

# New York State Department of Civil Service

Due Date: 5/31/2017

Actuarial and Benefits Management  
Consulting Services RFP #ABMC-  
2017-1

Technical Proposal

May 18, 2017

NYS Department of Civil Service  
ABMC Procurement Manager  
Employee Benefits Division, Room 1106  
NYS Department of Civil Service  
Albany, New York 12239

**Harvey Sobel**

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**Re: Request for Proposals #ABMC-2017-1 Actuarial and Benefits Management Consulting Services**

Dear ABMC Procurement Manager:

We appreciate the opportunity to present our proposal to provide Actuarial and Benefits Management Consulting Services to the Employee Benefits Division of the New York State Department of Civil Service ("DCS"), effective January 1, 2018, in response to your April 5, 2017 RFP. Our proposal will demonstrate that Conduent HR Consulting, LLC ("Conduent") is best qualified to partner with DCS to provide the requested consulting services.

Enclosed is our Technical proposal [two (2) original and ten (10) copies and one (1) electronic copy (thumb drive)].

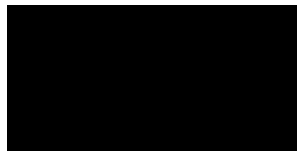
As DCS' actuarial and benefits consultant for over 15 years (from 7/1/1997 through 12/31/2012), Conduent (formerly doing business as Buck Consultants) provided DCS with timely and cost-efficient services, and we never missed a deadline. Our team's deep experience with health benefits plans, combined with the breadth and depth of our firm's benefit consulting services, and our cost-effective, custom client-focused approach, will serve DCS well in facing its benefits challenges ahead.

If you have any questions, please contact us. We look forward to re-establishing our relationship.

Sincerely,



Harvey Sobel  
Principal & Consulting Actuary  
Conduent HR Consulting, LLC



Hope Manion  
Global Practice Leader, Health Consulting Practice  
Conduent HR Consulting, LLC

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## A. Corporate and Account Team Experience

### 1. Executive Summary

Conduent is pleased to present our proposal to provide Actuarial and Benefits Management Consulting Services for the New York State Department of Civil Service (“DCS”).

We trust that this proposal will clearly demonstrate that Conduent is best qualified to leverage our 15-year history and technical knowledge of DCS’ benefit programs, to provide strategic and technical expertise, achieve cost efficiencies and deliver innovative solutions and best value to DCS for Tasks 1, 2 and 3 and Task 4 ad hoc consulting projects.

### Why Conduent?

There are two main reasons why DCS should select Conduent (formerly doing business as Buck Consultants) as its actuarial and benefits consultant:

1. Conduent has a proven track record providing actuarial and benefits consulting services to DCS for over 15 years -- from July 1, 1997 through December 31, 2012.
2. Conduent will provide consulting services with an experienced staff, headed by Harvey Sobel. Harvey was your lead actuary from July 1, 1997 through December 31, 2012.

### Our Proven Track Record

Conduent has a proven track record providing actuarial and benefits consulting services to DCS for over 15 years -- from July 1, 1997 through December 31, 2012. We delivered substantive value, identified significant cost savings and mitigated compliance risk for the State and are best positioned to continue to bring greatest long-term value to the State.

We successfully completed Task 1 – independently projecting Empire Plan rate requirements for the upcoming year and assisting DCS in negotiating reasonable premium rate levels with the Empire Plan vendors – all in a timely manner. In some years, the Empire Plan vendors have been unduly conservative, and we have worked with DCS to negotiate lower premium rates. For example, for the 2008 renewal, Empire Blue Cross Blue Shield requested a 10.9 percent rate increase, which we were successful in lowering to 9.6 percent (resulting in cash flow savings of \$20 million).

For the 2012 renewal, there were significant budget pressures. We provided DCS with analysis enabling the State to negotiate aggressive (i.e., low) premium rates. We provided advice to DCS as to the level of risk assumed and the best guess as to the potential additional premium that the vendors may call if claim experience proves unfavorable.

While there is a tendency to seek ways to lower the rate increase, we always strived to ensure that do not make cuts that might jeopardize the financial integrity of the Empire Plan.

In addition to helping DCS negotiate rates with its vendors, we presented the results of the renewal negotiations to the Joint Labor Management Committee. We have worked with the Joint Labor Management Committee for over a decade and developed a good rapport with many committee members – labor as well as management.

During our 15+ years as DCS' actuarial consultant, we completed all Task 2 quarterly projections in a timely manner — enabling DCS to monitor the emerging experience under the Empire Plan programs and to notify participating agencies of the anticipated rate increase for the upcoming year. DCS generally relies upon vendor projections, but has cited Conduent's projections in its report to the PAs in cases where the vendors were unduly conservative.

Considered an ad hoc project in 2006 – now Task 3 – we assisted the State in complying with Governmental Accounting Standard Statement No. 45 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – for the fiscal years ending 3/31/08, 3/31/09, 3/31/10, 3/31/11 and 3/31/12. To comply with the Statement, Conduent worked with employees from four State agencies – DCS, Division of Budget, SUNY and Office of State Comptroller – as well as two audit firms, KPMG and PwC. As a result of our initial consultation in 2006, the State adopted the frozen entry age cost method, which was deemed to be consistent with the method of funding New York State's pension obligations, while still resulting in lower expense amounts. Conduent also provided DCS with a white paper, analyzing the State funding of its OPEB obligation, which showed that NYS/SUNY could lower its measured OPEB obligation (the Actuarial Accrued Liability) by \$20 billion – from \$47 billion to \$27 billion – were it to prefund its OPEB costs and earn 8 percent on the funds invested for OPEB purposes.

When the Affordable Care Act was passed in March 2010, we provided DCS with an updated valuation to reflect the cost impact of key changes mandated by the law, including:

- The High Cost Plan Excise Tax (also known as the Cadillac Tax)
- Coverage of Adult Children to age 26
- Elimination of Annual and Lifetime Maximums
- Medicare Advantage changes

We evaluated the impact of implementing an Employer Group Waiver Plan (EGWP) on NYS' GASB 45 obligation.

In addition to Tasks 1, 2 and 3, Conduent performed a number of other ad hoc projects for DCS. During the 15 years, Conduent:

- Compared NYSHIP's drug benefits for Medicare eligible retirees to those offered under Medicare Part D in order to attest that NYSHIP's benefits were actuarially equivalent and hence eligible for the federal drug subsidy. Conduent filed attestations for 2006-2012. The attestations resulted in NYSHIP receiving over \$100 million for each year.
- Provided DCS with an evaluation of alternatives to accepting the Medicare Part D employer subsidy, such as filing as a Medicare Prescription Drug Plan (PDP)
- Helped DCS develop RFPs and evaluate proposals submitted in response to RFPs for the following programs: Mental Health/Substance Abuse (three different times – 1999, 2004, 2008), Prescription Drugs (six different times – 1999, 2004, 2006, 2008, 2013, 2014), Dental (2000), Vision (two different times – 2002, 2007) and Long Term Care (2001). In many proposals, Conduent evaluated the financial solvency of the bidders, evaluated network access, and cost scored the bids.

**Issue:** Due to fiscal pressures, the State wanted to assess if it could save money by self-funding the Empire Plan.

**Approach:** Conduent evaluated the feasibility of self-funding the Empire Plan. Conduent identified savings of over **\$100 million should DCS decide to self-fund.**

- Under the guidance of Conduent's Pharmacy Practice, provided clinical assistance in structuring the Prescription Drug RFPs in 2006, 2008, 2013 and 2014.
- Under the guidance of Gail Levenson, R.Ph. in Conduent's Pharmacy Practice, provided guidance in implementing an EGWP for 2013.
- Helped DCS develop an RFP for the Hospital Program.
- Helped DCS develop an RFI for the IPP Program.
- Evaluated the financial feasibility of consolidating the Hospital and Medical Programs – we helped DCS draft the RFI and we played a lead role in the vendor interviews.
- Evaluated the procurement process and provided recommendations for improvement.
- Evaluated the financial and regulatory issues associated with self-funding the Empire Plan, which could conservatively save the Plan \$100 million, including surveying 16 other states as to their experience in self-funding.
- Evaluated DCS' audit methodology for the Basic Medical Discount Program.
- Evaluated the financial and clinical issues associated with covering Nurse Practitioners as participating providers under the Empire Plan Medical Program.
- Analyzed the financial impact of making changes to the Medical Program fee schedule.
- Priced the added cost/savings of making changes to the Empire Plan, such as increases in copays and modifications to covered services.
- Provided DCS with tax and legal advice in a number of situations, including the impact of demutualization proceeds, complying with COBRA and HIPAA and complying with mental health parity laws.

Conduent (formerly doing business as Buck Consultants) was also the State's Benefits Management Consultant from 1990-1992. During our three-year contract, we assisted the Department of Civil Service with renewals, plan design analysis, trend analysis and labor negotiations for its insured benefit programs.

***Conduent is proud of the technical knowledge and thought leadership we have provided and substantial cost savings we have identified for DCS over the course of our over 18 year period.*** At the end of the day, we believe our deep experience with DCS' benefit programs and technical responsiveness in bringing innovative solutions to DCS far outweigh the cost and pain that DCS would incur in changing providers.

## Our Seasoned Team

Should DCS award Conduent this contract for consulting services, Conduent commits to staff the engagement with the same caliber of experience that served DCS during our 15+ years. Conduent's prior experience and expertise will minimize any frustrations and ensure a smooth transition back to Conduent. The key, senior members of our team have all worked closely with DCS in the past. They include:

Harvey Sobel, FSA, will serve as your lead actuary and Project Team Leader (i.e., Account Executive). He will also serve as Project Manager for selected Task 4 ad hoc projects. Harvey has been lead actuary for Conduent's relationship with DCS from 1997 through 2012.

Robin Simon, FSA, JD, will serve as peer reviewer for Task 3, having worked with New York State on its GASB OPEB valuation from 2004 through 2012.

Scott Bush, ASA, will serve as Project Manager for Tasks 1 and 2. Scott worked on those tasks from 2006 through 2012.

Janet DenBleyker, ASA, will manage selected Task 4 ad hoc projects. Janet has worked on assignments for DCS from 1997 through 2012.

Gail Levenson, R.Ph., is a pharmacist in our Washington, DC office. Gail provided assistance to DCS in transitioning to an EGWP in 2012 and in developing EGWP requirements for the 2014 Empire Plan Prescription Drug RFP.

Robert Ferraro, R.Ph., and Anna Goldbeck are pharmacists in our Pharmacy Practice. They provided assistance to DCS in the 2013 Empire Plan Prescription Drug Program RFP (which was not released but which formed the basis of the 2014 RFP), including evaluating the impact of formulary changes.

Leslye Laderman, JD, who heads up Conduent's Health and Productivity Compliance Group, will be available to provide compliance consulting assistance should the need arise. Leslye provided DCS with guidance on implementing the federal Mental Health Parity Law. She provided DCS with guidance on drafting plan documents to provide opt-out payments on a tax favored basis.

Rich Stover, FSA, is a Principal in our Knowledge Resource Center. Rich provided DCS with compliance guidance from 2000 through 2012, including guidance on implementing Medicare Part D.

***Continuity of staff, relationships and deep technical knowledge of the data is core to our value offering to DCS.***

Conduent's seasoned team ensures enhanced technical responsiveness and will lead to greater efficiency and lower costs for DCS.

Conduent believes it is important that its experienced, senior consultants be actively engaged in providing DCS with consulting services. We would not delegate the work to junior staff with an FSA providing sign-off and final review. While this approach could lower costs in the short run, it would compromise the quality of the work product. The long-term effects of this approach could possibly drive additional risk for the State. By returning to Conduent, DCS will continue to be assured of Harvey and his team's expertise and responsiveness at the helm and members of the Conduent team you know.

### Required Submission

The Offeror must submit an Executive Summary outlining its overall program and its capacity to administer the Project Services outlined in this RFP. The Executive Summary must include

- (1) The name and address of the Offeror's main and branch offices and the name of the senior officer responsible for this account;

Headquarters:

Conduent HR Consulting , LLC  
420 Lexington Avenue  
New York, New York 10170  
(212) 330-1000

Individuals who would be involved in this project are primarily located either in Conduent's New York City, Secaucus, NJ, or Berwyn, PA offices. The address of the NYC office is above. The addresses of the other two offices are as follows:

500 Plaza Drive  
Secaucus, New Jersey 07096-1533  
(201) 902-2300

200 Berwyn Park, Suite 110  
920 Cassatt Road, Berwyn, PA 19312  
(610) 647-6400

The individual responsible for this account is:

Harvey Sobel, FSA  
Principal and Consulting Actuary  
Conduent HR Consulting, LLC  
500 Plaza Drive  
Secaucus, New Jersey 07096-1533  
(201) 902-2655 (phone)  
(201) 902-2883 (fax)  
Email: Harvey.Sobel@conduent.com

- (2) A concise description of the Offeror's understanding of the requirements presented in the RFP, the Department's needs, approach, and how the Offeror can assist the Department in accomplishing its objectives;

The New York State Health Insurance Program (NYSHIP) covers over 1.2 million employees and retirees of the State, Participating Agencies and Participating Employers. The Program spends over \$7 billion for health care benefits (hospital, medical, prescription drug, managed mental health and substance abuse, and HMOs). With a substantial portion of the State's tax revenues earmarked for health insurance benefits, the State of New York, through the Employee Benefits Division of the Department of Civil Service (DCS), is seeking assistance in managing the costs of NYSHIP in the following areas:



<b>Task 1</b>	Supporting the Department in renewal negotiations with the Empire Plan carriers
<b>Task 2</b>	Analyzing and commenting on the Empire Plan carrier projections on a quarterly basis
<b>Task 3</b>	Performing GASB 45/75 actuarial valuations
<b>Task 4</b>	Providing policy program and actuarial analysis and recommendations for other projects on an ad hoc basis upon the request of the Department

Conduent provided these consulting services to DCS from July 1, 1997 through December 31, 2012. During these 15½ years, we successfully provided DCS with consulting services in the following areas:

- We assisted DCS in negotiating reasonable renewal rates with the Empire Plan carriers.
- We provided DCS with timely quarterly projections of rates increases for the upcoming year.
- We assisted DCS in evaluating and implementing an EGWP.
- We assisted DCS in evaluating and complying with Health Care Reform, Federal Mental Health Parity and other legislative requirements.
- We assisted DCS in evaluating a number of proposals during vendor selections for Mental Health/Substance Abuse, Prescription Drugs, Hospital, Dental, and Long Term Care Programs.
- We helped DCS draft the Income Protection Plan (IPP) RFI.
- We evaluated the State's GASB 45 obligation for retiree medical benefits and helped the State implement the GASB 45 accounting requirements.
- We helped DCS evaluate the feasibility of consolidating the Hospital and Medical Programs, including conducting RFI respondent interviews.

In all cases, we met and exceeded DCS' expectations by delivering quality consulting services in a responsive and timely manner, and, if selected as your consultant, will maintain these high standards in advising DCS.

#### **Task 1 – Renewal Negotiations with the Empire Plan Carriers**

Conduent is well qualified to complete Task 1, having done so from 7/1/97-12/31/13. Conduent will work with DCS staff in evaluating Empire Plan vendor rate levels and in negotiating reasonable rate actions. Each year over the life of our contract with DCS, Conduent will analyze data, claims and historical trends to project NYSHIP's claim experience; analyze and project vendor retention; and develop independent rates towards the objective of assessing each vendor's proposed rate renewal and renegotiating favorable terms and final rates with the Empire Plan carriers. Conduent will attend carrier briefing meetings with DCS and with the Joint Labor Management Committee (JLMC), prepare Conduent's Final Report and Recommendations, and be available for follow-up discussions with DCS and vendors as necessary.

When Conduent was the incumbent, Conduent developed successful working relationships and credibility with the underwriters and account executives of the various Empire Plan vendors, such as Empire Blue

Cross Blue Shield, United HealthCare and Optum. These relationships enabled Conduent to help DCS in negotiate favorable premium rates.

In addition, we developed credibility with many of the union representatives to the JLMC, which enabled us to help DCS present the premium rates to these representatives.

### **Task 2 – Quarterly Analysis of Empire Plan Carrier Projections**

Conduent is well qualified to complete Task 2, having done so from 7/1/97-12/31/13. We will work with DCS and the carriers to monitor plan costs and identify unexpected cost variances for the requested 1<sup>st</sup> and 4<sup>th</sup> quarters. In so doing, we will perform data, trend and experience analyses for each of the four Empire Plan programs, and prepare reports that project financial results and rates for the upcoming year(s). Conduent will perform this analysis each year over the life of our contract with DCS.

Conduent's *National Health Care Trend Survey* is a valuable tool that we will use to compare Empire Plan trends to those in the industry.

### **Task 3 – GASB 45/75 Valuations**

Conduent has a long history of providing DCS with GASB 45 valuations:

In 2006, as the incumbent actuary for NYSHIP, Conduent performed the first valuation used by New York State and SUNY to comply with GASB 45. As a result of our initial consultation in 2006 with various State agencies, the State has adopted the frozen entry age cost method, which was deemed to be consistent with the method of funding New York State's pension obligations, while still resulting in lower expense amounts.

Conduent performed 3 subsequent GASB 45 valuations – as of 4/1/2008, 4/1/2010 and 4/1/2012.

Conduent has also provided DCS with a white paper, analyzing the State funding of its OPEB obligation, which showed that NYS/SUNY could lower its measured OPEB obligation (the Actuarial Accrued Liability) by \$20 billion – from \$47 billion to \$27 billion – were it to prefund its OPEB costs and earn 8 percent on the funds invested for OPEB purposes.

For Task 3, Conduent will first perform an analysis every year of the actuarial assumptions. Once DCS and other State agencies approve the assumptions, we will use the assumptions, coupled with updated census data, to perform the GASB 75 valuations as of 4/1/18, 4/1/19, 4/1/20 and 4/1/21. Based on our understanding of the timelines required under this request for proposal, and timing mandates under GASB 75, we understand that the 4/1/18 valuation will be used to generate information for the fiscal year ending March 31, 2020 for the State. Results from the 4/1/18 valuation will be used for the fiscal years ending June 30, 2019 for SUNY campuses and hospitals and for the fiscal year ending March 31, 2019 for SUNY Construction Fund, with the results of the various SUNY entities all rolling up in to the March 31, 2020 State financials. The measurement date for all of these various entities is March 31, 2019, which is consistent with GASB 75 requirements for all 3 differing fiscal years.

In addition to providing DCS with assumptions and valuation reports, we will also provide DCS with 2 excerpted assumptions reports -- one to share with PAs and another to share with PEs.

#### Task 4 – Ad Hoc Projects

Conduent will perform ad hoc projects as requested by DCS. We anticipate that we could perform the following ad hoc projects over the course of the contract:

- Review of pharmacy benefit manager AWP discounts, dispensing fees and rebates.
- Assistance with complying with tax, legal and regulatory issues concerning health care benefits.
- Assistance in developing RFPs for procuring Empire Plan programs, such as the Medical Program. This includes assistance with methodologies and approaches to cost scoring and evaluation of network access.

Conduent has performed these services for DCS many times when Conduent was the incumbent. Critical for DCS will be Conduent's attention to fiscal considerations.

In addition, Conduent has the expertise and resources to assist with other ad hoc projects that could arise in the next five-to-seven years in such areas as pharmacy, plan design, wellness, disease management and clinical issues.

(3) A succinct statement that supports the Offeror has maintained an organization capable of performing the work specified herein this RFP, in continuous operation for at least the past three (3) years and that it has provided services comparable to the Project Services outlined in this RFP continuously during said period for the benefit of, at a minimum, three (3) governmental organizations with at least 100,000 in size;

Conduent represents that it has maintained an organization capable of performing the work specified herein this RFP, in continuous operation for at least the past three (3) years and that it has provided services comparable to the Project Services outlined in this RFP continuously during said period for the benefit of, at a minimum, three (3) governmental organizations.

Conduent HR Consulting, formerly known as Buck Consultants, is one of the leading benefit consulting and actuarial services firms in the world. Conduent serves more than 3,000 clients and their employee benefit programs in all 50 states and throughout the world. Over the years, our people have helped us develop a reputation for quality, objectivity and innovation.

Conduent, operating under our previous name Buck Consultants, has a heritage of a century of excellence, dating back to 1916. More than 100 years ago, George B. Buck, established the actuarial basis of the New York State and City retirement systems. Since then, Conduent has grown into a diversified firm that provides consulting services to both public and private entities, covering the entire spectrum of employee benefits and human resource management. Conduent is an innovator in the areas of employee communications, compensation, plan administration, global consulting, health and welfare programs, human resource management and retirement benefits.

Our combination of financial and business acumen, actuarial credentials, experience, technology and consulting creativity makes our firm unique.

Conduent HR Consulting is made up of over 1,200 employees globally, including nearly 500 retirement consultants and nearly 200 health and productivity consultants. Our consulting specialists include experts in health and welfare benefits, actuarial services, retirement plans, plan administration, compensation, communication, and dedicated tax, legal, and research professionals. Today, our professional staff brings to employers unparalleled depth and breadth of benefit consulting services.

Our services for DCS will be managed and performed primarily by the same members of Conduent's team based in Secaucus, NJ, who have been serving the State over the past 15 years. The Secaucus office is an extension of Conduent's NY Metro service area. The following table summarizes the number of consultants in our Health and Productivity (H&P) practice in the NJ/NY region.

Location	H&P Consultants	Total Personnel
Secaucus, NJ	20	158
New York, NY	9	93

Conduent has provided comparable services for numerous governmental organizations, including the States of Alabama, Alaska, Louisiana and Tennessee.

(4) A succinct statement explaining previous experience providing actuarial and benefits management consulting services to other governmental organizations administering health benefits programs and detail how that experience, in general and specifically in regard to the clients given as Client References in response to RFP Section III, qualifies the Offeror and, if applicable, any subcontractors, to perform the required Project Services;

Serving public sector clients is one of Conduent's core competencies. We have been serving government entities since our founding in 1916 – longer than any other benefits and retirement/actuarial consulting firm. We offer significant public sector and health care experience providing actuarial and benefits consulting services for state governments.

Conduent has provided health care consulting and/or health plan actuarial services to the following large public health care plans:

- Alabama Public Employees Health Insurance Plan (PEEHIP)
- State of Alaska
- City University New York
- Cook County, IL
- Los Angeles County
- New York City Office of the Actuary
- Ohio Police and Fire
- City of San Diego
- University of Minnesota
- State of Vermont
- U.S. Virgin Islands
- Washtenaw County

The projects performed for these clients included rate projections (as required under Tasks 1 and 2), GASB 45 valuations (as required under Task 3) and vendor procurements, clinical analyses, disease management, plan design, compliance and Medicare Part D attestations (as required under Task 4).

