cigna Dental PPO and Vision

Plan Year July 1, 2015 - June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Dental / Vision Claims	In-Network Dental Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	42,187	\$3,040,191	\$2,480,364	47.7%	\$58.79	81.6%	\$261,787	\$2,742,151	90.2%
Aug-15	42,303	\$3,049,180	\$2,439,511	56.4%	\$57.67	80.0%	\$262,561	\$2,702,072	88.6%
Sep-15	42,370	\$3,054,892	\$2,341,973	58.5%	\$55.27	76.7%	\$263,053	\$2,605,026	85.3%
Oct-15	42,428	\$3,054,818	\$2,805,842	57.9%	\$66.13	91.8%	\$263,046	\$3,068,888	100.5%
Nov-15	42,492	\$3,060,671	\$2,204,045	58.8%	\$51.87	72.0%	\$263,550	\$2,467,595	80.6%
Dec-15	42,534	\$3,063,692	\$2,514,858	56.2%	\$59.13	82.1%	\$263,810	\$2,778,668	90.7%
Jan-16	42,585	\$3,067,278	\$2,741,522	55.5%	\$64.38	89.4%	\$264,119	\$3,005,641	98.0%
Feb-16	42,629	\$3,072,464	\$3,221,828	52.9%	\$75.58	104.9%	\$264,566	\$3,486,393	113.5%
Mar-16	42,680	\$3,069,525	\$3,294,064	56.3%	\$77.18	107.3%	\$264,313	\$3,558,377	115.9%
Apr-16	42,731	\$3,081,349	\$2,965,567	55.6%	\$69.40	96.2%	\$265,331	\$3,230,898	104.9%
May-16	43,088	\$3,110,168	\$2,876,797	56.1%	\$66.77	92.5%	\$267,812	\$3,144,609	101.1%
Jun-16	43,276	\$3,364,467	\$2,781,837	57.6%	\$64.28	82.7%	\$289,710	\$3,071,546	91.3%
2015/16 Plan Year	511,303	\$37,088,695	\$32,668,206	55.8%	\$63.89	88.1%	\$3,193,656	\$35,861,863	96.7%
12 Month Average	42,609	\$3,090,725	\$2,722,351	55.8%	\$63.89	88.1%	\$266,138	\$2,988,489	96.7%

Expenses: Cigna Admin Costs and Premium Taxes Enrollment and Premium Reported by LACERA



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Year over Year Comparison

Policy Year July 1, 2014 - June 30, 2015 vs Policy Year July 1, 2015 - June 30, 2016

Membership and Claims Comparison

Carrier / Plan	2014/2015		2015/2016		Change in Lives	Change in Claims
	Average Retirees	Claims Per Retiree Per Month	Average Retirees	Claims Per Retiree Per Month		
Anthem Plans I, II	6,197	\$1,274.69	6,114	\$1,360.75	-1.3%	6.8%
Anthem Plan III	10,626	\$556.91	10,896	\$573.84	2.5%	3.0%
Anthem Prudent Buyer	1,486	\$857.48	1,379	\$932.60	-7.2%	8.8%
Kaiser Permanente	4,166	\$1,342.25	4,023	\$1,385.12	-3.4%	3.2%
Cigna Medical HMO	702	\$1,366.78	626	\$1,593.08	-10.8%	16.6%
Cigna Dental PPO & Vision	41,596	\$62.07	42,609	\$63.89	2.4%	2.9%

Carrier / Plan	2014/2015		2015/2016		Change in Number of Claims	Change in Dollar Amount
	Number of Claims	Total Amount	Number of Claims	Total Amount		
Anthem Plans I, II	107	\$20,386,778	113	\$22,897,856	6	\$2,511,078
Anthem Plan III	-	\$0	1	\$127,881	1	\$127,881
Anthem Prudent Buyer	11	\$2,147,381	14	\$2,121,968	3	-\$25,413
Cigna Medical HMO	7	\$1,753,130	14	\$2,994,469	7	\$1,241,339
Kaiser Permanente	34	\$11,530,626	24	\$8,905,181	-10	-\$2,625,445

Anthem and Cigna comparisons are based on 7/1/14 - 7/1/15 and 7/1/15 - 7/1/16 periods.

Kaiser Data does not include Senior Advantage plan and is based on 3/1/14 - 3/1/15 and 3/1/15 - 3/1/16 periods.

Anthem and Cigna Large Claims shown are in excess of \$100,000.

Kaiser Large Claims shown are in excess of \$175,500 (50% of the pooling level of \$350,000) for 2014/15 and \$187,500 for 2015/16.



July 18, 2016

Legislative

Congress Adjourns for Summer Recess

The House and Senate have adjourned for a seven-week summer recess and will return after the Labor Day holiday in September. Legislators will be attending the upcoming political conventions and focusing on reelection campaigns.

Republican National Convention Convenes This Week; Democratic Convention Follows Week of July 25

The Republican National Convention convenes in Cleveland, Ohio, from July 18-21, 2016. The Democratic National Convention convenes in Philadelphia, Pennsylvania, from July 25-28, 2016.

Additional information on the Republican Convention is available [here](#).

Additional information on the Democratic Convention is available [here](#).

Health Care

IRS Releases Affordable Care Act Reporting Draft Forms (1094-C; 1095-C)

The Internal Revenue Service (IRS) recently released two 2016 draft forms for health information reporting as required by the Affordable Care Act. Form 1094-C (Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns) and Form 1095-C (Employer-Provided Health Insurance Offer and Coverage), are to be filed in 2017. The IRS indicates that comments on the draft forms may be submitted via the agency's comments page, found on its website. According to the IRS, the draft forms are for employer planning purposes and could be revised before their final release date later in 2016.

Draft Form 1094-C is available [here](#).

Draft Form 1095-C is available [here](#).

The IRS's comments page is available [here](#).

Retirement

Agencies Release Proposal to Improve, Modernize Form 5500 Annual Return/Report Filed by Employee Benefit Plans

On July 11, 2016, the Employee Benefits Security Administration (EBSA), the Internal Revenue Service, and the Pension Benefit Guaranty Corporation released proposed regulations asking for public comments on proposed revisions to modernize and improve the Form 5500 Annual Return/Report filed by private-sector employee benefit plans. On the same day, EBSA also published a related notice of proposed changes to its annual reporting regulations under Title I of the Employee Retirement Income Security Act (ERISA).

The proposed revisions are intended to:

- Modernize the financial statements and investment information filed about employee benefit plans.
- Update the reporting requirements for service provider fee and expense information.
- Enhance accessibility and usability of data filed on the forms.
- Require reporting by all group health plans covered by Title I of ERISA.
- Improve compliance under ERISA and the Internal Revenue Code through new questions regarding plan operations, service provider relationships, and financial management of the plan.

The proposed regulations also would make improvements to the certification requirements for the limited scope audit requirements under 29 CFR 2520.103-8, and allow group health plans to use the Form 5500 to satisfy certain reporting requirements in the Affordable Care Act. The proposed changes to the Department of Labor regulations are also needed to implement the form revisions.

Comments on the proposed regulations and notice are due by October 4, 2016.

The news release is available [here](#).

A fact sheet is available [here](#).

The proposed regulations are temporarily available [here](#).
(The regulations will be published in the July 21, 2016, Federal Register.)

The notice for proposed form revisions is temporarily available [here](#).
(The notice will be published in the July 21, 2016, Federal Register.)

Aon Hewitt Publications

DOL Issues Final Regulations on Overtime

On May 23, 2016, the Department of Labor published final regulations that make

changes to the federal Fair Labor Standards Act's (FLSA) overtime pay requirements. Specifically, the regulations update the salary and compensation levels necessary for executive, administrative, professional, outside sales, and certain computer employees, to be exempt from overtime pay. The changes take effect December 1, 2016.

The following Aon Hewitt bulletin includes general information regarding the FLSA, details about the key provisions of the new regulations, employer considerations in light of the changes, and resources for more information.

The Aon Hewitt bulletin on the final overtime regulations is available [here](#).

July 11, 2016

Legislative

House Passes Bill Addressing HSAs and FSAs; President Will Veto

On July 6, 2016, the House passed the Restoring Access to Medication and Improving Health Savings Act (H.R. 1270) with a 243-164 vote. Before the bill was passed, the language of two other bills was incorporated into H.R. 1270. Among other provisions, the bill addresses a number of changes to Health Savings Accounts (HSAs) and Flexible Spending Arrangements (FSAs). For example, the bill would include a special rule for certain medical expenses incurred before the establishment of an HSA and increase the maximum contribution limit for HSAs. Due to the upcoming congressional summer recess, it is unlikely that the bill will receive immediate consideration in the Senate. In a White House Statement of Administration Policy, President Obama stated if presented with the measure, he will veto it.