As part of our response to RFP Section III (Client References), we listed NYS DCS as a former client. We have performed the work required by this RFP for DCS for 15 ½ years (from 7/1/1997 – 12/31/2012).

Conduent also provides health and productivity consulting services to numerous large, corporate clients, such as:

- Bank of New York Mellon
- John Wiley & Sons
- Con Edison
- Eaton
- Merck & Company
- Shell
- Xerox
- Scott's Miracle Gro

For further information about Conduent and our services, please visit our web site at [www.conduent.com/hrservices](http://www.conduent.com/hrservices).

(5) A concise description of the Contractor's full range benefits consulting services offering and experience addressing, at a minimum, the areas of:

plan design consulting  
 provider network access analysis  
 consulting on vendor procurements  
 regulatory monitoring and compliance guidance  
 quality care programs  
 wellness programs, and  
 disease management  
 performance based contracting  
 advanced primary care  
 total cost of care modeling  
 analytical support  
 discount analysis

Conduent has a proven track record of performing plan design consulting, vendor selection, provider network analysis and tax and legal services for DCS and delivering value in these areas as outlined in **Our Proven Track Record** beginning on Page 2. **Please see Appendix A for a complete description of the depth and breadth of our full range of benefits consulting capabilities.** We have summarized Appendix A as follows:

#### Health and Productivity Consulting Experience

With a national network of nearly 200 Health and Productivity professionals, including more than 30 dedicated health and welfare actuaries, as well as data analysts, clinicians, pharmacists and medical professionals, we have experience with all types of health and welfare benefit programs, including medical, prescription drug, dental, vision, life and disability plans. Conduent's Health and Productivity (H&P) practice is our second largest practice area in the U.S. We've been providing these benefits consulting services since 1950.

Conduent offers DCS a comprehensive suite of services, which ensures all aspects of your current programs are evaluated and adjusted to support organizational and HR/benefit objectives. The following chart lists many of Conduent's service areas which may be of interest, or currently provided, to DCS.

Plan Management	Clinical Management	Financial Management
<p><b>Benefits Strategy</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Board Meetings</li> <li><input type="checkbox"/> Guiding Principles</li> <li><input type="checkbox"/> Organizational Objectives</li> <li><input type="checkbox"/> Gap Analysis</li> </ul> <p><b>Vendor Management</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Renewal Negotiations</li> <li><input type="checkbox"/> Marketing &amp; Vendor Selection</li> <li><input type="checkbox"/> Performance / Service Monitoring</li> <li><input type="checkbox"/> Contract(s) Review</li> <li><input type="checkbox"/> Discount Analysis</li> </ul> <p><b>Plan Design Review</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Program Prevalence</li> <li><input type="checkbox"/> Design &amp; Network Effectiveness</li> <li><input type="checkbox"/> Benchmarking</li> </ul> <p><b>Compliance</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Monitoring Regulations</li> <li><input type="checkbox"/> Impact Analysis</li> <li><input type="checkbox"/> Compliance Strategies</li> </ul> <p><b>Communications</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Communication Strategy</li> <li><input type="checkbox"/> Technical Review</li> <li><input type="checkbox"/> Benefits Statements</li> <li><input type="checkbox"/> Other Support (as needed)</li> </ul>	<p><b>Population Health Management</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Wellbeing &amp; Health Promotion</li> <li><input type="checkbox"/> Health Advocacy</li> <li><input type="checkbox"/> Risk Reduction</li> <li><input type="checkbox"/> Disease Management</li> <li><input type="checkbox"/> Case Management</li> <li><input type="checkbox"/> Employee Assistance Programs (EAP) and Behavioral Health Management</li> <li><input type="checkbox"/> Web-based Tools &amp; Incentives</li> <li><input type="checkbox"/> Employee Engagement</li> <li><input type="checkbox"/> Dimension of Behavior Modification</li> <li><input type="checkbox"/> Resilience and Mindfulness</li> <li><input type="checkbox"/> Transparency</li> <li><input type="checkbox"/> Telemedicine</li> <li><input type="checkbox"/> Onsite clinics</li> </ul> <p><b>Clinical Data Analysis</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Utilization Review</li> <li><input type="checkbox"/> High Cost Claimant Review</li> <li><input type="checkbox"/> Population-specific Illness Burdens</li> <li><input type="checkbox"/> Targeted Recommendations</li> </ul> <p><b>Pharmacy Analysis</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Claims &amp; Utilization Analysis</li> <li><input type="checkbox"/> Impact of Medicare Part D</li> <li><input type="checkbox"/> Formulary Review</li> <li><input type="checkbox"/> Contract Review</li> <li><input type="checkbox"/> Program Review</li> </ul>	<p><b>Claims Review</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Cost Drivers</li> <li><input type="checkbox"/> Plan Design Effectiveness</li> <li><input type="checkbox"/> Managed Care Initiatives</li> <li><input type="checkbox"/> Performance Guarantees</li> </ul> <p><b>Cost Projections</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Budgeting</li> <li><input type="checkbox"/> Cost-sharing Strategies</li> <li><input type="checkbox"/> IBNR</li> <li><input type="checkbox"/> Reserve Analysis</li> </ul> <p><b>Risk Management</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Underwriting Strategies</li> <li><input type="checkbox"/> Funding Alternatives</li> <li><input type="checkbox"/> Risk Analysis</li> </ul> <p><b>Management Reporting</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Routine Client Reporting</li> <li><input type="checkbox"/> Enrollment Analysis</li> <li><input type="checkbox"/> Claim &amp; Utilization Trends</li> </ul> <p><b>Audits</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Vendor Audits</li> <li><input type="checkbox"/> Dependent Eligibility Audit</li> </ul>

### **Program and Plan Design Review and Consulting**

Conduent has extensive experience in designing, implementing and evaluating innovative, cost-effective health and welfare benefits programs for employers. Conduent has provided and/or continues to provide such services to numerous large employers, including colleges/universities, states, cities, counties, energy providers, manufacturing companies, media groups, real estate developers, hospitals and healthcare systems and state health insurance programs.

A detailed description of our plan design process is provided in Appendix A.

During our 15 years with DCS, we consulted on changes in the Hospital, Medical, MHSA, and Prescription Drug programs. We provided DCS with information on the prevalence of the contemplated design changes, as well as pricing of the cost impact.

### **Provider Network Access Analysis**

During our 15 years with DCS, we evaluated provider network adequacy as part of the RFP process for the Medical, MHSA and Prescription Drug Programs. We evaluated the adequacy of providers relative to Empire Plan enrollees using Geoaccess software. We also assisted DCS in evaluating the number of physicians by specialty area as part of an RFP for the Medical Program (that was never issued).

### **Renewal Analysis and Negotiations**

Conduent has an edge in negotiations due to our consultants' market expertise, including extensive backgrounds in corporate management and within the insurance industry. We take a pragmatic approach built upon detailed actuarial and underwriting analysis, but with a close watch on market forces and other influences that may shape a carrier's negotiating position. In addition, our Health and Productivity consulting practice's decision processes are data driven.

Our specific approach to carrier negotiations involves our actuaries and underwriters reviewing the carrier methodology and assumptions for reasonableness and accuracy. Conduent's actuarial expertise can also be useful in evaluating changes in carrier discounts, fees and rebates especially in cases where carriers withhold a portion to offset other charges (e.g., TPA plans sometimes "skim" some of the provider discount to offset administrative fees).

Our approach to DCS renewals is described in further detail in our Task 1 services description. We performed this service for DCS for 15 years.

### **Audits**

Conduent has a specialized audit practice that performs claim (medical and/or prescription drugs) and dependent eligibility audits. These capabilities are further described in Appendix A.

### **Performance Guarantees and Management**

Conduent routinely works with clients to negotiate vendor performance standards and guarantees. These standards include, but are not limited to, customer service measures, claim statistics, financial measures, health plan statistics, employee satisfaction, client satisfaction and data management.

We can review (and negotiate as appropriate) DCS' various contracts to validate that each is in line with administration, benefit, claim paying and service provisions and DCS' expectations. Vendor performance monitoring is vital to effective administration of your benefits program. Our strategy is to work with vendors and employers to identify root causes of recurring, cyclical and special problems. A detailed description of our performance management process is provided in Appendix A.

## **Vendor Procurements**

Our marketing philosophy is based around asking the “appropriate” questions to bidders for answers that are customized to meet the needs of our clients. We do not use a standard proposal approach, where all proposals are the same for all clients. We work with you to define the marketing objectives and then structure our efforts around these objectives.

Competitive bidding requirements vary by client and are often dictated by procurement or sourcing guidelines. In discussing a competitive bid situation we will work with you to evaluate the reason for the bid request, and if it is determined that we can negotiate the financial, service and benefit levels desired with current providers then we will proceed on that basis. If the current providers are not meeting DCS’ financial, service or benefit requirements we will work with you on the marketing efforts to ensure an efficient and objective process.

As part of the procurement process, we typically consider vendor financial stability. Conduent can report the financial strength ratings of our clients’ insured carriers and review the ratings in conjunction with any RFP process. The ratings agencies used are: AM Best, S&P, Moody’s and Fitch. If a current carrier’s ratings are downgraded by any one of these agencies, Conduent will inform DCS, and based on the severity of the market condition and downgrade, we can discuss with DCS the appropriate response to the situation (i.e., a carrier change).

In addition, Conduent’s actuaries are highly knowledgeable about the National Association of Insurance Commissioners risk-based capital (RBC) requirements and have assisted DCS in the past in using RBC to evaluate insurers’ financial stability in the prescription drug, long-term care, and mental health and substance abuse procurements.

Our consultants will work closely with DCS to customize a process that meets Office of State Comptroller purchasing requirements. Our approach and work plan for each RFP will be developed according to the services bid and the extent of assistance required by DCS. We recognize the unique nature of DCS’ procurement process and have, in the past, provided assistance to DCS in developing sections of an RFP, in designing the scoring criteria, and in helping score selected technical questions, as well as, in some cases, the financial proposal.

In addition, Conduent can play a more expanded role in procurements (consistent with procurements we have conducted with other employers). Please refer to Appendix A for additional information.

## **Regulatory Monitoring and Compliance Guidance**

We believe it is essential to proactively communicate to each of our clients the impact of key changes in the benefits landscape. We provide our clients with the guidance, timely information and practical solutions they need to make appropriate decisions amidst an increasingly complex regulatory environment. We meet this need through a combination of consultant-to-client contact and knowledge sharing from our Research group.

Our resources in these areas include our Compliance Consulting Center and our Washington, DC office that are available to assist DCS with its benefit plans. In the past, our consultants have assisted DCS in complying with numerous tax and regulatory issues, including complying with Health Care Reform, Mental Health Parity, Medicare EGWP rules and with IRS rules for open enrollment. For example, Leslye Laderman, our lead compliance consultant, provided DCS with guidance on implementing the federal Mental Health Parity Law and provided DCS with guidance on drafting plan documents to provide opt-out payments on a tax favored basis.



Through our Knowledge Resource Center, we tap into our network to keep our consultants and clients abreast of emerging trends and developments. Providing clients with relevant, timely information on legislative and regulatory developments is an important part of our services. We can arrange for ad hoc or periodic meetings devoted exclusively to emerging issues and to educating our clients and their benefits team. Alternatively, we can incorporate these subjects into regularly scheduled meetings.

### **Wellness and Quality of Care Programs**

Conduent has extensive knowledge to support DCS in designing and delivering services, programs and systems to improve the health of its population. In fact, Conduent conducts the leading survey on the topic, *WORKING WELL: A Global Survey of Workforce Wellbeing Strategies*. The knowledge we have gained from each of the past seven surveys allows us to identify and design successful wellbeing programs and assist clients with the adoption of best practices and a unique program designed specifically for their needs.

At Conduent, we recognize that each employee group is unique and that a one-size-fits-all approach is unlikely to result in the desired outcome. Conduent's team of clinical and analytical experts typically starts with an analysis of our client's current wellbeing programs and organizational philosophy and a confirmation of the client's current vs. future objectives and goals. These objectives may include such measures as program participation levels, behavior change, clinical improvements, decreased health risks, participant satisfaction and savings/ return on investment (ROI).

We routinely provide analyses of wellbeing and health management programs for our clients, whether evaluating the clinical outcomes and ROI for existing health management providers or assessing the capabilities of wellbeing and population health management vendors in support of a bid solicitation. We have worked with and evaluated most major providers of wellbeing and health management services in the industry, and can assist DCS with a detailed assessment.

More about our data measurement methodologies and wellbeing tools can be found in Appendix A.

### **Disease Management**

Investing in a successful disease management program involves understanding multiple factors: the current health care environment, population demographics, current and projected costs associated with preventable health risks, the burden of chronic disease and member/sponsor relationships. This investment should be approached with a process that involves assessing the needs of the population and developing the strategy that will best meet your short- and long-term objectives.

Through a Population Risk Analysis (PRA) of demographics, medical and prescription drug claims experience and other data sources that may be available to DCS (e.g., Health Risk Assessments, health plan reports, large claimant reports, employee surveys, etc.), the specific illness burdens and risk factors within a population, and those most likely to be positively impacted by a health and/or disease management program and provide the greatest return on investment, will be identified and quantified. Specifically, the following results will be provided:

- Prevalence Analysis – actual chronic disease prevalence within the group
- Financial Analysis – actual costs associated with each chronic condition within the population and the percentage of total claims attributed to each chronic condition, as well as identification of cost drivers
- Stratification of Risk – identification of current and potential future risk factors on a group and individual level

- Gaps in care and indications of non-compliance with standards of care on an individual and group level
- Key areas of opportunity will be identified for health plan members to:
- Reduce health risks related to behaviors such as smoking, obesity, poor nutrition, physical fitness, stress, etc.
- Become more involved in medical self-care
- Increase use of preventive care services for early diagnosis and better condition management
- Realize fewer complications and improved well-being as chronic conditions become better managed, due to improved compliance with prescribed treatments
- Reduce lost work days due to illness
- Minimize the risk of disability

And for DCS to:

- Realize effective cost management of certain chronic diseases
- Improve the health and productivity of the membership

Refer to Appendix A for a description of data analytics and Population Risk Analysis, which can assist employers identify disease burdens and risk within their health plan populations and implement and improve wellness and disease management programs.

### **Performance Based Contracting and Advanced Primary Care**

Conduent has assisted clients in moving to and evaluating performance (or value-based) contracting and advanced primary care. This includes:

- Putting some or all of a provider's payment tied to performance on cost-efficiency and/or quality metrics (e.g., through Accountable Care Organizations); and
- Paying clinical integration fees contingent on providers altering how care is provided (e.g., patient-centered medical homes)

We've assisted our clients in negotiating charges for performance based contracting with their health plan administrator.

### **Total cost of care modeling**

Conduent is a member of the uniform data specifications (UDS) industry group. In addition to medical provider discount data, we have collected total cost of care (TCC) data and created a tool to summarize and analyze the data in order to compare medical networks on a TCC basis. As is common with new complex data analysis projects, TCC results are showing inconsistent results. The tool is under peer review in development status. Because New York State active employees are mostly concentrated in a few regions, with some additional regions for non-Medicare-eligible retirees, we would focus our TCC analysis development efforts in relevant regions for the State.

### **Analytical Support**

Conduent, through its partnership with Innovu, empowers clients to make informed, data-driven decisions to better manage and mitigate business and population risk. Conduent's unique solution provides the most visibility and clarity into our clients' data, giving the best chance to efficiently and economically

achieve client objectives. We systematically collect, cleanse, and aggregate all of the human capital and risk data a client specifies, then make it available to the client in the Innovu Lens Platform. The Innovu EmployerLens® platform and business intelligence tools enables our clients to uncover population's trends, issues, and cost drivers.

Refer to Appendix G for additional information about Data Analytics with Innovu.

### Discount Analysis

Conduent has developed a proprietary discount data base for evaluating carrier discounts. The data base collects provider fees and covered charge information by carrier and region to enable Conduent to compare discounts between vendors.

Conduent also can evaluate client-specific discounts, as we did in 2009-2010 for DCS as part of our evaluation of United HealthCare fees for a Medical RFP.

### Other Practical Innovations from Conduent – RightOpt™

For employers who may want to consider an option that allows retirees to choose their own coverage, Conduent's proprietary RightOpt solution provides employer support and participant counseling to effectively guide and educate informed decision-making. Conduent can assist DCS with RightOpt which is a delivery mechanism for driving savings into the organization.

RightOpt is a benefits exchange solution that provides cost-effective benefits to the employer and the retiree:

- Reduces retiree benefit costs
- Off loads administrative burdens
- Provides a "high-touch" domestic call center staffed with licensed MMA advocates to help retirees evaluate and enroll in Medicare plans
- Offers a user-friendly web portal decision support modeling tool that includes a physician and hospital locator and educational information
- Integrates Medicare eligibility verification by syncing CMS data with employer records
- Offers a consortium of group and individual Medicare plans on a nationwide basis from selected insurance affiliate partners
- Includes communication materials

See <https://www.conduent.com/solution/hr-services/employer-health-solutions/private-health-insurance-exchange/> for additional information about RightOpt.

(6) A description of the activities the Offeror is proposing to undertake to begin or, in the case of the incumbent contractor should they choose to submit a Proposal, continue serving the Department as a client on January 1, 2018;

As DCS' consultant for 15½ years, Conduent has a deep understanding of DCS' requirements and will not need to undertake significant transition activities to serve the Department on January 1, 2018. This proposal contains formal work plans for Tasks 1, 2, and 3. The following describes our approach to the three tasks:

1. Task 2 (quarterly reports) is most likely the first assignment under the contract. The first Task 2 activity begins around 1/15/2018, when the December 2017 claims data becomes available and the Empire Plan vendors submit their 4th Quarter reports. Once appointed consultant, we will immediately contact the Empire Plan vendors to reestablish our data requirements (and set up automatic reporting of data). We are prepared to commence this activity prior to January 1, 2018.
2. We would normally begin the Task 1 (rate renewal) activities in July and August. As part of Task 2, we will have already established contact with Empire Plan vendors and set up the process to collect the needed data. We are prepared to meet with DCS prior to submission of our renewal report in early September to establish any DCS special requirements.
3. We will begin Task 3 on 1/1/18 with Conduent collecting data from DCS to perform the GASB 75 valuation. We have performed GASB valuations many times in the past and we do not believe any activities are required prior to January 2018.

That said, should DCS have requirements prior to the January 1, 2018 effective date of the contract, we are prepared to meet them.

(7) An explanation as to how the Offeror proposes to handle administrative responsibilities, such as the billing and invoicing of charges for services to the Department, including a description of how the Offeror will ensure only accurate and complete billing of charges are submitted to the Department;

We will invoice for most projects based on the time associated with completing the project (subject to any not-to-exceed fee caps). Each consultant enters his or her time worked by client and by project into Conduent's billing system (TaBS) on a daily basis. TaBS summarizes the hours worked for the month by project and by consultant. Conduent will prepare the bills each month using the TaBS summary, which we will transmit to DCS electronically. Our bills will detail the work done for each project, along with the hours worked by consultant and his or her respective billing rate.

We will invoice DCS monthly for any projects completed during the month. We will conform to any and all administrative, billing and invoicing requirements of New York State on this contract; we will bill for projects after we have completed and submitted the deliverable(s) to DCS. We will bill for travel and other out-of-pocket expenses incurred in carrying out assignments at cost, subject to New York State employee travel reimbursement policies.

In addition to billing and invoicing, Conduent will also comply with other administrative requirements of the contract. These include completion of Form ST-220 (Sales Tax), Vendor Responsibility Questionnaire, and Form B (Consultant Services – Contractor's Annual Employment Report). During our 15½ year tenure, Conduent completed these forms on a timely basis. Conduent will continue to do so with appropriate input from Conduent's Finance and Legal Departments.

Our team has designated Tracey Halas as the administrative assistant to handle the DCS account and related support functions. Tracey is responsible for all administrative support responsibilities related to the day-to-day management of this project and is based in Secaucus, NJ.

Tracey is supported by a Central Billing Unit that assists in the preparation of Conduent's invoices. In addition, we have over 10 other administrative assistants that can provide additional clerical and secretarial assistance should Tracey become overloaded.

Account Executive Harvey Sobel will review the invoices for accuracy prior to invoices being sent to DCS.

Conduent's offices have approximately 100 employees – of which nearly 20 are located in New Jersey – who provide centralized administrative and staff support to the Health and Productivity Practice (as well as the rest of Conduent nationwide). The services include Accounts Payable, Accounts Receivable, Mailroom, IT and client mailings.

(8) A description of the qualifications and experience of staff assigned to provide IT services in support of the Project Management Team's delivery of the required services and how they will interface with the Project Management Team to complete assignments and reports;

Conduent, the world's leading enterprise for business process and document management, is well positioned to meet most all IT service and support needs. Conduent has access to numerous highly qualified IT resources based in the US and also at several overseas locations. These resources include individuals with an undergraduate level education who are certified in both Microsoft and Java technologies, as well as project managers with PMI certification. Some team members offshore also have Microsoft certification in Net technology.

Not only do we have access to qualified technical resources, but also we have identified Ron Baseman, Director of IT Security and Privacy (whose bio is provided in Exhibit P), as our liaison for IT services and support of the project team.

Within the Conduent Secaucus H&P team, we have seasoned SAS users to work with large data sets (such as was required in development of the proposed Medical financial RFP in 2007).

The consulting staff assigned to the DCS is highly computer-literate. We work in Microsoft Excel, Word, Access, PowerPoint, Outlook and other standard PC-applications routinely, on a daily basis. All of our consultants are required to go through extensive training in Microsoft applications upon being hired. Training sessions are offered through Consulting University (CU), which is an internal comprehensive learning program that provides staff with cross-functional development opportunities for a broad-based consulting career. This training includes courses that teach consultants how to use various spreadsheet and valuation tools effectively and efficiently.

While we do not envision any problems arising, Conduent maintains a Help Desk — a single point of contact — to assist our consultants in overcoming any computer problems. For DCS, we would use the Help Desk should we encounter any difficulties reading the data from any of the vendors. Our Help Desk is highly responsive to any problems that might arise and can frequently clear up a problem on the spot.

In some rare instances, our clients' management systems and information support staff needs to contact our Help Desk directly, which they are free to do by dialing our toll free number (877-311-2825).