The full text of H.R. 1270 is available [here](#).

The White House Statement of Administration Policy is available [here](#).

Health Care

Treasury, IRS Release Proposed Regulations on Premium Tax Credit

On July 6, 2016, the Treasury and Internal Revenue Service (IRS) released proposed regulations relating to the health insurance premium tax credit and the individual shared responsibility provisions of the Affordable Care Act. These proposed regulations affect individuals who enroll in qualified health plans through health insurance Exchanges and claim the premium tax credit, and Exchanges that make qualified health plans available to individuals and employers. These proposed regulations also affect individuals who are eligible for employer-sponsored health coverage and individuals who seek to claim an exemption from the individual shared responsibility provision because of unaffordable coverage. Although employers are not directly affected by rules governing the premium tax credit, the proposed regulations may indirectly affect employers through the employer-shared responsibility provisions and the related information

reporting provisions. Comments on the proposed regulations and requests for a public hearing are due by September 6, 2016.

The proposed regulations are available [here](#).

Retirement

IRS Issues Revenue Procedure Limiting Determination Letters for Individually Designed Plans

On June 29, 2016, the Internal Revenue Service (IRS) issued a new Revenue Procedure addressing its determination letter program for individually designed qualified retirement plans and also the six-year remedial amendment cycle for pre-approved qualified plans (Revenue Procedure 2016-37). Last year, the IRS announced that it was eliminating its five-year remedial amendment cycle system for individually designed plans and that determination letter applications for such plans would be generally limited, in the future, to initial plan qualifications and plan terminations (with exceptions for certain circumstances to be identified, such as significant changes in the law). For 2017, however, the IRS declined to expand the areas for determination letter issuance beyond initial qualification and plan termination.

As of January 1, 2017, the staggered five-year remedial amendment cycle system for individually designed plans is eliminated, although a transition process will extend the remedial amendment period for some plans to December 31, 2017. In the future, the IRS intends to publish an annual Required Amendments List that will include deadlines for plan amendments necessary to comply with the qualification requirements of the Internal Revenue Code. The general deadline for a qualification-related plan amendment on the Required Amendments List will be the end of the second calendar year after the year in which the Required Amendments List was issued, although different deadlines for specific amendments may apply. The IRS also announced an intention to annually issue an Operational Compliance List that identifies the changes in operational-related qualification requirements that are effective during a calendar year. In addition, clarifying changes were made to the six-year remedial amendment cycle for pre-approved master and prototype plans and volume submitter plans.

Aon Hewitt will be providing additional details regarding the new determination letter guidance and its implications to plan sponsors shortly.

Revenue Procedure 2016-37 is available [here](#).

Aon Hewitt Publications

Departments Issue Proposed Regulations on Expatriate Health Plans, Excepted Benefits, Short-Term Limited-Duration Insurance, and Amended Essential Health Benefits Definition

The Departments of Health and Human Services, Treasury, and Labor (the Departments) issued proposed regulations on June 10, 2016, that provide guidance on

various Affordable Care Act group health care reform provisions, including expatriate health plans, excepted benefits, short-term limited-duration insurance, and an amended definition of essential health benefits for purposes of the annual and lifetime dollar limits prohibition under the Affordable Care Act.

Specifically these proposed regulations:

- Clarify and expand on the provisions of the Expatriate Health Coverage Clarification Act (EHCCA) enacted at the end of 2014 that exclude expatriate plans from certain provisions of the Affordable Care Act;
- Specify the conditions for travel insurance, supplemental health insurance coverage, and hospital indemnity and other fixed indemnity insurance to be excepted benefits and therefore exempt from certain requirements under the Affordable Care Act; and
- Revise the definition of essential health benefits to reflect the complete definition of “essential health benefit” in a state.

Employers should review their expatriate plans and determine if those plans meet the requirements set out in the EHCCA and these proposed regulations and therefore take advantage of provisions for expatriate plans in the EHCCA. In addition, employers who may offer certain limited benefit coverage should review those plans in light of these proposed regulations to determine if they meet the definition of excepted benefits. Finally, employers who have annual or lifetime limits on certain benefits should confirm that those benefits are not considered essential health benefits under the proposed revised definition.