(9) An overview of the Offeror's IT system and programming capabilities and its capacity to accept data from and exchange data with the Department and Empire Plan vendors/contractors, including a description of security measures used to ensure privacy and confidentiality of data is maintained; and

Conduent operates a computing infrastructure housed in several data centers located in the U.S. These data centers have the full complement of environmental protection and backup and recovery controls and capabilities usual in the industry, and undergo SAS 70 (now SSAE 16) and other audits and certifications periodically. These data centers are constantly being upgraded and enlarged to accommodate new business and technological upgrades and improvements.

The actuarial and consulting services that Conduent is proposing to carry out for DCS are performed using PCs running Windows 7 operating systems. Conduent uses specialized actuarial valuation software, called ProVal, which is leased from Winklevoss Technologies (WinTech), and tools from other vendors in conjunction with Microsoft Office Excel to perform mathematical analysis and calculations. Other Microsoft Office software, such as Excel, Word, Access and PowerPoint, in addition to Adobe Acrobat are used for the preparation of reports and graphs.

Based on our past 15 years of experience with your projects, we do not believe our consultants will have any difficulty accepting claim and enrollment on disk or tape from either DCS or any of its vendors. (In fact, over the past 15 years, we have worked with DCS and its vendors to streamline the data gathering process.) In most situations, the vendors will e-mail us data (in many cases via their or Conduent's secure website), and we will load it directly onto our PCs without the need to consult with our management systems and information support staff. If data is supplied to us via FTP file transfer, Conduent's management systems and information support staff will transfer it to our PC network, where our consultants can access the data with standard PC-application software. This transfer is a routine operation that is performed for numerous clients daily.

### **Data Security and Client Confidentiality**

Strict practices and procedures are in place in all Conduent offices to ensure the security, integrity and confidentiality of client data, both when housed within Conduent and during information transfer. Conduent has always maintained safeguards against unauthorized access and misuse of our clients' confidential information. These safeguards are periodically enhanced, both systemically and procedurally, and are reviewed by our internal and statutory auditors as part of our spot and annual SSAE 16 review programs.

Although IT systems and programming are not involved in the proposed engagement, Conduent uses several methods to securely exchange data with our clients as needed for our consulting services. We maintain a strong focus on the security, integrity and confidentiality of client data. We have documented and approved information security policies in place that are updated on a regular basis. We deploy a multi-faceted approach to maintain a safe environment, involving physical, technology and organizational measures. These measures include, but are not limited to:

Secure PGP webmail site, allowing files to be securely uploaded and downloaded from a password protected webmail box, over an encrypted SSL connection

Secure Large File Transfer site, allowing large files over 10 MB in size to be securely uploaded and downloaded at a password protected web site over an encrypted SSL connection

Secure FTP style data transfers, generally used for repetitive data exchanges – our server supports all popular methods of transferring files and providing security automatically from machine to machine

All Conduent have the ability to create PGP self-decrypting archives that can be burned onto CDs or DVDs and then delivered via courier with no risk of data loss or privacy breach

Our workstations and laptops are managed by our Information Technology Organization (ITO). Virus and firewall protection is mandatory and is managed by group policy. All hard disks are protected with PGP whole disk encryption to guard against inadvertent disclosure. In addition, all employee workstations default to a locked screen after a short period of inactivity, requiring a password to re-enter.

We also adhere to Conduent's policies and procedures that establish information security standards for information assets which are accessed through our computer systems or via public networks. These procedures have been designed to encompass all regulatory requirements, such as maintaining the

confidentiality of social security numbers and protected health information (PHI). PGP Encryption is required when Conduent sends electronic Personal Information (PI) to clients or vendors. PI stored on any removable media must also be encrypted.

Conduent operates a computing infrastructure housed in several data centers located in the U.S. These data centers have the full complement of environmental protection and backup and recovery controls and capabilities usual in the industry, and undergo SSAE 16 and other audits and certifications periodically. These data centers are constantly being upgraded and enlarged to accommodate new business and technological upgrades and improvements.

In the past, DCS provided most data to Conduent via email (through DCS' secure website) or on CD. There have been a few assignments, such as some of the GASB 45 valuations and the development of the Medical Program's financial RFP, which required that DCS send Conduent larger data files. We were successful in using an FTP data transfer to our server in these situations. There were no compatibility issues, and the data itself was not compromised.

## **Disaster Recovery and Business Continuity Planning**

### **Conduent Disaster Recovery Strategy**

Although there may be circumstances beyond our control that could prevent us temporarily from fulfilling all expectations of our clients, our commitment is to continue to test and improve our recovery facilities and plans to minimize the disruption of vital client services following a crisis.

Conduent's main data center is located in Pittsburgh, Pennsylvania. Beyond the multiple backup and redundancy capacity provided there in the event of a systems malfunction, we have dedicated recovery hardware in Secaucus, New Jersey.

### **Backup Strategy**

Conduent has 26 offices in the United States each with full secure network and internet capability. In the event of an office outage, we can fully recover an offices' data and permit our consultants to remotely access needed information. Our consultants have laptop computers that permit them to securely access Conduent applications remotely. We perform nightly backups of the data contained each office and an encrypted copy is sent off-site where it is retained for possible recall in a recovery situation.

### **Facilities & Equipment**

ATOS and The Conduent IT Operations & Shared Services Capability groups (ITOC) are the service providers for our computer services. This includes continuous monitoring and coverage of our network and technology environment. For added support, Conduent has a contract for recovery services with Sungard in the event of a loss of our Pittsburgh data center. In the event of the loss of a data center, our agreement with Sungard covers work area, the network, production and web servers. We also offer internal recovery solutions for our applications hosted within the Conduent cloud environment.

If we experience an office outage, Conduent leverages the technology available within our 26 offices in the United States. We restore the local office servers to dedicated servers in Secaucus so that work can continue uninterrupted remotely.

### **Recovery Testing**

As consultants we test our ability to work remotely in support of our clients on a daily basis. We test our disaster recovery and business continuation solutions in our data center at least once a year. The purpose of these tests is to minimize all losses and be able to continue to perform the normal everyday work for our customers with little or no impact.

(10) A description of any additional services/benefits that the Offeror provides its customers, including the Department if the Offeror is selected, at no additional charge, e.g., newsletter, white papers, etc.

Conduent has a specialized compliance/administration practice, our Compliance Consulting Center (CCC) within our Knowledge Resource Center, composed of attorneys, actuaries and administration specialists, with extensive experience in the compliance and administration of qualified and nonqualified retirement plans, health and welfare plans, and executive benefits. Although Conduent does not provide legal advice to clients, our compliance experts keep Conduent's consultants and clients informed of the compliance aspects of court decisions affecting employee benefit plans and compensation programs, new and pending legislation, and regulations concerning employee benefits and human resources. We also assist clients' counsel in preparing and reviewing employee benefit plans, trust documents, administrative forms, manuals, employee notices and communications, amendments, resolutions, government filings (where applicable), and special tax calculations.

Our services are proactive and designed to keep plan sponsors abreast of the ever-changing legislative, judicial, and regulatory environment surrounding employee benefits. These proactive services are provided to all clients at no additional charge.

We have ERISA lawyers and other compliance experts who can assist consultants or work directly with clients and their counsel to understand how court decisions and new/proposed laws or regulations affect their particular situations. Fees for these services are dependent on the particular facts and circumstances of the client need.

Through the CCC, Conduent provides certain core services to clients as part of every engagement at no additional charge. These services include publications and thought leadership, healthcare reform resources, Webinars, seminars, presentations and social media (including podcasts, blogs and Twitter feeds), compliance tools (such as our Reporting & Disclosure Guide and our FLSA Audit Checklist), compensation and employment/human resources initial diagnostics and certain broad peer polls/surveys.

All clients can receive our complimentary external publications as part of our core services.

**Legislate** – This US government relations and public policy publication summarizes and provides insight on Washington, D.C. “inside the beltway” politics related to current and pending federal legislation impacting the employee benefits and HR industry.

**FYI** – This multi-disciplinary publication offers current information and insightful analysis about US laws, regulations and judicial developments affecting a wide range of employee benefits and HR topics.

Recent *FYI* publications and Webinars can also be accessed on our website:

<https://analysis.hrservices.conduent.com/>

Refer to **Appendix E** for more information about our Knowledge Resource Center.

In addition, we offer client-facing training courses that teach employers a variety of employee benefit and HR skills as well as pre-recorded webinars (such as our HIPAA training module).



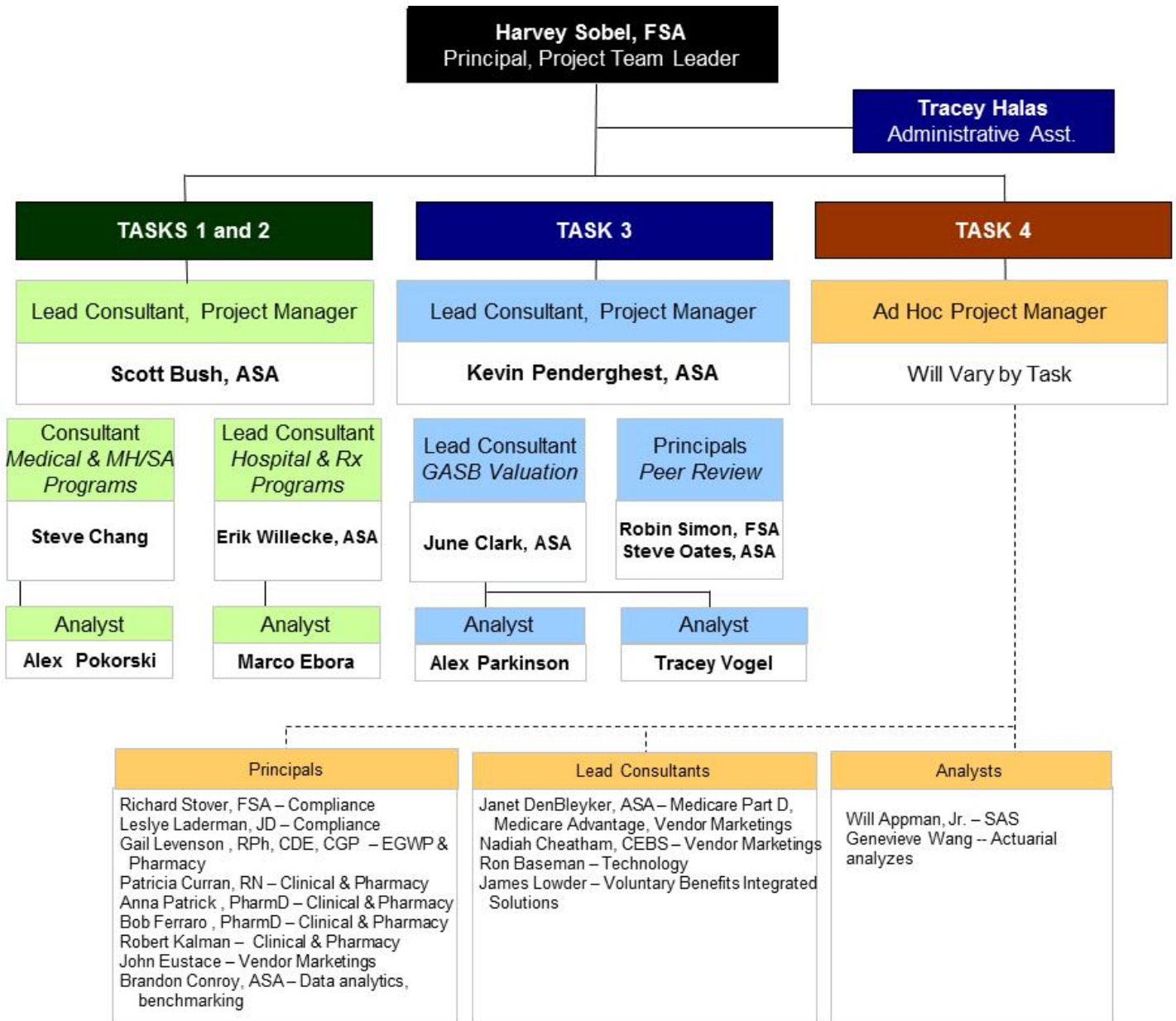
## 2. Account Team

The Department expects the successful Offeror to have in place a proactive, experienced Project Manager and an experienced team who have the authority to coordinate the appropriate resources to implement and administer Project Services.

(1) Provide an organizational chart and narrative description illustrating how the Offeror proposes to administer, manage, and oversee all aspects of the Projects. Complete RFP Exhibit III.A entitled Project Team Roster listing the Offeror's proposed key project management team members, including Key Subcontractors, if any. The Offeror should also complete and submit RFP Exhibit I.B, entitled, "Biographical Sketch Form" for each proposed key project management team member. Where key individuals are not named, include qualifications of the individuals that you would seek to fill the positions. Include the following:

The organizational chart below depicts our Project Management Team structure for delivering services for Tasks 1, 2 and 3 and Conduent's consulting resources available for Task 4 ad hoc projects.

Conduent's Project Management Team for NYS DCS



See Exhibit III.A for the Project Team Roster. Exhibit I.B, entitled “Biographical Sketch Form,” provides completed biographical sketch forms with additional background about each consultant.

An overview of how we propose to administer, manage and oversee all aspects of the projects is as follows:

- Harvey Sobel, FSA, will service as the single Account Executive (“Project Team Leader”) for this contract. In this role, he is responsible for ensuring that Conduent’s work meets all of DCS’ expectations. All individuals working on Tasks 1-4 will report to Harvey, and he will oversee all aspects of the projects. (See our response to Requirement #2 below.)
- Scott Bush, ASA will serve as Project Manager for Tasks 1 and 2 and manage the four consultants performing the analyzes.
- Kevin Penderghest, ASA will service as Project Manager for Task 3 and will manage the consultants performing the GASB 75 valuation services. In addition, he will serve as Project Manager for any GASB 75 services that are performed on an ad-hoc basis under Task4.

For each Task 4 project, Harvey Sobel will either serve as Project Manager or select a Project Manager, depending upon the nature of the assignment.

(2) Describe the experience of the individual who will assume the role of Project Team Leader. Include a description of the individual’s experience with clients similar in size and scope of the Department.

Harvey Sobel, FSA, will service as the single Account Executive (“Project Team Leader”) for this contract. In this role, he is responsible for ensuring that Conduent’s work meets all of DCS’ expectations. All individuals working on this project will report to Harvey, and he will oversee all aspects of the projects.

As Account Executive, Harvey will serve as the focal point for Conduent’s contact with DCS. Harvey will ensure that the right individuals with the right skills are available to meet DCS’ needs on a timely basis.

This is not to say that DCS must work solely with Harvey; in the past, DCS has had direct dealings with other Conduent consultants, as appropriate, such as Gail Levenson, Rich Stover and Leslye Laderman on pharmacy and regulatory/compliance issues. In those cases where DCS is comfortable dealing directly with another Conduent team member, DCS has the flexibility to work directly with that member, while generally copying Harvey on the matter at hand.

Harvey is highly qualified to be Account Executive, having served as DCS’ lead actuary from 1997-2012 and as DCS’ Account Executive from 2005-2012. Harvey is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. He is also a Principal and Consulting Actuary in Conduent’s NJ Office. In addition, Harvey served as Account Executive for the State of Maine prior to joining Conduent. At Conduent, Harvey is Account Executive for other large clients, such as New York City Health & Hospitals Corporation, NEA and Pension Boards United Church of Christ.

(3) Confirm that the Project Team will be readily accessible to the Department. Describe where the Project Team will be located.

All Task 1 and 2 services and many Task 4 services will be provided out of Conduent’s Metro New York office (located in Manhattan NY and Secaucus NJ).

All Task 3 services and any Task 4 services related to GASB 75 will be provided out of Conduent's Berwyn PA OPEB Center of Excellence office.

Some Task 4 services, such as for pharmacy consulting services, may require specialized expertise, Harvey Sobel will call upon Conduent consultants in any one of Conduent's 22 other US offices. We have identified locations for the Task 4 consultants listed in the Biographical Sketch Form and in our response to Requirement 4 below.

(4) Provide a description of how the Offeror proposes that the Project Management Team will successfully handle the four (4) tasks (including an indication of the percentage of time, by team member, dedicated to the project and a task(s), manage the Department's account; and interface with the Department in its delivery of Project Services; a description of the process by which the Offeror proposes to provide notification to the Department of actual or anticipated events impacting the delivery of Project Services and the presentation of options available to minimize or eliminate the impact of those events on the delivery of Project Services; a description of how the Offeror proposes to provide additional resources, should the need arise, from within the organization and/or from a third party; for those positions for which an individual(s) has not been named at time of Proposal submission; a description of how the Offeror proposes to recruit the person(s) to fill the position; a description of how the Offeror proposes to recruit replacement personnel, should one or more Project Management Team members leave during the term of the Contract; and a description of the steps that will be taken to ensure the continuity of Project Management Team members throughout the term of the Agreement.

As noted in our response to Requirement # 2 above, Harvey Sobel, FSA, will service as Account Executive for this contract. In this role, he is responsible for ensuring that Conduent's work meets all of DCS' expectations. All individuals working on this project will report to Harvey.

#### **Core Team: Tasks 1 and 2**

Scott Bush, ASA will serve as Project Manager for Tasks 1 and 2. Scott managed Conduent's work on the Medical and Mental Health/Substance Abuse coverages from 2010-2012. Prior to this role, Scott worked on these two programs under another project manager's direction. Scott also works on projections for other Conduent clients, such as Ascena. He is an Associate of the Society of Actuaries and a member of the American Academy of Actuaries.

Many of the Task 1 and 2 team members have worked on these tasks in the past. They are as follows:

- **Erik Willecke**, ASA will project manage the work on the Hospital and Prescription Drug Programs. He has projected health care costs for many large employers. Erik is an Associate of the Society of Actuaries and a member of the American Academy of Actuaries.
- **Steve Chang**, will project manage the work on the Medical and Mental Health/Substance Abuse (MH/SA) Programs He has projected health care costs for many large employers.
- **Marco Ebor** will provide support to Erik in developing Conduent's independent projection for the Hospital and Prescription Drug Programs.
- **Alex Pokorski** will provide support to Steve in developing Conduent's independent projection for the Medical and Mental Health/Substance Abuse (MH/SA) Programs.

The following table summarizes the percentage of time each team member will dedicate to Task 1. These percentages are based on Conduent's actual historical experience with Task 1 from 1997-2012 and reflect an average of 1,800 hours worked per year:

Consultant	% of Time Dedicated to Task 1
Harvey Sobel	1%
Scott Bush	3%
Erik Willecke	3%
Steve Chang	3%
Marco Eborá	2%
Alex Pokorski	2%

The following table summarizes the percentage of time each team member will dedicate to Task 2, also based on Conduent's actual historical experience with Task 2 from 1997-2012 and reflecting an average of 1,800 hours worked per year:

Consultant	% of Time Dedicated to Task 2
Harvey Sobel	LT 1%
Scott Bush	2%
Erik Willecke	3%
Steve Chang	3%
Marco Eborá	4%
Alex Pokorski	4%

### Core Team: Task 3

Kevin Penderghest, ASA, will serve as Project Manager for Task 3. Kevin has actively managed GASB 45 valuations since 2010. Many of the Task 3 team members have worked on NYS's and SUNY's GASB 45 valuations in the past. The team members are as follows:

- **Kevin Penderghest**, ASA will direct Task 3. He will review each project as well as sign the report. Kevin is an Associate with the Society of Actuaries and a Member of the American Academy of Actuaries.
- **June Clark**, ASA will direct the underwriting and development of the per capita plan costs, setting of actuarial assumptions, and the valuation itself. June is an Associate with the Society of Actuaries and a Member of the American Academy of Actuaries.
- **Tracy Vogel**, ASA will provide assistance in performing the valuation. Tracy currently works on the GASB valuations for the New York Office of the Actuary. Tracy is an Associate with the Society of Actuaries and a Member of the American Academy of Actuaries.
- **Alex Parkinson**, will be in charge of data handling, ProVal programming, assist June in per capita plan costs.
- **Robin Simon**, FSA, JD and Chief Health Actuary for Conduent, will serve as peer reviewer, to ensure that the GASB 45 valuation meets Conduent's professional standards of practice. Robin has a long history of working on NYS GASB 45 valuations starting with the 4/1/06 valuation. She was instrumental in establishing the State's actuarial cost method and has directed the Conduent team in

setting “first time” actuarial assumptions for health care reform. She will peer review assumptions reports and valuation.

- Harvey Sobel, FSA, will serve as Account Executive and provide additional peer review. Like Robin, Harvey has worked on all Conduent’s NYS GASB 45 valuations (including the 1999 original valuation). As Project Team Leader, he brings a working knowledge of NYSHIP and how the other tasks impact the GASB 45 valuation. Harvey is also Project Team Leader for other Conduent PE GASB 45 valuations, including Jacob Javits Convention Center, Long Island Power Authority and Battery Park City Authority.

The following table summarizes the percentage of time each team member will dedicate to Task 3, based on Conduent’s actual historical experience with Task 3 over the prior contract and current experience moving to GASB 75 reflecting an average of 1,800 hours worked per year:

Consultant	% of Time Dedicated to Task 3 (in the valuation year)
Robin Simon	4%
Kevin Penderghest	4%
June Clark	4%
Tracy Vogel	7%
Alex Parkinson	8%
Harvey Sobel	1%

#### Task 4 Team

Many of the Task 4 projects will also be handled by the team members identified above. For example, Harvey Sobel and Scott Bush worked with DCS on a procurement of the Mental Health/Substance Abuse Program. Harvey Sobel and Robin Simon worked with DCS on ad-hoc GASB 45 projects from 2006-2012.

**Rich Stover**, FSA, is an actuary in our Secaucus office who will play a major role in any Task 4 ad hoc projects involving Health Care Reform, Medicare Advantage or Medicare Prescription Drug Plans (PDPs). Rich met with DCS in 2004 to present the impact of Medicare Part D on NYSHIP. He also authored a white paper for DCS in 2006 that analyzed the pros and cons of NYSHIP providing drug benefits to Medicare eligible retirees under alternative approaches (e.g., through a PDP). From 2008-2012, he has provided DCS with as-needed advice in the area of Health Care Reform, Mental Health Parity, and other compliance issues. He will serve in this role under the new contract.

In addition to the actuaries and consultants specifically identified above, we have other Secaucus or NYC-based actuaries and consultants to provide DCS with support on an as-needed basis should there be turnover on the account.