If finalized, these regulations will be applicable for plan years beginning on or after January 1, 2017. Employers and plan administrators may rely on the proposed regulations pending the final regulations. If the final regulations are more restrictive than the proposed regulations, then the final regulations will be applied prospectively only.

The Aon Hewitt bulletin, which provides an overview of the proposed regulations, is available [here](#).

June 27, 2016

Legislative

Small Business Health Care Relief Bill Passed by House

On June 21, 2016, the House passed H.R. 5447, the Small Business Health Care Relief bill. Under the bill, small businesses with fewer than 50 employees would be able to give employees pre-tax dollars through a Health Reimbursement Arrangement (HRA) and employees could use those HRA funds to purchase a health plan in the individual market. Currently, employers that offer such HRA arrangements may be subject to an excise tax. Under the bill, employees would also be able to use the HRA funds to pay out-of-pocket costs for medical care and services. Reimbursement payments would be

initially capped at \$5,130 (\$10,260 for arrangements providing for reimbursements for an employee's family members), but indexed for inflation in future years.

H.R. 5447 is available [here](#).

Retirement

IRS Issues Proposed Regulations on Nonqualified Deferred Compensation

On June 21, 2016, the Internal Revenue Service (IRS) issued new proposed regulations on nonqualified deferred compensation plans under Code Section 409A. In addition to addressing certain specific provisions of final regulations issued in 2007, the proposed regulations withdraw a provision in proposed regulations issued in 2008 on the calculation of amounts to be included in income and replace it with revised proposed regulations. The new 409A proposed regulations also seek to clarify that certain nonqualified deferred compensation plans that are governed by Code Section 457 (state and local government plans and some tax-exempt organization plans) may additionally be subject to the rules of Section 409A. The proposed regulations can generally be relied on before they are finalized, but the preamble to the regulations should be consulted for special effective dates for particular provisions.

The IRS also released proposed regulations on deferred compensation plans under Code Section 457 on June 21, 2016. These proposed regulations include rules for determining when deferred amounts are includible in income and provide guidance on the types of plans that are not subject to the rules. The proposed regulations would generally be effective for deferrals in calendar years beginning after they are finalized, if they are finalized, including deferred amounts to which a legally binding right arose during prior years but which were not previously included in taxable income; additional effective date information is set forth in the preamble.

Comments on both sets of proposed regulations must be received by the IRS by September 20, 2016. A public hearing has already been scheduled for the 457 proposed regulations; requests for a public hearing on the 409A proposed regulations must be received by September 20, 2016.

The proposed regulations under Code Section 409A are available [here](#).

The proposed regulations under Code Section 457 are available [here](#).

Other HR-Related Topics

2016 Social Security and Medicare Trustees Reports Now Available; Project Medicare Part A Fund Will Be Depleted by 2028

The Social Security and Medicare Boards of Trustees issued their annual financial review of programs (the 2016 OASDI Trustees Report and the 2016 Medicare Trustees Report) on June 22, 2016. According to the reports, Social Security's retirement and disability programs have dedicated resources sufficient to cover benefits until 2034, the

same year projected in last year's Social Security report. The projected depletion date for the separate Social Security's Disability Insurance Trust Fund is 2023. The Medicare Hospital Insurance Trust Fund (Part A) will have sufficient funds to cover its obligations until 2028, two years earlier than was projected in 2015.

A fact sheet issued by the Treasury Department is available [here](#).

A press release issued by the Social Security Administration is available [here](#).

A summary of the two reports is available [here](#).

The Social Security report is available [here](#).

The Medicare report is available [here](#).

Aon Hewitt Publications

EEOC Issues Sample Wellness Notice

The United States Equal Employment Opportunity Commission (EEOC) has issued a sample notice for employers with wellness programs to use in meeting their compliance obligations pursuant to the recently issued wellness regulations under the Americans with Disabilities Act (ADA).

According to the EEOC, employers that already provide a notice may not have to provide a separate ADA notice if the current notice is easily understood and informs employees:

- What information will be collected;
- Who will receive it;
- How it will be used; and
- How it will be kept confidential.

The Aon Hewitt bulletin on the wellness notice is available [here](#).