From 1997-2012, Conduent used consultants in other Conduent offices with unique skill sets to “round out” the Secaucus team. Some of these consultants are as follows:

**Janet DenBleyker**, ASA, is a Director in our Secaucus office and is available for special projects. Janet has a long history of providing DCS with actuarial consulting services. During the 1997-2012 time period, she attested to NYSHIP’s Medicare Part D actuarial attestation, worked with DCS on a Dental Program procurement, and evaluated the financial impact of moving to a Medicare Advantage program.

**Gail Levenson, R.Ph.**, is a pharmacist in our Washington, DC office. Gail provided assistance to DCS in transitioning to an EGWP in 2013 and in developing EGWP requirements for the 2014 Empire Plan Prescription Drug RFP.

**Anna Goldbeck, R.Ph.**, is a pharmacist in our Atlanta office. Anna provided assistance to DCS in the 2013 Empire Plan Prescription Drug Program RFP (which was not released but which formed the basis of the 2014 RFP), including providing guidance in defining brand vs. generics, structuring of the drug classes as part of the cost evaluation criteria, determining AWP, establishing the Flexible Formulary, determining how to price specialty drugs, determining how to define MAC pricing, and integrating the program with discount cards.

Rounding out our pharmacy team is **Bob Kalman**, a Principal in our Washington, DC office. Bob provided assistance to DCS in many prior Prescription Drug procurements dating back to the early 2000s. He also provided DCS with guidance as to the timing of pharmacy benefit manager billing cycles under a self-funded arrangement.

**Leslye Laderman, JD**, an attorney who heads up Conduent's Health and Productivity Compliance Group, will be available to provide tax and legal consulting assistance should the need arise. Leslye provided DCS with guidance on implementing the federal Mental Health Parity Law and guidance on drafting plan documents to provide opt-out payments on a tax favored basis.

**John Eustace** is a Principal in our Stamford, CT office and is available to provide vendor procurement and vendor management services. John worked on Tasks 1 and 2 for DCS when Conduent held the contract.

All of the above named consultants will be available to provide assistance in the ad hoc project areas cited.

Should the need arise, we can draw upon Health & Productivity actuaries and consultants from other Conduent offices.

The percentage of time each team member will dedicate to Task 4 is difficult to project, since the assignments are ad hoc and non-recurring.

### **Conduent Interface with DCS**

As your Account Executive, Harvey Sobel will be in frequent contact with DCS – at meetings, by phone and through email. Harvey will keep DCS apprised of any emerging problems that could affect Conduent not being able to meet its delivery of project services. He can provide DCS with alternatives to minimizing or eliminating the impact of those events.

Over the 15½ years of the prior contract, Conduent met every due date and has never missed providing DCS with deliverables on a timely basis. Any delay was pre-approved by the appropriate person at DCS (e.g., Dave Boland or Bob DuBois).

A good example of this kind of situation is the self-funding study that Conduent provided to DCS in 2007. As part of the study, Conduent was to survey state and local governments re: how they funded their health benefits. Conduent saw early on that it was having trouble getting enough local governments to participate in the survey.

Conduent alerted DCS to the problem early. When it became clear that waiting for local governments to participate would jeopardize the completion of the project on time, Conduent suggested scaling back on

the local governments – focusing instead on just other state governments. DCS agreed with this approach, which enabled Conduent to complete the study on time.

### Providing Additional Resources

Conduent will enlist consultants in our Health and Productivity practice to provide all services from within our organization. As noted above, Conduent is proposing to staff all four tasks with seasoned consultants, many of whom worked on these tasks in the past. Should the need arise, Conduent can call upon other consultants from within our Health and Productivity practice, which numbers more than 100 professionals providing a range of the aforementioned services, including plan design consulting, consulting on selection of vendors, regulatory and compliance consulting, pharmacy consulting, wellness programs, and disease management, among others.

Our local Metro New York office (NYC and Secaucus) Health and Productivity practice has sufficient capacity to provide additional resources if required to complete Tasks 1 and 2, while our Berwyn PA office has sufficient capacity to provide additional resources to complete Task 3 if required. The Metro New York and Berwyn offices also have the technical skills to provide most consulting services for plan design and vendor selection (Task 4). There are over a dozen other consultants in our Metro New York and Berywn Health and Productivity practices who are not currently actively involved on the DCS case but who have capacity should the need arise.

We propose to provide Task 4 consulting services in the following areas as follows:

**Plan Design** – Conduent provided advice in the area of plan design numerous times from 1997-2012. Harvey Sobel, Rich Stover, Janet DenBleyker and the Pharmacy Practice (Gail Levenson, Anna Patrick and Bob Kalman) all assisted DCS in analyzing alternative plan designs (such as in designing the PA Plan, analyzing whether to cover Nurse Practitioners or modifying the Prescription Drug Program). We envision continuing using these consultants to provide Plan Design advice under the new contract. We also have the ability to supplement the existing team with other consultants throughout the Conduent Health and Productivity Practice. For example, Harvey Sobel, as Account Executive, is able to call upon other actuaries with specialized pricing and plan design skills, such as Brian Stitzel (in designing voluntary benefit plans) or Pete Ford (in designing long-term care plans).

In our plan design work, we frequently use a tool – Conduent's rate manual – to price the financial impact of changing deductibles, coinsurance and copays if NYSHIP-specific data is unavailable. This sophisticated tool is based on general industry data and is an additional resource that helps Conduent in plan design work.

Some plan design changes are clinical in nature (e.g., changes to the Prescription Drug Program formulary or changes to covered medical services). In those cases, we can call upon pharmacists or RNs to evaluate its financial impact.

**Vendor Selection** – Conduent provided advice in the area of vendor selection from 1997-2012. We helped DCS with procurements in the area of Prescription Drugs (four times), Mental Health/Substance Abuse (three times), Hospital, Dental (two times), Long Term Care, and Vision. Harvey Sobel, Janet DenBleyker, Scott Bush, Gail Levenson and Anna Patrick worked on these RFPs. We envision using these consultants to provide vendor selection consulting services under the new contract. As with Plan Design consulting, we have the ability to supplement the existing team with other consultants throughout the Conduent Health and Productivity Practice.



**Regulatory/Compliance** – Conduent provided advice in the area of regulatory and compliance issues from 1997-2012. We helped DCS with advice on cafeteria plan rules, complying with Medicare RDS requirements, Medicare PDP rules, and issues regarding dependent eligibility audits. Rich Stover, FSA provided DCS with assistance in the past. We envision using Rich, as well as Leslye Laderman, JD, to provide regulatory and compliance advice under the new contract. We also have the ability to supplement the existing team with other consultants throughout Conduent. (We employ approximately 35 lawyers, paralegals and legal research analysts.)

In addition to customized regulatory and compliance consulting, Conduent alerts our clients to pending developments through our surveys and newsletters, such as *FYI* (see examples in Appendix B).

Conduent devotes considerable resources to our publications. We issue about 100 *FYI*s per year and publish numerous surveys on trends in health care benefits.

**Pharmacy** – Conduent's Pharmacy Practice would be available to consult with DCS on any pharmacy issues, such as EGWPs, formularies, AWP issues and specialty drugs. Gail Levenson, Anna Patrick, Robert Ferraro and Bob Kalman all worked with DCS on prior assignments.

**Disease Management/Wellness Programs** – Conduent's Clinical Practice would be available to consult with DCS in the area of disease management and wellness programs. Please refer to our response to §4.03.1 (5) for a description of our wellness programs and consulting capabilities. Dr. Bruce Sherman, MD and RN Patricia Curran, RN would be available to advise DCS should the need arise.

### **Recruiting to Fill Positions**

Conduent believes we have named all members of our Conduent team for all Tasks. While we do not anticipate the need to recruit for unfilled positions, over time we would fill emerging assignments from our talent pool of seasoned resources or experienced hires.

During our tenure as DCS' consultant from 1997-2012, Conduent successfully introduced new Analysts to NYSHIP – primarily on Tasks 1-3. For example, Scott Bush initially worked on NYSHIP as an Analyst but was promoted to higher levels and assumed more responsibility. Conduent's track record for hiring and training Analysts has enabled us to fill many emerging assignments.

Many Analysts work for Conduent as part of Conduent's Summer Intern Program and later come to work for Conduent upon graduation from college. Interns have the opportunity to work on real-life client engagements. Through lecture, hands-on examples and group projects, interns learn some of the basic skills that help them be productive and informed about what it means to be a consultant. An on-site mentor provides training. In addition, interns participate in an intensive three-day training session covering business and benefit topics.

In addition, Conduent has hired experienced senior consultants externally to fill specialty niches. For example, Conduent hired pharmacists Anna Patrick and Gail Levenson as Principals in our Pharmacy Practice.

### **Continuity of the Project Management Team**

One of the key elements of a successful long-term relationship with a client is continuity of consulting staff. While all consulting firms have turnover, Conduent has one of the lowest turnover rates in the industry. It is not uncommon for consultants to remain on the same client for 10 years, and some consultants have 20 years of history with some of Conduent's oldest clients. Harvey Sobel and Janet

DenBleyker worked on your account for the full 15½ year term of the prior contract, while Scott Bush worked on your account for the last six years.

We delegate work to the most appropriate level and bring in “new blood” to the case. For example, Scott Bush started as an Analyst working on Tasks 1 and 2 but assumed more responsibility for the projections.

We also staff assignments with the right expertise within Conduent, even if from other offices. For example, Gail Levenson, Anna Patrick, Robert Ferraro and Bob Kalman from our Pharmacy Practice have all provided DCS with input in pharmacy clinical issues and EGWP implementation.

That said, in the event of staff turnover, Conduent would assign other comparable professionals to the project, subject to DCS’ prior approval. Of course, Conduent regularly hires actuaries out of college. Over the next five years, we will be adding some new team members as a result of normal hiring.

Because Conduent’s expertise extends to compensation and benefits, we understand what it takes to attract and retain the best talent in the industry. Our professional employees are competitively compensated, and tenure of 20 years or more is not unusual. Our top management has implemented firm-wide HR strategies that are designed to not only attract but also retain the very best people.

Conduent offers attractive career opportunities to talented and credentialed actuaries in the industry. Often when new actuaries or consultants join Conduent, they tell us they wanted to join us because of Conduent’s reputation for actuarial and consulting excellence.

We address backup for client relationships in two ways:

1. We assign responsibility for each major client to a project team. Although an Account Executive heads the team, the other high-level members of the team are charged with responsibility for becoming fully aware of that client’s needs and concerns. Thus, when a key member of the team is not available, someone fully capable is available at all times. In the event that a key individual leaves the firm, the team is restructured accordingly and someone of comparable stature is assigned promptly to replace the departing team member.

The depth of actuarial skill and consulting expertise within each team, and within Conduent as a whole, allows us to continue to deliver uninterrupted client service even if turnover should occur on a client account. This flexibility to draw from deep resources of skilled and experienced consultants is a benefit of Conduent’s size and experience, something a smaller firm, new firm or a new division within a consulting firm may have more difficulty guaranteeing.

- 2.. We strive to minimize the likelihood of this problem arising in the first place by minimizing turnover at Conduent. Historically, we have had great success in minimizing turnover of key employees. Professional staff turnover during the past several years, as evidenced by the fact that many of the consultants we are proposing worked on the prior DCS-Conduent contracts. Conduent’s encouragement to enhance actuarial experience – whether through ongoing professional training through our in-house Consulting University, support for completion of additional certification exams or identification of speaking opportunities at national conferences – may create turnover at times, but is a necessary by-product of our continued commitment to encouraging refinement of skills and knowledge. That said, based on the information we have assembled (we do our best to track the movement of people within our industry even if such movement does not affect Conduent), we believe that our turnover rate is among the lowest in the business. Despite our good results, we still do have some turnover. Therefore, we have established company-wide staffing models for our client teams to minimize the effects of professional staff turnover on our clients.

Some of the highlights are:

- It is our policy to have at least two senior level consultants on each of our large clients, in part to minimize the potential impact of unanticipated turnover. While Harvey Sobel has played a major role in 1997-2012, we have introduced other senior consultants, such as Robin Simon (GASB 45), Rich Stover (Health Care Reform and Medicare) and Gail Levenson (pharmacy issues).
- At the more junior levels, we make sure that the service teams for our larger clients are deep enough to absorb the effects of any unexpected turnover until the replacement team members are fully trained and knowledgeable enough to assume full-time roles on the client team.
- Teams for larger clients are reviewed at least annually by senior management within all of our offices to ensure that the teams are consistent with our model.

Conduent's structured educational and training system is instilled in all members of a client team, providing continuity in process and approach to work product, regardless of any one consultant's joining or leaving the firm. What has made Conduent a leader in actuarial services and health and welfare plan design for the public sector since 1916 has been our approach to customer service, innovation and actuarial excellence. These goals that serve as the firm's foundation and guiding principles are found not in any one consultant but in all of Conduent's consultants.

### **Training**

We embrace a comprehensive training program for employees to ensure that our high standards of quality are met. This program includes internal and external training classes, electronic bulletins to update staff on federal and state government activities, analyses by our legal staff of the implications of the recent regulatory, judicial and legislative activities, periodic technical meetings where our consultants conduct in-depth analyses of current consulting issues and attendance at annual meetings of their professional associations, such as the Society of Actuaries or bar association conferences.

### **Staff Training Programs and Continuing Education**

Consulting University (CU) is our internal training and continuing education facility. CU provides continuing education for all consultants. Each course is designed to have an introductory level, in addition to ever increasing graduate level courses that deal with the most complex legislative changes and industry trends.

The curriculums for each line of business are set and monitored by the practice areas or practice leaders. Conduent is well known for having some of the most tenured consultants in the industry.

In addition to formal classroom style and self-study course work, Conduent delivers Continuing Education-accredited Lunch-and-Learn sessions and provides SkillSoft e-learning courses for all practices. Lunch-and-learn sessions are typically recorded live, for the benefit of immediate staff interaction, in our New Jersey office and are then distributed to local offices. We also support each practice through internal clearinghouse publication of relevant articles, legislation, regulation and trends. Lunch-and-Learn topics include sessions on Medicare Advantage plans, GASB, risk adjustment and the ACA:

All accredited staff is required to maintain their credentials and are supported in doing so by reimbursement for successfully completing required course work. All consulting Directors and Principals also have performance incentives that include public speaking, delivery of client-education webex programs and publishing on employee benefit topics.

(5) Provide reporting relationships and the responsibilities of each key position of the account management team; and how the team will interact with other business units or functional areas within the Offeror's organization. The Offeror must include the percentage of time (by position) dedicated to the Program and reporting relationships. Describe how the account management team interfaces with senior management and ultimate decision makers within the Offeror's organization;

As noted in our response to Requirements 1 and 4 above:

Harvey Sobel, FSA, will service as the single Account Executive ("Project Team Leader") for this contract. All individuals working on Tasks 1-4 will report to Harvey, and he will oversee all aspects of the projects.

Scott Bush, ASA will serve as Project Manager for Tasks 1 and 2 and manage the four consultants performing the analyzes. The four consultants will all report to Scott.

Kevin Penderghest, ASA will service as Project Manager for Task 3 and will manage the consultants performing the GASB 75 valuation services, who will report to Kevin. In addition, he will serve as Project Manager for any GASB 75 services that are performed on an ad-hoc basis under Task 4.

For each Task 4 project, Harvey Sobel will either serve as Project Manager or select a Project Manager, depending upon the nature of the assignment. Those working on the Task 4 project will report either directly or indirectly to Harvey.

The percentage of time by position dedicated to the Program is as follows:

Consultant	% of Time
Principal	13.4%
Lead Consultant	37.2%
Consultant	13.5%
Analyst	35.9%

Harvey Sobel and Scott Bush report to Richard Gebbia, head of Conduent's Metro NY Health & Productivity Practice. Rich Gebbia reports to Hope Manion, head of Conduent's Health & Productivity Practice, who reports to Dean Aloise, ASA, Conduent's Global Consulting Leader.

Kevin Penderghest reports to Kelly Conlin, FSA, who heads up Conduent's OPEB Center of Excellence. Kelly Conlin reports to Dean Aloise.

Team members interact with each other. Some may require IT services and will interact with Conduent's IT area. Harvey Sobel and his Administrative Assistant will interact with Conduent's finance area in invoicing DCS for services.

Exhibit III.A entitled Project Team Roster

<b>Project Team Member's Name <sup>1</sup></b>	<b>Position Title</b>	<b>Subcontractor (Y/N)</b>	<b>Employer</b>
Will Appman, Jr.	Analyst	N	Conduent
Ron Baseman	Lead Consultant	N	Conduent
Scott Bush	Lead Consultant	N	Conduent
Sam Chang	Analyst	N	Conduent
Nadiyah Cheatham	Lead Consultant	N	Conduent
June Clark	Lead Consultant	N	Conduent
Brandon Conroy	Principal	N	Conduent
Patricia Curran	Principal	N	Conduent
Janet DenBleyker	Lead Consultant	N	Conduent
Marco Eborá	Analyst	N	Conduent
John Eustace	Principal	N	Conduent
Anna Goldbeck	Principal	N	Conduent
Chris Isaacs	Principal	N	Conduent
Robert Kalman	Principal	N	Conduent
Leslye Laderman	Principal	N	Conduent
Gail Levenson	Principal	N	Conduent
James Lowder	Lead Consultant	N	Conduent
Stephen Oates	Principal	N	Conduent
Alex Parkinson	Analyst	N	Conduent
Kevin Penderghest	Lead Consultant	N	Conduent
Alex Pokorski	Analyst	N	Conduent
Robin Simon	Principal	N	Conduent
Harvey Sobel	Principal	N	Conduent
Richard Stover	Principal	N	Conduent
Tracy Vogel	Analyst	N	Conduent
Genevieve Wang	Analyst	N	Conduent
Erik Willecke	Lead Consultant	N	Conduent

Please see Appendix D for Exhibit I.B Biographical sketches.

## B. Project Services

### 1. Task #1 - Premium Rate Development

The Offeror must demonstrate its capacity to deliver the required Project Services described in Section IV of this RFP.

#### Required Submission

Submit a work plan that demonstrates your ability to deliver Task #1 Project Services as described in the Duties and Responsibilities above. The outline should include the following:

(1) A detailed description of the steps, factors, and required staff resources.

Conduent is proud of having met all of its due dates – both for renewals, quarterly reports, and ad hoc projects – during our 15½ year tenure as consultant. We never had to pay a performance guarantee penalty due to being late. We expect to continue this tradition if we are awarded the contract.

Conduent is well versed in the timing of the renewal. We will establish procedures with the Empire Plans vendors and with DCS to receive the necessary premium and claim data within 15 days after the close of June. We will collect this data electronically (usually via e-mail and secure websites) to save time and money. We will independently project the four programs' experience over the course of the next 30 days, with Conduent submitting a report to DCS no later than the 8/31 deadline. See our response to (3) below re: the steps and factors of our analysis.

(2) The number of individuals per title and total number of hours per title using the Position Titles set forth in RFP Section V– Assumption #6 in your work plan. Please note that the projected total number of hours per Position Title per year as set forth in the Offeror's work plan must match the total number of hours per Position Title per year as set forth in the Offeror's Exhibit V.A Form 1 submission.

Our resources for Task 1 are as follows:

<b>Title</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Principal	10	8	55	55	55
Lead Consultant	110	90	80	80	80
Consultant	50	40	0	0	0
Analyst	80	100	100	100	100
<b>Total</b>	<b>250</b>	<b>238</b>	<b>235</b>	<b>235</b>	<b>235</b>

(3) A timeline with specified start dates based on number of Business Days, of the major milestones and interim activities for completion of the Task and related activities (e.g. attendance at meetings with the vendors).

The following is our work plan, which is based upon the timing that has emerged based on Conduent having performed Task 1 from 7/1/97-12/31/2012. Unless otherwise stated, we will perform each activity for each one of the four Empire Plan programs being renewed.