June 20, 2016

Retirement

IRS Releases Guidance Regarding Phased Retirement Taxation for Contributory Defined Benefit Plans

Note: *This update applies to defined benefit plans with participant contributions that also have a phased retirement program. In our experience, this is a very limited group of employers. If you are in that group, read on!*

The taxation of annuity payments, including payments under defined benefit pension plans, is determined under Internal Revenue Code (Code) Section 72. For contributory defined benefit plans, the nontaxable portion of the payments (representing the return of

employee contributions) must be determined. The Internal Revenue Service (IRS) issued Notice 2016-39 on June 10, 2016, providing guidance regarding how the nontaxable portion of the payments is determined when a participant in a contributory defined benefit plan commences partial pension payments under a phased retirement program. If the phased retirement payments meet three conditions defined in the Notice, the calculation of the taxable portion of the payment must use the ratio method rather than the simplified method provided under Code Section 72(d).

IRS Notice 2016-39 is available [here](#).

Other HR-Related Topics

IRS Issues Additional Transition Relief for WOTC

On June 17, 2016, the Internal Revenue Service (IRS) issued Notice 2016-40, which provides additional transition relief for employers claiming the Work Opportunity Tax Credit (WOTC) under Section 51 and 3111(e) of the Internal Revenue Code (Code), as extended and amended by the Protecting Americans from Tax Hikes Act of 2015. Specifically, the Notice expands and extends by three months the transition relief provided in Notice 2016-22 for meeting the 28-day deadline in Section 51(d)(13)(A)(ii) of the Code. The Notice applies to employers that (1) hire members of targeted groups (other than qualified long-term unemployment recipients) on or after January 1, 2015, and on or before August 31, 2016, or (2) hire members of the new targeted group of qualified long-term unemployment recipients on or after January 1, 2016, and on or before August 31, 2016. The Notice does not otherwise modify or add to the guidance provided under Notice 2016-22.

IRS Notice 2016-40 is available [here](#).

IRS Notice 2016-22 is available [here](#).

EEOC Releases Sample Notice and Q&As For Employers Offering Wellness Programs

On June 16, 2016, the Equal Employment Opportunity Commission (EEOC) posted a sample notice meant to assist employers who have wellness programs comply with their obligations under a recently issued Americans with Disabilities Act (ADA) rule. The EEOC also published a brief question-and-answer (Q&A) document describing the notice requirement and how to use the sample notice.

The ADA rule, published May 17, 2016, states that employer wellness programs that ask employees about their medical conditions or that ask employees to take medical examinations (such as tests to detect high blood pressure, high cholesterol, or diabetes) must ensure that these programs are reasonably designed to promote health and prevent disease, that they are voluntary, and that employee medical information is kept confidential. The EEOC indicated in the preamble to its ADA rule that the sample notice would be posted on the EEOC's website within 30 days of the rule's publication.

The EEOC news release is available [here](#).

The EEOC sample notice is available [here](#).

The EEOC Q&A document is available [here](#).

The ADA rule is available [here](#).

EEOC Releases Three Resource Documents Focusing on Rights of Women in the Workplace

On June 14, 2016, the EEOC released three new resource documents that address equal employment opportunity rights of women in the workplace. The EEOC published the following documents to coincide with the White House United State of Women Summit taking place that same day:

- What You Should Know: Equal Pay and the EEOC's Proposal to Collect Pay Data;
- Legal Rights for Pregnant Workers under Federal Law; and
- Helping Patients Deal with Pregnancy-Related Limitations and Restrictions at Work.

The EEOC news release is available [here](#).

The “What You Should Know: Equal Pay and the EEOC's Proposal to Collect Pay Data” resource document is available [here](#).

The “Legal Rights for Pregnant Workers under Federal Law” resource document is available [here](#).

The “Helping Patients Deal with Pregnancy-Related Limitations and Restrictions at Work” resource document is available [here](#).

OFCCP Announces Final Rule Updating Sex Discrimination Guidelines for Federal Contractors

On June 14, 2016, the Office of Federal Contract Compliance Programs (OFCCP) announced a final rule setting forth the requirements that covered contractors must meet under the provisions of Executive Order 11246 that prohibit sex discrimination in employment.