	Activity	Description	Due Date	Business Days
1.	Submit work plan	Conduent will submit a Task 1 work plan to DCS.	7/1	5
2.	Collect baseline data	Conduent will collect premium, claim, utilization and enrollment data through 6/30 of the current year from the Empire Plan vendors (insurance carriers or administrators).	7/15	12
3.	Plan changes	We will also collect data (if needed) from the vendors and DCS re: proposed or ratified plan changes.	7/30	20
4.	Estimate the claims base	Using a combination of completion factors, claims inventory, and per capita costs, Conduent will estimate claims incurred through 6/30 of the current year. To calculate claims incurred, Conduent will use its proprietary UCL software tool, which is a flexible Excel-based program. (UCL stands for Unpaid Claim Liability.)	8/15	20
5.	Analyze historical trends	Conduent will analyze trends over the past few years and during the most recent quarters for each type of service, broken down between utilization and cost. Conduent will normalize the trends for one time events, such as plan changes and/or fee schedule changes.	8/15	20
6.	Develop trend factors	Conduent will develop trend factors for the remainder of the current year and for all of the renewal year. To do so, we will consider not only NYSHIP's historical experience, but also trends being projected for other large New York employers and by New York HMOs. We will also consider national trends from Conduent's <b>National Health Care Trend Survey</b> – a survey over 75 health insurers and plan administrators.	8/22	5
7.	Project claim experience	Using the trend factors, Conduent will project NYSHIP's claim experience for the remainder of the current year and for all of the renewal year. The result is projected claims prior to any proposed plan changes.	8/22	5
8.	Analyze changes	Conduent will estimate the financial impact of any proposed plan, fee schedule or other changes. We will price some plan changes using NYSHIP-specific experience and, particularly where NYSHIP's data is not available or applicable, based on Conduent's manual rate software, which is a pricing tool based on industry experience.	8/22	5
9.	Analyze and project retention	Conduent will analyze each vendor's historical retention and other charges, based on its last accounting settlement and quarterly report. We will project each vendor's retention levels for the current and renewal years. In doing so, we will segment General Office Expenses (which are relatively fixed and should increase at non-medical CPI rates) from Claim Processing Expenses (which increase more directly with the increase in the number of claims). We will also adjust the retention projection to reflect economies of scale in covering new groups (if any).	8/22	5



	Activity	Description	Due Date	Business Days
10.	Develop independent rates	Conduent will combine the results of the previous activities to develop Conduent's independent premium (or funding) rate requirements and projected financial results for the current and renewal years. We will present our analysis to DCS in our report, <b>Conduent's Independent Experience Projections and Premium Requirements</b> (see outline below).	8/31	5
11.	Analyze the renewal	Conduent will analyze each vendor's proposed rate renewal. We will compare it to Conduent's independent estimate and review all major components of the renewal, including the development of: <ul style="list-style-type: none"> <li>• Base period incurred claims and claim reserves</li> <li>• Claim trends (both utilization and unit cost, by type of service)</li> <li>• The effect of any provider reimbursement changes</li> <li>• The effect of plan and fee schedule changes, if any</li> <li>• Retention charges</li> </ul>	9/03-9/10	5
12.	Submit comments on the renewals	Conduent will submit written comments to DCS on the renewal and discuss our concerns with DCS.	9/03-9/12	7
13.	Attend briefing meeting	Each vendor will brief Conduent and DCS as to the need for its rate action, how the increase was calculated, and other major assumptions at the Carrier-Health Insurance Council meeting during the 2 <sup>nd</sup> week of September. At this meeting, Conduent and DCS will ask questions and request clarification and further details about the renewal. Conduent will work in partnership with DCS to question the carriers.	9/12	1
14.	Submit preliminary written report	Conduent will document our analysis of the preliminary rate renewal in a peer-reviewed report, <b>Conduent's Preliminary Report and Recommendations</b> . The report will comment on the appropriateness of the final rates.	9/20	15
15.	Negotiate with vendors	From 7/1/1997-12/31/2012, we successfully helped DCS negotiate mutually favorable terms with the Empire Plan carriers.  With the permission of DCS, Conduent will share some or our entire estimate of the renewal with the vendors. In particular, we would share our analysis of claim reserves and claim trends.  Conduent might request that a vendor review Conduent's calculation and update its own calculation in light of additional claim experience. This may result in a vendor lowering its proposed rate action. (While it is sometimes difficult to negotiate a lower health care trend factor, carriers are generally more willing to be less conservative in projecting claims for the most	9/16-9/30	12  (But may extend into October)

	Activity	Description	Due Date	Business Days
		<p>recent year.)</p> <p>Even if a carrier is unwilling to eliminate the conservatism in its premium calculation, Conduent will help DCS in negotiating a lower billed premium (with the balance being subject to a “retro call” if needed). Conduent has provided DCS with guidance as to a reasonable billed premium level.</p> <p>Due to fiscal pressures, the carriers’ explicit margin of 3-4% of claims came under pressure a few years ago. Conduent will work with DCS to negotiate an appropriate level of conservatism in light of budget pressures.</p>		
16.	Prepare for JLMC Meeting	Conduent will prepare for the meeting. Conduent will send DCS our PowerPoint presentation one or two days prior to the meeting	10/1-10/4	5
17.	Brief the JLMC	Conduent will assist DCS in briefing the Joint Labor Management Committee (JLMC) as to the outcome of the renewal negotiations and the financial status of the NYSHIP. In advance of the meeting, Conduent will work collaboratively with DCS and GOERS to set the agenda and ensure that the meeting will meet the two agencies’ objectives.	10/05	1
18.	Submit final written report	Conduent will document our analysis of the final rate renewal in a peer-reviewed report, <b>Conduent’s Final Report and Recommendations</b> . The report will comment on the appropriateness of the final rates.	10/15	10
19.	Follow-up discussions with DCS and the vendors	<p>Conduent will be available, should the need arise, for any follow-up discussions with the vendors and DCS re: the premium rates.</p> <p>In some years, budget pressures have led to other state agencies requesting DCS negotiate specific terms and conditions with the Empire Plan vendors. will work with DCS to present arguments for reduced rate requirements.</p>	10/10-12/31	N/A

(4) A description of the steps the Offeror will take to ensure that due dates and deadlines for Task #1 are met; and

See our response to #3 above for the steps we will take to stay on schedule.

We have a proven 15½ year track record of meeting the deadline. Harvey Sobel as Account Executive and Scott Bush as Project Manager check with their staff regularly to make sure Conduent stays on schedule. They also work with each staff member to make sure summer vacations are scheduled to ensure that the project continues while the staff member is out. Harvey and his team will also be in regular communication with DCS staff working on the renewal to apprise them of the timing of the evaluation. In the event it appears that we are being delayed (e.g., the vendor is late in getting us the required data), we would notify DCS immediately to establish mutually agreeable timing.

(5) A description of the quality assurance process to be used to ensure Task #1 reports, documents and services are complete, accurate and of the quality required by the Department.

Conduent ensures the highest quality work on Task 1 through the following three approaches:

- Conduent has assigned seasoned consultants to Task 1 who understand the client, carrier renewals, and what is needed to complete the assignment. Harvey Sobel worked on Task 1 for 15½ years and Scott Bush worked on Task 1 for six years.
- The best quality control is to do the assignment right in the first place. As DCS' consultant for over 15 years, Harvey and his team engineered the Task 1 work flow and spreadsheets to weed out problem areas and ensure that results are complete and accurate.
- In addition to these two important steps, Conduent has an unparalleled quality assurance and peer review policy that is described in Appendix C. Appendix C details the process, including our professional standards, actuarial audit and training, all of which is designed to ensure that you receive the highest quality work.

(6) A detailed description that illustrates how you will independently project experience and premium requirements for each of the Empire Plan vendors.

See our response to (3) above re: each of the steps we will undertake to independently project experience and premium requirements. For each program, we essentially analyze the same items: claims, trends and retention. All three of these items are critical to the final premium rate levels. However, each program (and carrier) is unique, and our report recognizes this uniqueness by following the structure laid down by the carrier. By following the carrier's approach, it allows DCS and us to better match components and isolate reasons for the differences (if any).

Our analysis will be structured as follows. (For ease of review, we assumed this report is for the 2019 renewal (and is being prepared in the summer of 2018.)

*Section 1: Introduction*

*Section 2: Hospital Program*

*2018 Estimated Financial Results*

*Development of Base Period Incurred Claims*

*Projected Trends for the 2nd Half of 2018*

*Comparison to Vendor's 2nd Quarter 2018 Projection*

*Preliminary 2019 Renewal*

*2019 Trends (By Type of Service – Utilization vs. Unit Cost)*

*Plan Changes (If Any)*

*Provider Reimbursement Changes (If Any)*

*Retention*

*Comparison to Vendor's Most Recent Projection*

*Section 3: Medical Program*

*2018 Estimated Financial Results*

*Development of Base Period Incurred Claims*

*Projected Trends for the 2nd Half of 2018*

*Comparison to Vendor's 2nd Quarter 2018 Projection*

*Preliminary 2019 Renewal*

*2019 Trends (By Type of Service – Utilization vs. Unit Cost)*

*Plan Changes (If Any)*

*Provider Reimbursement Changes (If Any)*

*Retention*

*Comparison to Vendor's Most Recent Projection*

*Section 4: Mental Health/Substance Abuse Program*

*2018 Estimated Financial Results*

*Development of Base Period Incurred Claims*

*Projected Trends for the 2nd Half of 2018*

*Comparison to Vendor's 2nd Quarter 2018 Projection*

*Preliminary 2019 Renewal*

*2019 Trends (By Type of Service – Utilization vs. Unit Cost)*

*Plan Changes (If Any)*

*Provider Reimbursement Changes (If Any)*

*Retention*

*Comparison to Vendor's Most Recent Projection*

*Section 5: Prescription Drug Program*

*2018 Estimated Financial Results*

*Development of Base Period Incurred Claims*

*Projected Trends for the 2nd Half of 2018*

*Comparison to Vendor's 2nd Quarter 2018 Projection*

*Preliminary 2019 Renewal*

*2019 Trends (By Type of Service – Utilization vs. Unit Cost)*

*Plan Changes (If Any)*

*Provider Reimbursement Changes (If Any)*

*Retention*

*Comparison to Vendor's Most Recent Projection*

*Section 6: Total Program*

*Section 7: Qualifications*

(7) [An example of a Final Report and Recommendations of Plan Funding Requirements.](#)

The following is a comprehensive draft outline of our final report and recommendations:

*Section 1: Introduction*

*Section 2: Hospital Program*

*Summary of Carrier's final rate increase*

*Results of negotiation process*

*Rationale for the final increase*

*Comparison of Carrier's final rate increase to Conduent's independent projection*

*Summary of major rating assumption differences*

*Other rating assumptions*

*Recommendations*

*Section 3: Medical Program*

*Summary of Carrier's final rate increase*

*Results of negotiation process*

*Rationale for the final increase*

*Comparison of Carrier's final rate increase to Conduent's independent projection*

*Summary of major rating assumption differences*

*Other rating assumptions*

*Recommendations*

*Section 4: Mental Health/Substance Abuse Program*

*Summary of Carrier's final rate increase*

*Results of negotiation process*

*Rationale for the final increase*

*Comparison of Carrier's final rate increase to Conduent's independent projection*

*Summary of major rating assumption differences*

*Other rating assumptions*

*Recommendations*

*Section 5: Prescription Drug Program*

*Summary of Carrier's final rate increase*

*Results of negotiation process*

*Rationale for the final increase*

*Comparison of Carrier's final rate increase to Conduent's independent projection*

*Summary of major rating assumption differences*

*Other rating assumptions*

*Recommendations*

*Section 6: Qualifications*

This report is shorter than our independent projection and focuses on the final rate action negotiated with each vendor.

## 2. Task #2 – Quarterly Analysis

### Required Submission

Submit a work plan which outlines the proposed process to be followed in order to deliver Task #2 Project Services as described in the Duties and Responsibilities above. The outline should include:

(1) A detailed description of the steps, factors, required staff resources.

Conduent is proud of having met all of its due dates – both for renewals, quarterly reports, and ad hoc projects – during our 15½ year tenure. We have never had to pay a performance guarantee penalty due to being late. We expect to continue this tradition if we are awarded the contract.

Conduent is well versed in the timing of the quarterly reports. We will establish procedures with the Empire Plans' vendors and with DCS to receive the necessary premium and claim data within 15 days after the close of the quarter. We will collect this data electronically (usually via e-mail and secure websites) to save time and money. We will independently project the four programs' experience over the course of the next 30 days, with Conduent submitting a report to DCS no later than 45 days after the end of the quarter under review. See our response to (3) below re: the steps and factors of our analysis.

(2) The number of individuals per title and total number of hours per title using the Position Titles set forth in RFP Section V – Assumption #6 in your work plan. Please note that the projected total number of hours per Position Title per year as set forth in the Offeror's work plan must match the total number of hours per Position Title per year as set forth in the Offeror's Exhibit V.A **Form 2** submission.

Our resources for Task 2 are as follows:

#### **1st Quarter:**

Title	1	2	3	4	5
Principal	5	3	18	18	18
Lead Consultant	45	40	50	50	50
Consultant	30	25	0	0	0
Analyst	80	75	75	75	75
<b>Total</b>	<b>160</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>143</b>

#### **4th Quarter:**

Title	1	2	3	4	5
Principal	3	18	18	18	18
Lead Consultant	45	50	50	50	50
Consultant	30	0	0	0	0
Analyst	80	75	75	75	75
<b>Total</b>	<b>158</b>	<b>143</b>	<b>143</b>	<b>143</b>	<b>143</b>

**Total:**

Title	1	2	3	4	5
Principal	8	21	36	36	36
Lead Consultant	90	90	100	100	100
Consultant	60	25	0	0	0
Analyst	160	150	150	150	150
<b>Total</b>	<b>318</b>	<b>286</b>	<b>286</b>	<b>286</b>	<b>286</b>

(3) A timeline with specified start dates based on the number of Business Days, of the major milestones and interim activities for completion of the Task and related activities.

The following is our work plan, which is based upon the timing that has emerged based on Conduent having performed Task 2 from 7/1/1997-12/31/2012. Unless otherwise stated, we will perform each activity for each one of the four Empire Plan programs. The work plan is similar to that followed for developing **Conduent's Independent Experience Projections and Premium Requirements** in Task 1 and assumes we're analyzing experience as of 12/31. (The 12/31 quarterly requires us to project experience for two subsequent years.)

	Activity	Description	Due Date	Business Days
1.	Collect data	Conduent will collect premium, claim, utilization and enrollment data through the end of the quarter from the Empire Plan vendors.	1/15	12
2.	Plan changes	We will also collect data (if needed) from the vendors and DCS re: proposed or ratified plan changes.	1/31	20
3.	Estimate the claims base	Using a combination of completion factors, claims inventory, and per capita costs, Conduent will estimate claims incurred through the end of the quarter being analyzed. To calculate claims incurred, Conduent will use its proprietary UCL software tool, which is a flexible Excel-based program. (UCL stands for Unpaid Claim Liability.)	1/31	20
4.	Analyze historical trends	Conduent will analyze trends over the past few years and during the most recent quarters for each type of service, broken down between utilization and cost.	1/31	20
5.	Develop trend factors	Conduent will develop trend factors for the current year and for the subsequent 2 years. To do so, we will consider not only NYSHIP's historical experience, but also trends being projected for other large New York employers and by New York HMOs. We will also consider national trends from Conduent's <b>National Health Care Trend Survey</b> – a survey of over 75 insurers and health plan administrators.	2/10	5

	Activity	Description	Due Date	Business Days
6.	Project claim experience	Using the trend factors, Conduent will project NYSHIP's claim experience for the next 2 years. The result is projected claims prior to any proposed plan changes.	2/10	5
7.	Analyze changes	Conduent will estimate the financial impact of any proposed plan, fee schedule or other changes. We will price some plan changes using NYSHIP-specific experience and, particularly where NYSHIP's data is not available or applicable, based on Conduent's manual rate software, which is a pricing tool based on industry experience.	2/10	5
8.	Analyze and project retention	Conduent will analyze each vendor's historical retention and other charges, based on its last accounting settlement and quarterly report. We will project each vendor's retention levels for the current and next 2 years. In doing so, we will segment General Office Expenses (which are relatively fixed and should increase at non-medical CPI rates) from Claim Processing Expenses (which increase more directly with the increase in the number of claims). We will also adjust the retention projection to reflect economies of scale in covering the new employee groups (if any).	2/10	5
9.	Develop independent rates	Conduent will combine the results of the previous activities to develop Conduent's independent premium rate requirements and projected financial results for the next 2 years. We will present our analysis to DCS in our peer-reviewed report, <b>Conduent's Review of Empire Plan Carriers' Quarterly Reports</b> (see outline below).	2/14	3

(4) A description of the steps the Offeror will take to ensure that due dates and deadlines for Task #2 are met, and

See our response to #3 above for the steps we will take to stay on schedule.

We have a proven 15½ year track record of meeting the deadline. Harvey Sobel as Account Executive and Scott Bush as Project Manager check with their staff regularly to make sure Conduent stays on schedule. They also work with each staff member to make sure summer vacations are scheduled to ensure that the project continues while the staff member is out. Harvey and his team will also be in regular communication with DCS staff working on the renewal to apprise them of the timing of the evaluation. In the event it appears that we are being delayed (e.g., the vendor is late in getting us the required data), we would notify DCS immediately to establish mutually agreeable timing.



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

Conduent ensures the highest quality work on Task 2 through the following three approaches:

Conduent has assigned seasoned consultants to Task 2 who understand the client, carrier renewals, and what is needed to complete the assignment. Harvey Sobel worked on Task 2 for 15½ years and Scott Bush worked on Task 2 for six years.

The best quality control is to do the assignment right in the first place. As DCS' consultant for over 15 years, Harvey and his team engineered the Task 2 work flow and spreadsheets to weed out problem areas and ensure that results are complete and accurate.

In addition to these two important steps, Conduent has a quality assurance and peer review policy that is described in greater detail in Appendix C. As with Task 1, adherence to the quality assurance/peer review policy will enable us to provide you with high quality Task 2 work.

(6) A comprehensive outline of the information to be provided in the "Benefits Management Consultant Review of Empire Plan Vendors' Quarterly Reports" for each of the Empire Plan vendors, and a justification for inclusion of each of the subject areas.

The following is a comprehensive draft outline of our report. For ease of review, we assumed this report is the 12/31/2018 quarterly, which estimates results for 2018, for 2019 (for whose rates are already known) and for 2020 (for whose rates are not known):

*Section 1: Introduction*

*Section 2: Hospital Program*

*2018 Estimated Financial Results*

*Development of Base Period Incurred Claims*

*Projected Trends for 2018*

*Projected 2019 Financial Results*

*2019 Trends (By Type of Service – Utilization vs. Unit Cost)*

*Comparison to Vendor's Renewal*

*Projected 2020 Renewal*

*2020 Trends (By Type of Service – Utilization vs. Unit Cost)*

*Plan Changes (If Any)*

*Provider Reimbursement Changes (If Any)*

*Retention*

*Comparison to Vendor's Most Recent Projection*

*Section 3: Medical Program*

*2018 Estimated Financial Results*

*Development of Base Period Incurred Claims*

*Projected Trends for 2018*

*Projected 2019 Financial Results*

*2019 Trends (By Type of Service – Utilization vs. Unit Cost)*

*Comparison to Vendor's Renewal*

*Projected 2020 Renewal*

*2020 Trends (By Type of Service – Utilization vs. Unit Cost)*

*Plan Changes (If Any)*  
*Provider Reimbursement Changes (If Any)*  
*Retention*  
*Comparison to Vendor's Most Recent Projection*

*Section 4: Mental Health/Substance Abuse Program*

*2018 Estimated Financial Results*  
*Development of Base Period Incurred Claims*  
*Projected Trends for 2018*  
*Projected 2010 Financial Results*  
*2019 Trends (By Type of Service – Utilization vs. Unit Cost)*  
*Comparison to Vendor's Renewal*  
*Projected 2020 Renewal*  
*2020 Trends (By Type of Service – Utilization vs. Unit Cost)*  
*Plan Changes (If Any)*  
*Provider Reimbursement Changes (If Any)*  
*Retention*  
*Comparison to Vendor's Most Recent Projection*

*Section 5: Prescription Drug Program*

*2018 Estimated Financial Results*  
*Development of Base Period Incurred Claims*  
*Projected Trends for 2018*  
*Projected 2019 Financial Results*  
*2019 Trends (By Type of Service – Utilization vs. Unit Cost)*  
*Comparison to Vendor's Renewal*  
*Projected 2020 Renewal*  
*2020 Trends (By Type of Service – Utilization vs. Unit Cost)*  
*Plan Changes (If Any)*  
*Provider Reimbursement Changes (If Any)*  
*Retention*  
*Comparison to Vendor's Most Recent Projection*

*Section 6: Total Program*

*Section 7: Qualifications*

As with our Task 1 renewal analysis, we essentially analyze the same items: claims, trends and retention for each of the 4 Empire Plan programs. All three of these items are critical to the final premium rate levels. However, each program (and vendor) is unique, and our report recognizes this uniqueness by following the structure laid down by the vendor. By following the vendor's approach, it allows DCS and us to better match components and isolate reasons for the differences (if any).

### 3. Task #3 – GASB 75 Valuation

#### Required Submission

In regard to Task #3, at this part of its Technical Proposal, provide the information sought in 1 through 4, below.

(1) GASB 75 Prior Experience:

Describe the Offeror's prior experience in providing GASB 75 valuation and reporting services for other governmental organizations. The Offeror should demonstrate its understanding of the scope and purpose of the project in its response.

#### **Conduent's Prior Experience**

Conduent previously, Buck Consultants has extensive experience in performing OPEB valuations for governmental employees dating back to long before GASB 45.

In 1999, DCS was forward thinking in recognizing that the Government Accounting Standards Board would ultimately issue a standard requiring that governmental employers recognize their retiree medical obligation. At DCS' request, Conduent evaluated the State's retiree medical obligation. The valuation provided DCS with projected retiree costs for assist in preparing for collective bargaining.

Then in 2006, as the incumbent actuary for NYSHIP, we performed the first valuation used by New York State and SUNY to comply with GASB 45. In addition to valuing the State's obligation, we consulted with various State agencies, including OSC, DCS, DOB and SUNY, regarding the various alternatives available to the State as to different actuarial cost methods. This led to the State adopting the frozen entry age cost method. This actuarial cost method is not commonly used, but was selected to be as consistent with the method of funding New York State's pension obligations, while still resulting in lower expense amounts.

In addition, in 2006, Conduent provided DCS with a white paper analyzing the pros and cons of the State funding its measured OPEB obligation. The white paper showed that NYS/SUNY could lower its OPEB obligation (the Actuarial Accrued Liability) by \$20 billion – from \$47 billion to \$27 billion – were it to prefund its OPEB costs and earn 8 percent on the funds invested for OPEB purposes.

As part of the GASB 45 project, Conduent provided DCS with the following deliverables being requested in this RFP:

- Proposed actuarial assumptions
- Valuation results as of 4/1/06
- Actuarial assumptions for use by PAs
- Actuarial assumptions for use by PEs
- Roll Forward of results for use in Year Two

For the GASB 45 project, Conduent provided DCS with Roll Forward of results for use in the second year the 4/1/2006 valuation was used. The current proposal assumes annual actuarial valuations will be required in the future, so no separate roll forward deliverable is being requested.

Conduent performed the State's next three GASB 45 valuations, in 2008, 2010 and 2012 respectively. As part of the 2010 valuation, Conduent incorporated changes required by Health Care Reform, including:

- The High Cost Plan Excise Tax (also known as the Cadillac Tax)
- Coverage of Adult Children to age 26
- Elimination of Annual and Lifetime Maximums
- Medicare Advantage changes

Based on the results of the 2010 valuation, Conduent also valued the increase in the State's retiree contributions, from 10% for the enrollee and 25% for dependents to:

- 12% for the enrollee and 27% for dependents (for future retirees below Grade Level 10 at retirement and for most current retirees)
- 16% for the enrollee and 31% for dependents (for future retirees Grade Level 10 or higher at retirement)

Conduent valued the State's obligation as of 4/1/2012. This 4<sup>th</sup> valuation reflected savings from modifying the Empire Plan Prescription Drug Program to be an Employer Group Waiver Program for Medicare eligible retirees.

In the course of all four valuations, Conduent has met all deadlines and not paid any performance penalties.

During the prior five years when Conduent was not the actuary for DCS, Conduent remained the actuary for New York Office of the Actuary (NYCOA), Jacob Javits Convention Center and Battery Park City Authority. These continuous long term relationships kept Conduent abreast of issues the State faced.