The new regulations within the final rule align with current law and address the realities of today's workplaces, replacing outdated sex discrimination guidelines from 1970. The final rule addresses compensation discrimination, sexual harassment, hostile work environments, a lack of workplace accommodations for pregnant workers, and gender identity and family caregiving discrimination. The final rule becomes effective on August 15, 2016.

The final rule is available [here](#).

The press release is available [here](#).

Additional information (including the final rule, frequently asked questions, fact sheets, and other resources) is available [here](#).

Executive Order 11246 is available [here](#).

Aon Hewitt Publications

HHS Nondiscrimination Rules Impact Employer-Sponsored Health Coverage

The Department of Health and Human Services (HHS) released final regulations on May 18, 2016, that prohibit discrimination in health programs and activities on the basis of race, color, national origin, sex, age, or disability.

The nondiscrimination regulations are generally effective July 18, 2016. However, to the extent a group health plan or health insurance issuer needs to alter its benefit design to comply with these regulations, such design provisions are applicable beginning on the first day of the first plan year beginning on or after January 1, 2017.

In addition to a number of other requirements for employers that sponsor group health plans, the nondiscrimination rules prohibit an employer who is subject to these rules from discriminating against transgender individuals, including having or implementing a categorical coverage exclusion or limitation for all health services related to gender transition.

The Aon Hewitt bulletin, which provides an overview of the final regulations, is available [here](#).

June 13, 2016

Legislative

President Obama Vetoes Resolution Prohibiting Fiduciary Rule From Taking Effect

On June 8, 2016, President Obama vetoed a resolution (H.J. Res. 88) that would have nullified a Department of Labor rule (published on April 8, 2016), relating to the definition of the term "fiduciary" and the conflict of interest rule with respect to retirement

investment advice. The Senate passed the resolution on May 24, 2016, and the House passed the measure on April 28, 2016. In a previously issued White House Statement of Administration Policy, President Obama promised to veto the resolution.

H.J. Res. 88 is available [here](#).

The White House Statement of Administration Policy is available [here](#).

Health Care

Departments Issue Proposed Regulations on Expatriate Health Plans, Expatriate Health Plan Issuers, and Qualified Expatriates; Excepted Benefits; Lifetime and Annual Limits; and Short-Term, Limited-Duration Insurance

On June 9, 2016, the Departments of Treasury, Labor, and Health and Human Services (the Departments) released proposed regulations on the rules for expatriate health plans, expatriate health plan issuers, and qualified expatriates under the Expatriate Health Coverage Clarification Act of 2014. The guidance also proposes standards for travel insurance and supplemental health insurance coverage to be considered excepted benefits and revisions to the definition of short-term, limited-duration insurance for purposes of the exclusion from the definition of individual health insurance coverage. The proposed regulations affect expatriates with health coverage under expatriate health plans and sponsors, issuers and administrators of expatriate health plans, individuals with and plan sponsors of travel insurance and supplemental health insurance coverage, and individuals with short-term, limited-duration insurance. Additionally, the regulations also propose to amend a reference in the final regulations relating to prohibitions on lifetime and annual dollar limits and propose to require that a notice be provided in connection with hospital indemnity and other fixed indemnity insurance in the group health insurance market for it to be considered excepted benefits. Comments on the proposed regulations are due by August 9, 2016.

In other news, on June 8, the Centers for Medicare and Medicaid Services (CMS) released a fact sheet related to the proposed regulations, as well as a series of other actions meant to strengthen the Exchange risk pool.

The proposed regulations are available [here](#).

The CMS fact sheet is available [here](#).

June 6, 2016

Retirement

PBGC Issues Proposed Rule on Mergers and Transfers Between Multiemployer Plans

On June 2, 2016, the Pension Benefit Guaranty Corporation (PBGC) issued a proposed rule that would amend the PBGC's regulation on mergers and transfers between multiemployer plans to implement Section 121 of the Multiemployer Pension Reform Act of 2014. The proposed rule would also reorganize and update the existing regulation. The PBGC has authority to facilitate plan mergers by providing technical assistance, or financial assistance if necessary, to avoid plan insolvency. "Plan mergers can make multiemployer pensions more stable and secure," stated PBGC Director Tom Reeder. "PBGC can help save troubled multiemployer plans before they fail. That helps plan participants and reduces the long-term costs of the pension insurance program." Comments on the proposed rule are due by August 5, 2016.

The proposed rule is available [here](#).

The PBGC news release is available [here](#).