In addition to performing the GASB 45 valuation for New York State, Conduent has extensive experience helping other state governments value their Other Postemployment Benefit Obligation (OPEB). Some of our GASB OPEB clients have included:

- State of Alaska (Judges Retirement System, Public Employee Retirement System, Teachers Retirement System, Elected )
- City University New York
- Cook County, IL
- Los Angeles County
- Ohio Police and Fire
- New Jersey (Housing and Mortgage Finance Agency, Health Care Facilities Financing Authority, Economic Development Authority, Education Facilities Authority)
- New York Power Authority
- New York Office of the Actuary
- City of San Diego
- Vermont (State Employees and Teachers)
- Washtenaw County

Conduent is currently in the process of implementing GASB 74/75 for the above clients. Discussions and planning for all Conduent's GASB 43/45 clients began in 2015 when GASB released the final version. Conduent's clients are informed and prepared for the new standard. In addition, Conduent has aided many governmental pension clients with the process of adopting GASB 67/68. GASB 74/75 adds for retiree medical valuation many of the same requirements that GASB 67/68 added for pensions. Conduent's specialized retiree medical actuaries are working directly with actuaries who have experienced these issues on the pension side, bringing you unparalleled experience in these matters.

Conduent provided each client with a valuation report, as well as additional services and materials appropriate and necessary to communicate this complicated subject to various audiences. Material provided to the above clients and others included:

- Presentations to legislative committees on matters of design and funding
- White paper discussing different prescription drug benefit options for Medicare population including the Retiree Drug Subsidy, contracting with an outside Medicare Part D prescription drug plan via Employer Group Waiver Program (EGWP) mechanism or becoming a direct sponsor of a Medicare Part D plan
- Comparison of the value of the plans of benefits offered to pre-Medicare retirees vs. post-Medicare retirees in light of potential age discrimination issues
- Discussion of various methods of determining appropriate discount rate under GASB 45 for partially prefunded plan and impact of partial funding on more clearly delimited discount rate calculations under GASB 75
- Projections of existing fund balance and how long the assets would be available to provide the existing level of benefits for a funded plan

In addition to helping state governments, Conduent has assisted numerous local government employers calculate its GASB 45 obligations. In New York State alone, Conduent has assisted the following entities:

- |  |   |
|--|---|
| • Hugh L. Carey Battery Park City Authority      | • New York City Housing Authority               |
| • Jacob K. Javits Convention Center              | • New York City Housing Development Corporation |
| • Long Island Power Authority                    | • New York City School Construction Authority   |
| • New York City                                  | • New York Municipal Water Finance Authority    |
| • New York City Economic Development Corporation | • NYSTAR  |
| • New York City Educational Construction Fund    | • New York Power Authority                      |
| • New York City Health and Hospitals Corporation | • Roosevelt Island Operating Corporation        |

(2) Task #3 Work Plan:

Submit two work plans which outline the proposed process to be followed in order to deliver Task #3 Project Services as set forth in the Duties and Responsibilities above. The first work plan should clearly identify the steps related to the actuarial valuation component of the Task (i.e., Valuation). Both work plans should include:

- (a) A detailed description of the steps, factors, required staff resources.

(b) The number of individuals per title and total number of hours per title using the Position Titles set forth in RFP Section V – Assumption #6 in your work plan. Please note that the projected total number of hours per Position Title per year as set forth in the Offeror's work plan must match the total number of hours per Position Title per year as set forth in the Offeror's Exhibit V.A, **Form 3** submission.

(c) Any added assumptions, including justification of those assumptions.

(d) A timeline with specified start dates based on number of Business Days, of the major milestones and interim activities for completion of the Task and related activities.

(e) A description of the steps the Offeror will take to ensure that due dates and deadlines for Task #3 are met; and

(f) A description of the quality assurance process to be used to ensure Task #3 reports, documents and services are complete, accurate and of the quality required by the Department.

### Conduent's Task 3 Work Plan

The following is our work plan, based upon the timing that has emerged based on Conduent having performed these valuations for the 2006, 2008, 2010 and 2012 valuations.

The work plan for the 2018 actuarial valuation (as of 4/1/18, GASB 75 measurement date of 3/31/2019) is as follows. Similar work plans would apply for future actuarial valuations.

	Activity	Description	Due Date	Business Days
1.	Kickoff meeting	Conduent will meet with DCS, DOB, OSC and SUNY to establish discuss the timing and data requirements for the valuation.	2/1	5
2.	Data request	<p>Conduent will send a data request to DCS (and/or the Empire Plan carriers/administrators) requesting:</p> <ul style="list-style-type: none"> <li>▪ Plan changes</li> <li>▪ Claims and enrollment data for NYS, SUNY and PE retirees covered under the Empire Plan</li> <li>▪ 2018 NYSHIP premium rates and retiree contributions for NYS and SUNY retirees</li> <li>▪ Financial terms for the EGWP</li> <li>▪ DCS' analysis of vestee and COBRA premium vs. claim experience</li> <li>▪ 4/1/18 census data for NYS and SUNY actives, retirees and COBRA qualified beneficiaries in NYSHIP (in HMOs as well as in the Empire Plan)</li> <li>▪ Actual pay-as-you-go costs for the most recently completed</li> </ul>	4/15	12

	Activity	Description	Due Date	Business Days
		fiscal years  Conduent will also request valuation reports, including actuarial assumptions and any experience studies, from the New York State Teachers Retirement System and the New York State & Local Retirement Systems.		
3.	Plan changes	DCS will provide Conduent with information re: proposed and/or ratified plan changes. DCS will also provide Conduent with terms and conditions of the 2018 Prescription Drug Program, which will have been marketed.	5/1	20
4.	Collect data for underwriting	DCS (and/or the Empire Plan carriers) will provide Conduent with claim and enrollment data for the past three years ending February 2018. Data will distinguish between non-Medicare vs. Medicare eligible covered persons. DCS will also provide current NYSHIP premium rates and retiree contributions.	5/20	30
5.	Collect data for actuarial assumptions	DCS will provide Conduent with premium and claim data for vestees vs. COBRA qualified beneficiaries for 2016 and 2017.	5/31	40
6.	Collect census data	DCS will provide Conduent with census data for NYS and SUNY actives, retirees, vestees and COBRA qualified beneficiaries in NYSHIP (in HMOs as well as in the Empire Plan) as of 4/1/18. Census data will have a record for each enrollee showing date of birth, gender, date of hire, covered spouse date of birth/gender, medical plan option, retirement system and sick leave credit.	6/10	45
7.	Underwriting	Using the claim and enrollment data provided by DCS, Conduent will develop per capita costs for the Empire Plan for non-Medicare vs. Medicare eligible participants separately for the four Empire Plan programs. Conduent will estimate 2017 claims incurred using our proprietary UCL software tool, which is a flexible Excel-based program that analyzes historical claim payment patters. (UCL stands for Unpaid Claim Liability.) Conduent will trend the Empire Plan gross per capita plan costs, as well as the HMO premium, to the first year of the valuation (year ending 3/31/19).  Conduent will also price the impact of changes in the benefit design, such as copays and deductibles. Depending upon the nature of the change, Conduent will project the financial impact using Empire Plan experience, coupled with Conduent's manual rating software tool (which is based on industry experience).	6/31	35
8.	Actuarial assumptions - demographics	Conduent will review any changes in assumptions used as to mortality, retirement, disability and termination under the New York State Teachers Retirement System and the New York State & Local Retirement Systems. (Most NYSHIP enrollees are	6/15	40

	Activity	Description	Due Date	Business Days
		<p>covered under one of these retirement systems.) Based on that review, Conduent will determine the mortality, retirement, disability and termination assumptions to be used in the valuation.</p> <p>Conduent will analyze NYSHIP data to review other demographic assumptions, such as the percentage of employees married at retirement, the age difference between spouses, participation assumption, sick leave credits, and the percentage of HMO enrollees who switch to Empire Plan coverage at Medicare eligibility.</p>		
9.	Actuarial assumptions – economic	Conduent will establish assumptions as to inflation, health care trend and based on a combination of sources, including the most recent New York State Teachers Retirement System and the New York State & Local Retirement Systems valuations, and NYSHIP experience. For health care trend, we will consider current NYSHIP short-term health care trends, the trends used by other clients (including survey data), and the ultimate trend expected due to real growth, technology and long-term inflation. For discount rate, we will consider various published index rates for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.	7/15	40
10.	Draft actuarial assumptions report	Conduent will document our recommended actuarial assumptions in a draft report.	7/31	12
11.	Comments on draft assumptions report	DCS (and other state agencies affected by the valuation, such as OSC, DOB and SUNY) will provide Conduent with commentary on the draft actuarial assumptions report.	8/15	12
12.	Finalize actuarial assumptions report	Conduent will release our final actuarial assumptions and draft our final report after discussions with and commentary by DCS. The final report will be released after the 3/31/19 measurement date and will reflect the selected municipal bond index as of that date.	8/30	12
13.	Modify ProVal software to reflect 4/1/18 experience	<p>ProVal is the software program that Conduent uses to value the OPEB obligation. The software projects costs by life and discounts the costs to obtain the various required GASB 75 figures.</p> <p>As a first step in the valuation, Conduent will modify the 4/1/12 valuation coding to reflect events that have occurred between that date and 4/1/18. The coding will reflect updated plan provisions, per capita costs and actuarial assumptions and other similar changes.</p> <p>After modifying ProVal, we test the logic using “test lives” (i.e., sample lives) to see that the software is valuing each life as</p>	9/15	20



	Activity	Description	Due Date	Business Days
		intended.		
14.	Run ProVal Baseline Valuation	Conduent will run ProVal to generate Baseline 4/1/18 valuation results. We will run actives separately from retirees and subtotal results by group (i.e., SUNY Campus, each SUNY hospital, SUNY Construction Fund and NYS excluding SUNY). Baseline valuation results will be compared to projected results from the previous valuation.	9/30	12
15.	Modify ProVal software to reflect 4/1/19 plan provisions and assumption changes	<p>ProVal software will be further modified to reflect revisions in actuarial assumptions, eligibility and plan design as described in our actuarial assumptions report.</p> <p>These changes can be relatively straightforward, such as reflecting revisions in participation assumptions developed in our assumptions report. Alternatively, benefit changes could result in much more complexity for this stage.</p> <p>After modifying ProVal, we again test the logic using “test lives” (i.e., sample lives) to see that the software is valuing each life as intended.</p>	10/15	12
16.	Run ProVal Final Valuation pre GASB 75 Discount Rate	In order to do that, Conduent will run the 4/1/18 population through ProVal, but after considering the 4/1/18 changes in actuarial assumptions and plan provisions.	10/30	12
17.	Calculate Preliminary GASB 75 results	Conduent will use the valuation results to calculate the preliminary GASB 75 financial results based on current 20 year municipal bond index – including Net OPEB Liability, Plan Fiduciary Net Position, Deferred Inflows/Outflows, Components of Expense and Actuarially Determined Contribution.	11/15	12
18.	PA and PE actuarial assumptions reports	<p>Conduent will provide DCS with a modified versions of the actuarial assumption report – one for PAs and another for PEs.</p> <p>These reports will be produced after the final assumption report which in turn is after the release</p>	4/15	12
19.	Run Final Valuation	Upon release of 3/31/2019 municipal bond index, calculate discount rate based on the measurement date municipal bond index. Separate passes will produce sensitivity results at plus or minus 1% on discount rate and separately on health care cost trend rates.	3/31	15
20.	Draft valuation results report	Conduent will document our valuation results in a draft report, which will be simultaneously reviewed by two qualified actuaries with specific expertise under Conduent’s peer review policy, Class E.	4/30	12

	Activity	Description	Due Date	Business Days
21.	Comments on draft valuation report	DCS (and other state agencies affected by the valuation, such as OSC, DOB and SUNY) will provide Conduent with commentary on the draft valuation report.	5/15	12
22.	Finalize valuation report	Conduent will release our final actuarial valuation report after discussions with and commentary by DCS.	5/31	12

The above work plan is for recurring work that needs to be performed. In addition, there will be non-routine projects that DCS may require on an ad hoc basis, outside the scope of the normal Task 3 deliverables. Some of these non-routine projects include:

- Studies of rates of retirement, mortality and termination based on NYS and/or SUNY experience
- Analysis of the impact of making changes to the retiree medical plan (e.g., increased retiree contributions)
- Impact of funding on the OPEB obligation and cost
- Response to auditor inquiries
- Additional valuations, meetings, conference calls and correspondence outside that identified in the work plan above

We anticipate that prior to beginning a non-routine project, Conduent and DCS would agree to a timetable for the project.

### Resources to Complete Task 3

Conduent expects the process of implementing GASB 74/75 to increase valuation hours by 10%. Subsequent year's efficiencies will be realized and hours will be reduced.

#### Assumptions Report:

Title	2018	2019	2020	2021	2022
Principal	10	20	20	20	10
Lead Consultant	38	75	75	75	38
Consultant	25	50	50	50	25
Analyst	10	20	20	20	10
<b>Total</b>	<b>83</b>	<b>165</b>	<b>165</b>	<b>165</b>	<b>83</b>

**Valuation Report:**

Title	2018	2019	2020	2021	2022
Principal	28	53	50	50	25
Lead Consultant	41	79	75	75	38
Consultant	41	79	75	75	38
Analyst	69	131	125	125	63
<b>Total</b>	<b>179</b>	<b>341</b>	<b>325</b>	<b>325</b>	<b>163</b>

**Total for Assumptions & Val Report**

Title	2018	2019	2020	2021	2022
Principal	38	73	70	70	35
Lead Consultant	79	154	150	150	75
Consultant	66	129	125	125	63
Analyst	79	151	145	145	73
<b>Total</b>	<b>261</b>	<b>506</b>	<b>490</b>	<b>490</b>	<b>245</b>

**Steps to Ensure We Complete Task 3 by the Due Dates**

As a prior actuary who has performed the valuation four times, Conduent understands the timing of Task 3 and the intermediate steps that need to be taken to ensure that we complete Task 3 by the due dates. Task 3 is further complicated by the different needs of the four state agencies involved: DCS, DOB, OSC and SUNY. Conduent believes that frequent communication is needed to ensure that we collect the necessary data on time and deliver the Task 3 deliverables when needed. We further believe that having performed the valuation four times previously, we understand many of the pitfalls in the process and have engineered the process to minimize these pitfalls.

Conduent has the capacity for a smooth, timely transition back to Conduent once the work is awarded. Team member assigned will be in charge of the transition. Prior programming will be updated to reflect any and all changes to plans and assumptions. As industry standard, Conduent will match the last valuation within 3-5% of liability. Transition is an important time for both the State and Conduent as our experienced actuaries will not only match the prior actuary, the project manager (a consulting actuary) will be looking at the programming and results with fresh eyes. Conduent's team often finds improvements that benefit clients during the transition process. Conduent expects no less with the State.

We will take the following steps to ensure that we complete Task 3 by its due dates:

Prior to the start of the valuation, Harvey Sobel will make sure that staff selected to work on Task 3 has sufficient capacity to meet the Task 3 timetable. He will also select backup staff as a contingency in the event a Task 3 task member is unable to complete his or her work (e.g., due to extended illness).

We anticipate staffing Task 3 with Kevin Penderghest (Lead Consultant), Tracy Vogel (Consultant) and Alexander Parkinson (Analyst). Robin Simon (Principal) will be the lead peer reviewer.

Peer reviewer Robin Simon has worked on the 4/1/06, 4/1/08, 4/1/10 and 4/1/12 NYS GASB 45 valuations. She is Conduent's Chief Health Actuary and an industry expert in GASB 45 and GASB 75 valuations.

Harvey Sobel has also worked on previous valuations.

Conduent has performed the valuation four times previously. Our ProVal software should therefore require very little coding changes to accommodate the NYSHIP plan provisions and new census data. However we have budgeted sufficient time to make changes should changes be required.

Similarly Conduent has already set up Excel spreadsheets to develop per capita plan costs (used for the 4/1/06, 4/1/08, 4/1/10 and 4/1/12 valuations). However, we have budgeted sufficient time to modify the spreadsheets as the need arises.

Harvey Sobel, and Kevin Penderghest will be in frequent communication with the DCS Project Manager to provide him with progress reports on the status of Task 3 relative to our work plan.

Conduent will be available for meetings and/or conference calls with DCS, DOB, OSC and SUNY to discuss the status of Task 3.

### **Conduent's Quality Assurance Process**

Conduent ensures the highest quality work on Task 3 through the following three approaches:

Conduent has assigned seasoned consultants to Task 3 who have worked on GASB 45 valuations – for New York State as well as for other government employers. The Conduent team has worked on Task 3 for at least the past two years. They also work on other GASB 45 valuations, such as for New York City, Javits Convention Center and Battery Park City Authority.

The best quality control is to do the assignment right in the first place. Our Center of Excellence has team has engineered the Task 3 work flow and spreadsheets to weed out problem areas and ensure that results are complete and accurate. We have built into the process an added layer of internal peer review – by Robin Simon, Conduent's Chief Health Care Actuary – which allows for the process to be verified and reviewed each step along the way by more than one actuary.

Conduent has an overarching peer review policy that is described in greater detail in Appendix C. Our work plans include the time and staffing for review necessary under that policy.

#### **(3) NYS/SUNY Deliverables:**

The Offeror should provide a comprehensive outline of the information to be provided in the “New York State/State University of New York GASB 75 Postemployment Healthcare Benefits Actuarial Valuation” report, including an explanation of each of the subject areas to be included in the document.

### **NYS/SUNY GASB 75 Deliverables**

The following is a comprehensive outline of the information to be provided in our valuation report:

Section	Description
1. Executive Summary	Highlights of the report
2. Actuarial Certification	Attestation that the report was prepared by qualified actuaries and that the valuation meets all standards of actuarial practice
3. Valuation Results	Summary of the Present Value of Benefits, and Total OPEB Liability (Actuarial Accrued Liability under GASB 75) for each of the 6 different groups for each of their respective fiscal years
4. Accounting Information	Calculation of the Expense (Annual OPEB Cost under GASB 75) including Deferred Inflows and Outflows and Net OPEB Obligation for each of the 6 different groups for each of their respective fiscal years. Also summary of the Required Supplementary Information required for the financial statement as well as sensitivity of Net OPEB Obligation to 1% increase or decrease in discount rate or trend.
5. Projected pay-as-you-go costs	Projected year by year cash flows on a closed group basis
6. Summary of Plan Provisions	Summary of the major eligibility criteria, gross benefits and retiree contributions
7. Census Data and Demographics	Summary and breakdown of employees, retirees, vestees, and COBRA qualified beneficiaries by group, plan option, and retirement system
8. Actuarial Assumptions	Summary of the actuarial assumptions used in our valuation, including per capita plan costs, health care trend, discount rate and rates of mortality, retirement and termination.
9. Glossary of GASB 75 Terms	Definition of terms used by GASB 75 and us in our report.
10. Actuarial Cost Methods	Definition of the actuarial cost method
11. Data assumptions	Description of any major assumptions re: data elements used

The following is a comprehensive outline of the information to be provided in our actuarial assumptions report:

Section	Description
1. Executive Summary	Highlights of the report
2. Recommended Actuarial Assumptions	Summary of the proposed actuarial assumptions used in our valuation, including per capita plan costs, health care trend, discount rate, and rates of mortality, retirement and termination
3. Per Capita Plan Costs	Rationale and support for the development of the per capita plan costs
4. Health Care Trend	Rationale and support for the development of the health care trend rates
5. Demographic assumptions	Rationale and support for the development of the rates of mortality, disability, retirement, and termination
6. Qualifications	

(4) PE/PA Deliverables:

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

**PE/PA Deliverables**

Conduent confirms that we will be able to modify the actuarial assumptions section of the NYS/SUNY valuation report. Conduent will provide DCS with two separate modified reports – one for Participating Employers (PEs) and one for Participating Agencies (PAs). PEs are quasi-State agencies who are allowed to select HMO coverage and who are on two-tier rate basis. PAs are local government entities, such as counties and school districts, which are in NYSHIP on a voluntary basis. They are in the Empire Plan only and are on a five-tier rate basis.

Conduent's modified reports will provide PEs and PAs with guidance intended to aid them in preparing their own GASB 75 valuations. Conduent previously provided DCS with separate PE and PA reports and will be preparing the PE / PA reports associated with the 4/1/18 valuation by the end of April 2019.

#### 4. Task #4 – Ad Hoc Consulting Services

##### Required Submission

In regard to Task #4, please provide the information requested below as part of your technical proposal:

(1) A description of the proposed process by which the Offeror will plan, complete and report back to the Department on Ad Hoc projects;

As your consultant from 7/1/1997-12/31/2012, Conduent provided over 50 ad hoc consulting projects to the Department. Ad hoc projects have ranged from assisting DCS with competitive biddings, to complying with legislative requirements (such as Medicare Part D attestations), to assisting DCS in implementing an EGWP.

Good team leadership is key for Conduent in planning, completing and reporting back to the Department on these projects. As Project Team Leader, Harvey Sobel will continue to direct Task 4 ad hoc assignments. It has been our practice, once we are aware of an assignment, to immediately seek out the subject matter expert(s), such as Gail Levenson for EGWP assignments, Leslye Laderman and/or Rich Stover for regulatory assignments or Harvey and his staff for general financial assignments. Harvey works internally with the subject matter expert to make sure we are able to clarify DCS' request (if needed) and commit to DCS' deadline.

Secondly, good communication is key to ensuring we complete ad hoc projects to DCS' expectations. During our 15½ year tenure, we worked closely with DCS to understand its needs and to provide DCS with deliverables within the agreed-upon time frame. We have worked successfully with many different DCS staff, including Dave Boland, Ron Kuiken, Paul McKinney, Mindy Beyer, and Stephanie Zoufaly.

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

Having performed previous ad hoc projects, Conduent understands the timing expectations that may be proposed for Task 4 ad hoc projects and has a clear process for intermediate steps that need to be taken to ensure that we complete ad hoc projects by the predetermined due dates.

Conduent believes that frequent communication, including meetings and/or conference calls, is needed to ensure that we collect the necessary data on time and deliver the Task 4 deliverables when needed. We recommend the following approach to ensure timely completion of all ad hoc projects:

DCS communicates the ad hoc project parameters to the Project Team Leader, Harvey Sobel. If the Project Team Leader is unavailable, DCS communicates with the identified Lead Consultant for the project. If the Project Team Leader is unavailable and the Lead Consultant has not been identified, DCS should communicate the project to Scott Bush, who is the Project Manager for Tasks 1 and 2 and is also intimately familiar with DCS and its requirements.

If the project is to last more than one week, the Project Team Leader would confirm the scope of the project and a proposed work plan two to three days after the initial discussion with DCS (unless another time frame is agreed upon).

The proposed work plan would have interim steps that would include updating the Department on the progress and providing preliminary information.

Conduent will keep the appropriate DCS staff informed of progress on the project through periodic phone calls and emails. Harvey Sobel, the Project Team Leader, will be the key point person, in concert with the Lead Consultant, to address any project questions or concerns.

Conduent has used this approach successfully on a number of time-sensitive projects from 1997-2012 and has never missed a deadline.

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

Conduent ensures the highest quality work on Task 4 through the following approaches:

Conduent has seasoned consultants who we will be able to assign to Task 4 ad hoc projects, who will bring the requisite skills and deep experience, and who have worked for New York State as well as for other government employers. For example, Gail Levenson has worked with a number of state government employers to implement an EGWP and was been able to transfer her knowledge to DCS as they implemented an EGWP. Janet DenBleyker and John Eustace, who would be available for vendor marketings, assisted DCS with marketings in the past.

All Conduent work products are subject to strict peer review standards as described in Appendix C. In general, most Conduent work products are reviewed by a second actuary or consultant. Robin Simon, one of the DCS team members, is Conduent's Chief Health Actuary and responsible for peer review.

(4) Provide a description of two (2) prior ad hoc projects undertaken by the Offeror for a client(s). (The ad hoc projects provided cannot be for ad hoc projects undertaken for the benefit of the Department, DOB and/or GOER.) Each of the projects should have, in the opinion of the Offeror, required a comprehensive analysis of a highly complex issue that was of urgent nature to the client.

The following Projects Abstracts are provided in RFP Exhibit III.B:

- Reckitt Benckiser – Conduent evaluated Retiree Medical Medicare Eligible Plan Design Options for the Client and helped them implement an EGWP
- University of Pittsburgh – Conduent provided an analysis of HIPAA Security and Compliance

(5) The Offeror should complete and submit RFP Exhibit III.B, entitled "Project Abstract" for each of the two (2) examples discussed above using the instructions provided in the Exhibit.

See the two Exhibit III.B abstracts.



Prior AdHoc Projects - EXHIBIT III.B – Project Abstract

**Project 1**

<b>Project Title:</b>	Evaluation & Implementation of Retiree Medical Medicare Eligible Plan Design Options															
<b>Name of the Client for whom services were performed:</b>	Reckitt Benckiser															
<b>Client Contact Information:</b>																
<b>Contact's Name:</b>	[REDACTED]															
<b>Contact's Title:</b>	Senior Manager, Benefits															
<b>Phone Number:</b>	[REDACTED]															
<b>Email Address:</b>	[REDACTED]															
<p><b>Project Description:</b> The Offeror should submit specific details concerning the project identified in satisfaction of the requirements in RFP Section IV.B.4. The required information should be provided as an attachment to this Abstract Form. Include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Project Description – Project Title _____".</p>																
<p><b>Complexity of Issue:</b> In the space provided below or as an attachment to this Abstract Form, describe the complexities of the sample project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Complexity of Issue")</p> <p>Analysis was complex because Client needed to consider all aspects of what was the best plan design for its Medicare eligible retirees – stay in current Medicare Supplement arrangement, move to a Medicare Advantage plan or move to an EGWP. Furthermore, the EGWP plan requires coordination with Medicare, which has extensive rules about what can and can't be done. Conduent helped Client navigate its choices with both the EGWP vendor and CMS, enabling Client to save money while still preserving benefits.</p>																
<p><b>Urgency:</b> In the space provided below or as an attachment to this Abstract Form, provide an explanation of what caused the undertaking to be urgent in nature. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Exigency")</p> <p>Client required extensive analysis to be provided in short time frame in order to make decisions about which Medicare plan option to offer. Decision had to be approved by Client's senior management. After decision was made to offer EGWP, Client (and its EGWP vendor) had tight deadlines to make decisions in order to meet CMS strict deadlines.</p>																
<p><b>Resources:</b> In the space provided below or as an attachment to this Abstract Form, detail the resources used to undertake the project (number and titles of analysts and man-hours expended per title) - (Note: the titles to be used should be the Positions Titles set forth in RFP Section V Assumption 6.) (If provided as an attachment, Include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Resources")</p> <p>Resources were as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Number</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>Principal</td> <td>2</td> <td>125</td> </tr> <tr> <td>Lead Consultant</td> <td>2</td> <td>200</td> </tr> <tr> <td>Consultant</td> <td>1</td> <td>75</td> </tr> <tr> <td>Analyst</td> <td>1</td> <td>100</td> </tr> </tbody> </table>			Number	Hours	Principal	2	125	Lead Consultant	2	200	Consultant	1	75	Analyst	1	100
	Number	Hours														
Principal	2	125														
Lead Consultant	2	200														
Consultant	1	75														
Analyst	1	100														
<p><b>Timeline:</b> In the space provided below or as an attachment to this Abstract Form, detail the timeline (at a minimum provide start and end dates) to undertake and complete the project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Timeline")</p>																

<b>Project Title:</b>	Evaluation & Implementation of Retiree Medical Medicare Eligible Plan Design Options
Timeline was as follows:	
<b>Dates</b>	<b>Task</b>
Summer 2014	Collect proposals for benefits and costs under alternative plan options
Summer-Fall, 2014	Analyze proposals; clarify pricing with vendors
October 2014	Evaluate pros and cons of different plan options – costs and benefits -- in report.
October 2014	Present results to Client
Spring 2015	Resolicit PBM for EGWP pricing
Summer 2015	Evaluate EGWP financial impact on client
August 2015	Finalize EGWP financial impact on client
Summer-Fall, 2015	Assist client implement EGWP
1/1/2016	Medicare eligibles move to EGWP
<p><b>Change Orders:</b> In the space provided below or as an attachment to this Abstract Form, provide a description of any change orders issued in regard to the project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Change Orders”)</p> <p>There were no formal change orders.</p>	
<p><b>Modifications/Corrections:</b> In the space provided below or as an attachment to this Abstract Form, provide an explanation of any modifications/corrections required to secure the client’s approval of the final deliverable(s). (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Modifications/Corrections”)</p> <p>There were no formal modification/corrections.</p>	
<p><b>Cost:</b> In the space provided below or as an attachment to this Abstract Form, indicate the initial projected cost of the project and the final cost of the project. Provide an explanation as to any variance in the two amounts. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Cost”)</p> <p>Initial Projected Cost: \$260,000  Final Cost: \$260,000  Explanation of Variance: None</p>	
<p><b>Sample Deliverable:</b> As a separate attachment to this Abstract Form, provide a copy of the final deliverable(s) (e.g., report or documentation) resultant from the project, if permissible. If it is not permissible to release, indicate why and provide a general description of the final deliverable(s). Include the Sample # and Project Title on the attachment and entitle the document as “Sample Deliverable”.</p>	

<b>Project Title:</b>	Evaluation & Implementation of Retiree Medical Medicare Eligible Plan Design Options
<p><b>Project Description:</b> We helped Client thoroughly evaluate its options for Medicare retirees, including moving them to an EGWP or to a Medicare Advantage Prescription Drug Plan. We analyzed both financial and operational considerations.</p> <p>Once Client made the decision, we helped them implement the EGWP, which involved vendor-CMS coordination, retiree communications, and decisions as to drugs on the formulary.</p>	
<p><b>Sample Deliverable:</b> As a separate attachment to this Abstract Form, provide a copy of the final deliverable(s) (e.g., report or documentation) resultant from the project, if permissible. If it is not permissible to release, indicate why and provide a general description of the final deliverable(s). Include the Sample # and Project Title on the attachment and entitle the document as “Sample Deliverable”.</p> <p>Final deliverables are confidential, per contract terms with Client. Deliverables included:</p> <ul style="list-style-type: none"> <li>• Comprehensive report analyzing Medicare supplement plan options, benefits and cost</li> <li>• Final report analyzing Medicare EGWP option and cost</li> <li>• Impact of Medicare EGWP on Client’s Retiree Medical Obligation</li> <li>• Emails and phone calls with Client and EGWP vendor to determine responsibilities, data requirements and formulary considerations</li> <li>• Draft retiree communications</li> </ul>	

## Project 2

<b>Project Title:</b>	HIPAA Privacy and Security Compliance
<b>Name of the Client for whom services were performed:</b>	University of Pittsburgh
<b>Client Contact Information:</b>	
<b>Contact's Name:</b>	[REDACTED]
<b>Contact's Title:</b>	Senior Legal Counsel
<b>Phone Number:</b>	[REDACTED]
<b>Email Address:</b>	[REDACTED]
<p><b>Project Description:</b> The Offeror should submit specific details concerning the project identified in satisfaction of the requirements in RFP Section IV.B.4. The required information should be provided as an attachment to this Abstract Form. Include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Project Description – Project Title _____".</p>	
<p><b>Complexity of Issue:</b> In the space provided below or as an attachment to this Abstract Form, describe the complexities of the sample project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Complexity of Issue")</p> <p>Complexity of the project was the result of the University's status as a hybrid entity, containing covered components including HR/Benefits as the administrator of the University's health plan for employees, a dental school, a dental clinic and campus activities such as student health and student counseling services; the latter activities were conducted both at the home and satellite campuses. Interviews were conducted with staff at all locations.</p> <p>A significant amount of PHI is held electronically in disparate systems. Thus, significant effort was required to identify all sources of data and conduct the required review and risk analysis.</p> <p>While certain business associates are contracted with on a University-wide basis, others were contracted at the campus level. Identifying and documenting each type added a level of complexity to the project.</p>	
<p><b>Urgency:</b> In the space provided below or as an attachment to this Abstract Form, provide an explanation of what caused the undertaking to be urgent in nature. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Exigency")</p> <p>The University has been committed to full compliance with HIPAA and as such has developed HIPAA policies and procedures and conducted training over the years. As part of its ongoing activities and in light of the highly publicized HIPAA breaches and steep penalties imposed by HHS' Office for Civil Rights (OCR), the University of Pittsburgh determined that it was an appropriate time to re-examine their HIPAA privacy and security documentation, workforce training practices and other HIPAA related policies and procedures in depth.</p>	

<b>Project Title:</b>	HIPAA Privacy and Security Compliance
<p><b>Resources:</b> In the space provided below or as an attachment to this Abstract Form, detail the resources used to undertake the project (number and titles of analysts and man-hours expended per title) - (Note: the titles to be used should be the Positions Titles set forth in RFP Section V Assumption 6.) (If provided as an attachment, Include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Resources”)</p> <p>The staff assigned to this project were seasoned professionals who have worked on HIPAA compliance projects regularly since the initial implementation of the Privacy and Security Rules. This included two compliance consultants (a principal and a director, both of whom are trained as attorneys) who focused primarily on the privacy aspects of the project, three compliance IT consultants (principal, senior consultant and senior associate) who focused primarily on the security aspects. All were supported by a research information professional (director). As might be expected, with the number of campuses (five) and other types of entities (dental clinic and school, student health and counseling, and HR/benefits) a significant number of staff hours were expended.</p>	
<p><b>Timeline:</b> In the space provided below or as an attachment to this Abstract Form, detail the timeline (at a minimum provide start and end dates) to undertake and complete the project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Timeline”)</p> <p>Parallel audit processes were established on the various entities with process for each taking 60 -120 days depending on the complexity of the specific entity.</p>	
<p><b>Change Orders:</b> In the space provided below or as an attachment to this Abstract Form, provide a description of any change orders issued in regard to the project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Change Orders”)</p> <p>Not applicable.</p>	
<p><b>Modifications/Corrections:</b> In the space provided below or as an attachment to this Abstract Form, provide an explanation of any modifications/corrections required to secure the client’s approval of the final deliverable(s). (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Modifications/Corrections”)</p> <p>Not applicable.</p>	
<p><b>Cost:</b> In the space provided below or as an attachment to this Abstract Form, indicate the initial projected cost of the project and the final cost of the project. Provide an explanation as to any variance in the two amounts. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as “Cost”)</p>	

<b>Project Title:</b>	HIPAA Privacy and Security Compliance
<p>Initial Projected Cost: &gt;\$500,000</p> <p>Final Cost: &gt;\$500,000</p> <p>Explanation of Variance: Scope of project changed over the course of the project upon identification by the University of additional covered components.</p> <p>Because each assignment is unique, and due to the complexities described above, it is not necessarily true that the fees for this project are necessarily representative or transferable to other projects.</p>	
<p><b>Sample Deliverable:</b> As a separate attachment to this Abstract Form, provide a copy of the final deliverable(s) (e.g., report or documentation) resultant from the project, if permissible. If it is not permissible to release, indicate why and provide a general description of the final deliverable(s). Include the Sample # and Project Title on the attachment and entitle the document as "Sample Deliverable".</p> <p>The deliverables were a HIPAA Privacy policies and procedures manual, HIPAA Security Report (executive summary, assumptions, gap analysis, risk/threat analysis, remediation work plan), HIPAA Security Policies and Procedures Manual, and HIPAA workforce training materials. These materials are proprietary to Conduent. Attached are the table of contents of our reports and deliverables (see file Exhibit_III.B-University of Pittsburgh-Sample Document.docx).</p>	

<b>Project Title:</b>	HIPAA Privacy and Security Compliance
<p><b>Project Description:</b></p> <p>The following HIPAA Privacy and Security services were completed for each of the following identified and agreed-upon entities of the University of Pittsburgh:</p> <ul style="list-style-type: none"> <li>• Bradford Campus</li> <li>• Greensburg Campus</li> <li>• Johnstown Campus</li> <li>• Titusville Campus</li> <li>• Computer Services and Systems Development</li> <li>• Human Resources</li> <li>• Office of General Counsel</li> <li>• Internal Audit</li> <li>• Student Counseling Center</li> <li>• Student Health Center</li> <li>• University Dental Health Service</li> <li>• School of Dental Medicine</li> <li>• Payment Processing Department</li> <li>• Panther Express</li> <li>• Office of Risk Management</li> </ul> <p><b>Scope of HIPAA Privacy Work</b></p> <p>Conduent HR Consulting's HIPAA Privacy compliance consulting approach consisted of two stages.</p> <p><b>Stage 1 – Assessment and Strategy</b></p> <p>Conduent HR Consulting conducted a survey of Client's internal operations to understand the flow of data within and external to Client and to assess Client's receipt, use, disclosure, maintenance, and disposal of PHI.</p> <p>Conduent HR Consulting gathered and analyzed the operational elements comprising routine administration of health care coverage and Client's interactions with its vendors and other potential business associates (e.g., consultants) in carrying out plan administrative services.</p> <p><b>Stage 2 – Implementation Assistance</b></p> <p>Conduent HR Consulting anticipated that implementation would include all of the following remedial items:</p> <ul style="list-style-type: none"> <li>• Recommendation of process for privacy officer appointment;</li> <li>• Updating and/or development of HIPAA-compliant policies and procedures regarding: <ul style="list-style-type: none"> <li>– uses (and non-uses) of PHI</li> <li>– disclosures (and non-disclosures) of PHI</li> <li>– limits on PHI to be used or disclosed</li> <li>– staff responsibilities</li> </ul> </li> </ul>	

<b>Project Title:</b>	HIPAA Privacy and Security Compliance
<ul style="list-style-type: none"> <li>– privacy-related complaints</li> <li>– anti-retaliation</li> <li>– sanctions for unauthorized use or disclosure of PHI</li> <li>– breach of PHI</li> <li>• Updating and/or creation of HIPAA-required forms, documents, and notices, including: <ul style="list-style-type: none"> <li>– participant authorization forms</li> <li>– privacy notice</li> <li>– health plan document amendments (Conduent HR Consulting provided a consolidated amendment for both HIPAA Privacy and Security Client could use if they needed this language)</li> </ul> </li> <li>• Development of a business associate agreement for Client’s use (Conduent HR Consulting provided a consolidated BA agreement for both HIPAA Privacy and Security)</li> </ul> <p>Conduent HR Consulting conducted on-site meetings with Client to work through completion of the privacy policies and procedures. Conduent HR Consulting assumed responsibility for drafting policies and procedures and customizing forms, documents, and notices. Client provided final review.</p> <p><b>Scope of HIPAA Security Work</b></p> <p>Conduent HR Consulting’s HIPAA Security compliance consulting approach consisted of four stages.</p> <p><b>Stage 1</b></p> <p>Client was asked to provide some basic information about electronic protected health information (e-PHI) they created, received, maintained, or transmitted and to answer a series of questions pertaining to Client’s health plans and the systems handling e-PHI. Client was also given some sample documents they could use to start fulfilling some of the documentation requirements of HIPAA.</p> <p>Conduent HR Consulting provided an introductory email that included:</p> <ul style="list-style-type: none"> <li>• Background materials for those involved in the compliance assessment. These included Conduent HR Consulting articles describing employer obligations under HIPAA security and a description of the areas of knowledge needed by the Client employees who attended the meetings described in Stage 2.</li> <li>• HIPAA data requirements, which were used to provide basic information about e-PHI.</li> <li>• Preview IT and physical security questions for review by applicable staff.</li> <li>• A model business associate agreement, which Client could customize and send to business associates.</li> <li>• A model plan amendment, which Client could customize and adopt for health plan(s).</li> </ul> <p>Client completed the HIPAA data requirements and forwarded its responses to Conduent HR Consulting in advance of the facilitated meetings described in Stage 2.</p> <p><b>Stage 2</b></p> <p>Conduent HR Consulting facilitated meetings at Client’s offices during which representatives from Client</p>	



<b>Project Title:</b>	HIPAA Privacy and Security Compliance
<p>responded to the questions asked by Conduent HR Consulting using Conduent's HIPAA survey audit tool (HIPAA Secure).</p> <p>Client was responsible for assembling the necessary employees to attend the meetings. Required attendees included members from each of the affected departments: benefits personnel, human resources personnel, IT personnel, and building security personnel. The employees attending the meetings were familiar with the use of systems and applications used to store or transmit e-PHI and those who had knowledge of and responsibility for the administrative, physical, and technical aspects of information security.</p> <p>Conduent HR Consulting sent at least one HIPAA specialist to facilitate the meetings. If questions concerning IT and systems-specific issues arose at the meetings, they were referred to a Conduent HR Consulting technology and systems consultant as a follow-up to the meetings or as conference calls during the meetings.</p> <p><b>Stage 3</b></p> <p>After Client answered all of the questions in the HIPAA survey audit tool, Conduent HR Consulting analyzed the responses and produced the following documents for Client's compliance records:</p> <ul style="list-style-type: none"> <li>• A risk assessment report;</li> <li>• A gap analysis report;</li> <li>• A work plan with suggested remediation steps for Client; and</li> <li>• A first draft of a customized HIPAA Security policies and procedures manual for Client.</li> </ul> <p>Copies of all reports were sent to Client.</p> <p><b>Stage 4</b></p> <p>Conduent HR Consulting conducted meetings with representatives of Client to discuss the documents and follow-up steps. After the meetings, Conduent HR Consulting sent electronic copies of its reports to Client so that Client could revise and complete the documents as necessary.</p> <p><b>Staff Training</b></p> <p>Conduent HR Consulting provided online HIPAA staff training regarding the Privacy and Security rules. A HIPAA compliance legally trained consultant and IT specialist facilitated the training. The training provided practical suggestions for compliance and leading practices in managing data security in day-to-day operations. The training covered the following:</p> <p><b>HIPAA basics</b></p> <ul style="list-style-type: none"> <li>• Reviewing protected health information (PHI)</li> <li>• Identifying when the information can or cannot be used</li> <li>• Maintaining necessary information</li> <li>• Understanding Client's role in the protection of PHI</li> <li>• Reviewing types of common group health PHI and where it could be found</li> </ul> <p><b>HIPAA privacy rules</b></p> <ul style="list-style-type: none"> <li>• Privacy overview</li> <li>• PHI access and access control</li> </ul>	

**Project Title:**

HIPAA Privacy and Security Compliance

- Rules on using and disclosing PHI
- Minimum necessary
- Administrative physical and technical safeguards
- Sanctions

**HIPAA security – leading practices**

- Unique user ID or log-in name (user access controls)
- Password protection
- Workstation security
- Security for portable devices and laptops with electronic PHI (e-PHI)
- Data management and security
- Secure remote access
- E-mail security
- Safe internet use
- Instant messaging cautions
- Protection against malicious software

**Enforcement and breaches****HIPAA quiz to reinforce key concepts**

## C. Performance Guarantees

### Required Submission

Offerors' proposed performance guarantee responses including penalty fee amounts to be put at risk for non-performance are not considered to be cost information and therefore should be stated in the Offeror's Technical Proposal. At this part of its Technical Proposal, the Offeror must state its agreement to the following minimum guarantees and propose amounts, expressed as either a fixed per day dollar amount or a fixed percent per day amount to be put at risk for failure to meet the guarantee. Failure to agree to one or more of the following minimum guarantees and/or failure to propose an associated penalty fee amount(s), expressed as either a fixed per day dollar or a fixed percent per day amount, to be put at risk for failure to meet the guarantee(s), may result in the Offeror deemed non-responsive and eliminated from further consideration.

#### 1. Turnaround Time Guarantees

Conduent's proposed performance guarantee responses including penalty fee amounts to be put at risk for non-performance are provided (below) in this part of Conduent's Technical Proposal. Conduent agrees to the following minimum guarantees and proposed amounts, expressed as either a fixed per day dollar or a fixed percent per day amount to be put at risk for failure to meet guarantees.

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

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

The Standard Credit Amount for each twenty-four (24) hour period, or part thereof, that a Task #1 report or final deliverable is not provided to the Department by the report(s)/deliverable(s)' due date, is \$3,000.00. However, Offerors may propose higher or lesser amounts.

*"For each twenty-four (24) hour period, or part thereof, that a Task #1 report or final deliverable is not provided to the Department by the report(s)/deliverable(s)' due date, Conduent shall pay the Department **\$3,750** per day, until such time that the report(s)/deliverable(s) is provided to the Department. The aggregate total penalty amount shall not exceed the actual cost incurred by the Contractor in its performance of the associated Task #1 activity."*

Task #2 – Quarterly Analysis: State your willingness to guarantee that Quarterly Contractor Commentary Reports will be provided in accordance with the requirements set forth in RFP Section IV.B.2, not later than forty-five (45) calendar days from the end of the quarter under review, provided that the required electronic data is received by the Contactor from all vendors within fifteen (15) days of the close of the quarter, and the vendor reports within twenty-three (23) days of the close of the quarter. If the Contractor does not receive the data and/or vendor reports by the specified dates, the due date shall be extended by one day for each day the data and/or vendor reports are late. The Offeror must propose a penalty for failure to meet the above guarantee and the guaranteed must be proposed in the following format:

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

The Standard Credit Amount for each twenty-four (24) hour period, or part thereof, beyond the given Quarterly Contract Commentary Reports’ due date, is \$3,000.00. However, Offerors may propose higher or lesser amounts.

*“For each twenty-four (24) hour period, or part thereof, beyond a given Quarterly Contractor Commentary Reports’ due date that the final Quarterly Contractor Commentary Reports is not provided to the Department by the Contractor, Conduent shall pay the Department \$3,750 per day, until such time as the required final Quarterly Contractor Commentary Reports are provided to the Department. The aggregate total penalty amount shall not exceed the actual cost incurred by the Contractor in its performance of the associated Task #2 activity.”*

Task #3 – GASB 75 Valuation: State your willingness to guarantee that GASB 75 valuation services and the five (5) required reports will be provided in accordance with the requirement set forth in RFP Section IV.B.3 and that other specified deliverables as requested by the Department in fulfillment of GASB obligations will be provided in accordance with due dates specified in the annual Task #4 task order negotiated by the Parties, as may be amended by a Department approved Change Order Request(s). The Offeror must propose a penalty for failure to meet the above guarantee and the guarantee must be proposed in the following format:

“For each twenty-four (24) hour period, or part thereof, beyond the due date for a given Task #3 report, as specified in the annual Task #4 task order negotiated by the Parties, as may be amended by a Department approved Change Order Request, is not provided to the Department by the Contractor, the Contractor shall pay the Department \_\_\_\_\_ percent of the negotiated Task #3 task order Total Project Cost amount, until such time as the report(s) is/are provided to the Department. The aggregate total penalty amount shall not exceed the actual cost incurred by the Contractor in its performance of the associated Task #3 activity.”

The Standard Credit Amount for each twenty-four (24) hour period, or part thereof, beyond the given due date for a given Task #3 report, is three percent (3%) of the negotiated Task #3 task order Total Project Cost amount. However, Offerors may propose higher or lesser amounts.

*“For each twenty-four (24) hour period, or part thereof, beyond the due date for a given Task #3 report, as specified in the annual Task #3 task order negotiated by the Parties, as may be amended by a Department approved Change Order Request, is not provided to the Department by the Contractor, Conduent shall pay the Department three and ¾ percent of the negotiated Task #3 task order Total Project Cost amount, until such time as the report(s) is/are provided to the Department. The aggregate total penalty amount shall not exceed the actual cost incurred by the Contractor in its performance of the associated Task #3 activity.”*

Task #4 – Ad Hoc Consulting Services: State your willingness to guarantee that, in accordance with the requirements of RFP Section IV.B.4, analysis provided for a given Ad Hoc Project will be 1) based on the most current information available, 2) comprehensive, and 3) actuarially sound and reasonable, and that an Ad Hoc Project’s final deliverables will be provided to the Department not later than the due date agreed upon by the Department and the Contractor for a given Ad Hoc final deliverable. The Offeror must propose a penalty for failure to meet the above guarantee when the Not-To-Exceed Total Cost of a given Ad Hoc project is equal to or greater than fifty thousand dollars (\$50,000) and the guaranteed must be proposed in the following format:

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

The Standard Credit Amount for each twenty-four (24) hour period, or part thereof, beyond the given due date for an Ad Hoc project whose Not-To-Exceed Total Cost is equal to or greater than fifty thousand dollars (\$50,000), is three percent (3%) of the Task #4 Ad Hoc Not-To-Exceed Total Cost amount, until such time as the report(s)/deliverable(s) is provided to the Department. However, Offerors may propose higher or lesser amounts.

*“As regards Ad Hoc projects whose Not-To-Exceed Total Cost is equal to or greater than fifty thousand dollars (\$50,000), for each twenty-four (24) hour period, or part thereof, beyond the due date for the Ad Hoc Project’s report or final deliverable, as negotiated by the Parties on a case-by-case basis, that the report/deliverable is not provided to the Department by the Contractor, Conduent shall pay the Department three and ¾ percent of the Task #4 Ad Hoc Not-To-Exceed Total Cost amount, until such time as the report(s)/deliverable(s) is provided to the Department. The aggregate total penalty amount shall not exceed the actual cost incurred by the Contractor in its performance of the associated Task #4 Ad Hoc project.”*

## D. Diversity Practices Questionnaire

### Required Submission

The Offeror must submit the Diversity Practices Questionnaire (Exhibit IV.A) signed by both the Offeror's authorized representative and public notary. The Offeror's completion of the questionnaire is voluntary and blank submissions will not disqualify an Offeror from the procurement.

## Exhibit IV.A Diversity Practices Questionnaire

I, **Harvey Sobel**, as **Principal** (title) of **Conduent HR Consulting, LLC** firm or company (hereafter referred to as the company), swear and/or affirm under penalty of perjury that the answers submitted to the following questions are complete and accurate to the best of my knowledge:

1. Does your company have a Chief Diversity Officer or other individual who is tasked with supplier diversity initiatives? **Yes** or No

If Yes, provide the name, title, description of duties, and evidence of initiatives performed by this individual or individuals.

- **Tamika W. Tutt, Manager Supplier Diversity & Sustainability**
  - **Overall responsibility for daily Supplier Diversity Programs and Operations**
- **Lee Hillestad, Mgr. Global Business Process and Operations**
  - **Overall responsibility for Supplier Diversity Program**

2. What percentage of your company's gross revenues (from your prior fiscal year) was paid to New York State certified minority and/or women-owned business enterprises as subcontractors, suppliers, joint-venturers, partners or other similar arrangement for the provision of goods or services to your company's clients or customers?

**0.27%**

3. What percentage of your company's overhead (i.e. those expenditures that are not directly related to the provision of goods or services to your company's clients or customers) or non-contract-related expenses (from your prior fiscal year) was paid to New York State certified minority- and women-owned business enterprises as suppliers/contractors?<sup>1</sup>

**0.10%**

4. Does your company provide technical training<sup>2</sup> to minority- and women-owned business enterprises? **Yes** or No

If Yes, provide a description of such training which should include, but not be limited to, the date the program was initiated, the names and the number of minority- and women-owned business enterprises participating in such training, the number of years such training has been offered and the number of hours per year for which such training occurs.

**Conduent (formerly Xerox) has in the past subcontracted to MWBEs to provide call center services. In that capacity, we provided employees of the MWBEs with training to perform those call center services.**

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<sup>1</sup> Do not include onsite project overhead.

<sup>2</sup> Technical training is the process of teaching employees how to more accurately and thoroughly perform the technical components of their jobs. Training can include technology applications, products, sales and service tactics, and more. Technical skills are job-specific as opposed to soft skills, which are transferable.

5. Is your company participating in a government approved minority- and women-owned business enterprise mentor-protégé program? **No**

If Yes, identify the governmental mentoring program in which your company participates and provide evidence demonstrating the extent of your company's commitment to the governmental mentoring program.

**As a new company, Conduent will investigate the New York State Mentor Protégé Initiative.**

6. Does your company include specific quantitative goals for the utilization of minority- and women-owned business enterprises in its non-government procurements? Yes or **No**

If Yes, provide a description of such non-government procurements (including time period, goal, scope and dollar amount) and indicate the percentage of the goals that were attained.

**As a new company, Conduent is working to develop overall corporate goals for utilization of MWBE's and does not specify goals by state. Conduent does put forth an effort to meet NYS goals for each contract awarded.**

7. Does your company have a formal minority- and women-owned business enterprise supplier diversity program? **Yes** or No

If Yes, provide documentation of program activities and a copy of policy or program materials.

**Please see attached.**


8. Does your company plan to enter into partnering or subcontracting agreements with New York State certified minority- and women-owned business enterprises if selected as the successful respondent? **Yes** or No

If Yes, attach Utilization Plan Exhibit I.O



**Exhibit IV.A – Diversity Practices Questionnaire**

All information provided in connection with the questionnaire is subject to audit and any fraudulent statements are subject to criminal prosecution and debarment.

Signature of Owner/Official  \_\_\_\_\_  
Printed Name of Signatory Harvey Sobel \_\_\_\_\_  
Title Principal \_\_\_\_\_  
Name of Business Conduent HR Consulting, LLC \_\_\_\_\_  
Address 500 Plaza Drive \_\_\_\_\_  
City, State, Zip Secaucus, New Jersey 07096 \_\_\_\_\_

STATE OF   NJ   \_\_\_\_\_  
COUNTY OF   Hudson   ) ss:

On the 24<sup>th</sup> day of May, 2017, before me, the undersigned, a Notary Public in and for the State of   NJ  , personally appeared   Harvey Sobel  , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to this certification and said person executed this instrument.



Notary Public



# Supplier Diversity at Conduent

Conduent's supplier diversity mission is to proactively identify, build relationships with, and purchase goods and services from certified small and diverse businesses that can help Conduent achieve its corporate objectives. It is important to Conduent that diverse suppliers will have an equal opportunity to be included in our strategic sourcing and procurement process. Companies that seek to do business with Conduent must demonstrate the ability to add value, and provide high-quality goods and services that are competitively priced, reliable, and aligned with our superior level of service.

Conduent's Supplier Diversity program focuses on:

- **Objective Measurements** – establishing and meeting company and departmental goals and objectives that support our overall diversity strategy.
- **Tracking and Reporting** – monitoring and reporting our progress toward achieving our supplier diversity goals and objectives with a strong emphasis on continuous improvement.
- **Training and Education** – helping to ensure that associates in decision-making positions throughout our organization understand Conduent's supplier diversity principles and commitment.
- **External Outreach Activities** – seeking diverse suppliers through active involvement with small business and minority development organizations, and participation in various trade shows and procurement events.
- **Communications** – educating employees, management, diverse suppliers, and the community-at-large on our supplier diversity program, policies, and achievements.
- **Second Tier Program** – working with Conduent prime suppliers to achieve supplier diversity at multi-tiered levels within our value chain.
- **Awards Program and Recognition** – highlighting and rewarding the hard work and outstanding efforts of our employees and recommending suppliers for external awards.

In 2017, Conduent will be a Corporate Member of the National Minority Supplier Development Council (NMSDC) and a Regional Corporate Member of the Women Business Enterprise National Council (WBENC) through the Women's Business Council Southwest. In 2016, Conduent spent \$126M with Minority-Owned Business Enterprises, \$147M with Women-Owned Business Enterprises, \$28M with Veteran-Owned Businesses, and \$390M with Small Business.

For more information on Conduent Supplier Diversity, please visit:  
<https://www.conduent.com/supplier-relations/diversity/>



State of New York  
 Department of Civil Service  
 Albany, NY 12239

**MWBE UTILIZATION PLAN**

OFFICE OF FINANCIAL ADMINISTRATION

MWBE-100 (9/2011)

**INSTRUCTIONS: All Offerors must complete this MWBE Utilization Plan and submit it as part of their Proposal. The Plan must contain a detailed description of the services to be provided by each Minority and/or Woman-Owned Business Enterprise (M/WBE) identified by the Offeror.**

Offeror Name: <b>Conduent HR Consulting, LLC</b>			Federal Identification No.: <b>13-3954297</b>	
Address: <b>500 Plaza Drive</b>			Solicitation No.: <b>#ABMC-2017-1</b>	
City, State, Zip Code: <b>Secaucus, New Jersey 07096</b>			M/WBE Goals for the Solicitation: MBE:      % WBE: <b>4% combined</b>	
<b>1. M/WBE Subcontractors/Suppliers Name, Address, Email Address, Telephone No.</b>	<b>2. Classification</b>	<b>3. Federal ID No.</b>	<b>4. Detailed Description of Work (Attach additional sheets, if necessary.)</b>	<b>5. Dollar Value of Subcontracts/Supplies</b>
<b>A.</b>	NYS ESD Certified <input type="checkbox"/> MBE <input type="checkbox"/> WBE			
<b>B.</b>	NYS ESD Certified <input type="checkbox"/> MBE <input type="checkbox"/> WBE			

**6. WAIVER REQUESTED: MBE:**  YES  NO **If YES, submit form MWBE101** / **WBE:**  YES  NO **If YES, submit form MWBE101**

<b>PREPARED BY (Signature):</b>	<b>TELEPHONE NO.:</b> 201.902.2655	<b>EMAIL ADDRESS:</b> harvey.sobel@conduent.com
<b>NAME AND TITLE OF PREPARER (Print or Type):</b> Harvey Sobel, Principal and Consulting Actuary		
<b>DATE: Offeror's Certification Status:</b> <input type="checkbox"/> MBE <input type="checkbox"/> WBE		

**SUBMISSION OF THIS FORM CONSTITUTES THE OFFEROR'S ACKNOWLEDGEMENT AND AGREEMENT TO COMPLY WITH THE M/WBE REQUIREMENTS SET FORTH UNDER NYS EXECUTIVE LAW, ARTICLE 15-A. FAILURE TO SUBMIT COMPLETE AND ACCURATE INFORMATION MAY RESULT IN A FUNDING OF NONCOMPLIANCE AND/OR PROPOSAL DISQUALIFICATION.**

\*\*\*\*\*FOR DEPARTMENT USE ONLY\*\*\*\*\*

<b>REVIEWED BY:</b>	<b>DATE:</b>
<b>UTILIZATION PLAN APPROVED:</b> <input type="checkbox"/> YES <input type="checkbox"/> NO <b>Date:</b> _____	
<b>MBE CERTIFIED:</b> <input type="checkbox"/> YES <input type="checkbox"/> NO	
<b>WBE CERTIFIED:</b> <input type="checkbox"/> YES <input type="checkbox"/> NO	
<b>WAIVER GRANTED:</b> <input type="checkbox"/> YES <input type="checkbox"/> NO	
<input type="checkbox"/> Total Waiver <input type="checkbox"/> Partial Waiver	
<b>NOTICE OF DEFICIENCY ISSUED:</b> <input type="checkbox"/> YES <input type="checkbox"/> NO	
<b>Date:</b> _____	



State of New York  
Department of Civil Service  
Alfred E. Smith State Office Building  
Albany, NY 12239

## REQUEST FOR WAIVER FORM

OFFICE OF FINANCIAL ADMINISTRATION

MWBE-101 (9/2011)

Page 1 of 2

**INSTRUCTIONS: SEE PAGE 2 OF THIS ATTACHMENT FOR REQUIREMENTS AND DOCUMENT SUBMISSION INSTRUCTIONS.**

<b>Offeror/Contractor Name:</b> Conduent, HR Consulting, LLC	<b>Federal Identification No.:</b> 13-3954297
<b>Address:</b> 500 Plaza Drive	<b>Solicitation No.:</b> RFP #ABMC-2017-1
<b>City, State, Zip Code:</b> Secaucus, New Jersey 07096	<b>Contract No.:</b>

By submitting this form and the required information, the company certifies that every Good Faith Effort has been taken to promote M/WBE participation pursuant to the M/WBE requirements set forth under the Procurement/Contract.

Offeror/Contractor is requesting a:  Total  Partial  Certification  Conditional

- MBE Waiver – A waiver of the MBE Goal for the Procurement/Contract is requested.
- WBE Waiver – A waiver of the WBE Goal for the Procurement/Contract is requested.
- ESD Certification Waiver – A waiver of the requirement that the MBE/WBE be certified by Empire State Development (ESD). (Check here if MBE/WBE is NOT ESD certified.)  
 Checking this box, if an application for certification has been filed with Empire State Development.
- Conditional Waiver – (Attach separate sheet outlining special conditions or extenuating circumstances.)

Prepared By (Signature) [REDACTED] Date 5/24/2017

Printed or Typed Name and Title of Preparer: Harvey Sobel, Principal and Consulting Actuary	Telephone Number 201-902-2655	Email Address harvey.sobel@conduent.com
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**SUBMISSION OF THIS FORM CONSTITUTES THE OFFEROR/CONTRACTOR'S ACKNOWLEDGEMENT AND AGREEMENT TO COMPLY WITH THE M/WBE REQUIREMENTS SET FORTH UNDER NYS EXECUTIVE LAW, ARTICLE 15-A. FAILURE TO SUBMIT COMPLETE AND ACCURATE INFORMATION MAY RESULT IN A FINDING OF NONCOMPLIANCE AND/OR PROPOSAL DISQUALIFICATION AND/OR TERMINATION OF THE**

\*\*\*\*\* FOR DEPARTMENT USE ONLY \*\*\*\*\*

REVIEWED BY:

DATE:

Waiver Granted:  YES  NO  
 Total Waiver  Partial Waiver  
 ESD Certification Waiver  Conditional  
 Notice of Deficiency Issued – Date: 5/24/2017

\*Comments:



Harvey Sobel, FSA, MAAA  
Principal, Consulting Actuary

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Secaucus, New Jersey 07096

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Tel 201.902.2655  
Fax 201.902.2883

May 21 , 2017

ABMC Procurement Manager  
Employee Benefits Division, Room 1106  
New York State Department of Civil Service (DCS)  
Albany, New York 12239

**Re: MWBE Request for Waiver**

Conduent HR Consulting, LLC requests a partial waiver from the 4% MWBE requirements of the Department of Civil Service's RFP for Actuarial and Benefits Management Consulting Services (ABMC-2017-1).

In the RFP, the Department seeks to contract with an actuarial and benefits management consulting with specialized expertise in both actuarial work and health benefits consulting services. The first three tasks of the RFP require extensive actuarial consulting expertise. The fourth task constitutes ad hoc projects – some of which can be done by non-actuaries – but those assignments are not guaranteed to be required by the Department.

In an effort to seek out qualified MWBE, Conduent HR Consulting identified potential firms using New York State's Directory of Certified Minority-and Women-Owned Businesses.

We sent an email to 22 MWBEs who were listed under "Actuarial," "Employee Benefits," or "Health Insurance" describing the nature of the actuarial and benefits management consulting services required, asking if the firms have an interest in providing those services and requesting information about their firm.

Only one MWBE -- Bela Gorman of Gorman Actuarial, Inc. – responded to our email. However, after further discussions, Gorman Actuarial declined to be Conduent's subcontractor because work for NYS DCS would conflict with assignments for other Gorman Actuarial clients.

Conduent HR Consulting also interviewed another potential MWBE -- Financial Integrity Resources Management LLC (FIRM). However FIRM does not have any actuaries credentialed to perform health actuarial work. Furthermore two other consultants within Conduent HR Consulting had used FIRM on projects and were not satisfied with the quality of FIRM's work.

If awarded this contract Conduent HR Consulting agrees to make good faith efforts to recruit qualified MWBEs for completion of Task 4 projects.

If you have any questions, please feel free to contact us at (201) 902-2655.

Sincerely,



Harvey Sobel, FSA  
Principal and Consulting Actuary

## Appendix A. Conduent's Capabilities

### Health and Productivity Consulting Experience

With a national network of nearly 200 Health and Productivity professionals, including more than 30 dedicated health and welfare actuaries, as well as data analysts and clinicians, we have experience with all types of welfare benefit programs, including medical, prescription drug, dental, vision, life and disability plans. Conduent's Health and Productivity (H&P) practice is our second largest practice area in the U.S. We've been providing these benefits consulting services since 1950.

Conduent has extensive experience designing, implementing and evaluating health and welfare benefit programs for employers of all sizes. We offer a variety of health care strategies that result in competitive benefits and increased productivity while promoting a culture of mutual accountability. We can help you track and measure your benefit programs. We are ready to assist your organization in achieving the maximum return on its health and welfare program investments, striking a balance between best execution and lowest cost on transactions.

Conduent is in the forefront of health and productivity issues and challenges and has specialized consulting expertise in cost management strategies, such as risk assessment, claims analysis and predictive modeling, prescription drug strategies, wellness initiatives, flexible benefits/contribution strategies, integrated disease management, disability programs and benefit plan redesign.

Our Health and Productivity consultants assist plan sponsors by providing objective advice on the design, financing and delivery of health and welfare benefit programs. Specialty skills cover a wide range of areas, such as:

- **Health and welfare plan management**
- **Health care data analytics and strategy development**
- **Cost management strategies**
- **Wellness initiatives**
- **Prescription drug strategies**
- **Employee contribution strategies**
- **Retiree drug subsidy compliance**
- **Preparation of actuarial valuations**
- **Health plan audits**
- **Vendor performance management**
- **Absence management**
- **Benefit communication**
- **Voluntary Benefits**
- **Absence & Disability management**
- **Long-term care modeling**
- **DC/consumer-driven health care**

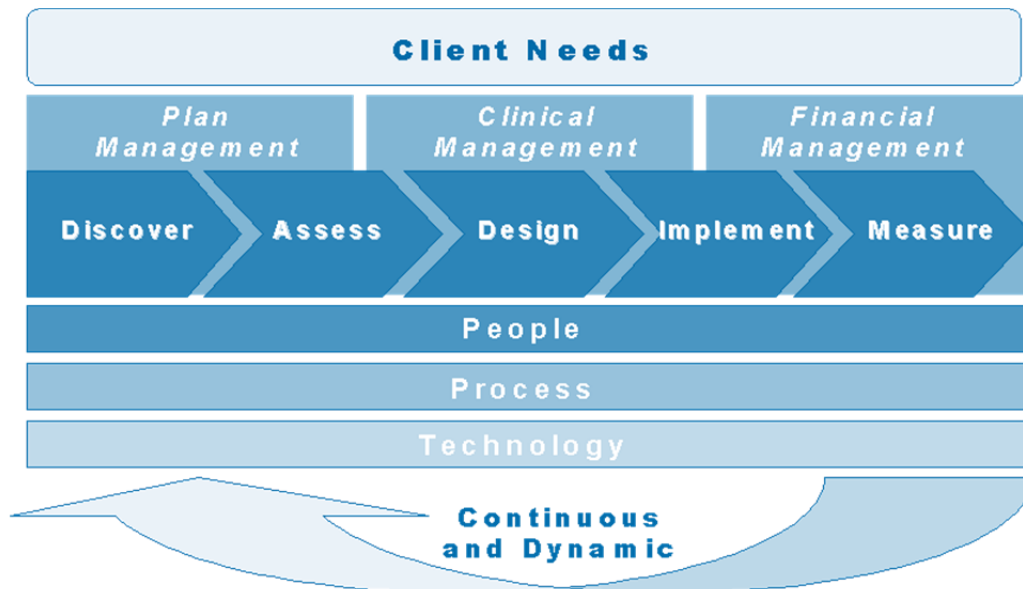
Conduent has a rich history in providing valuable assistance in all aspects of health and productivity program administration for clients of all sizes. Conduent conducts ongoing surveys and publishes these results to assist in projecting the trends affecting core components of medical costs and employs numerous proprietary tools to effectively manage our clients programs.

### Conduent's H&P Service Model

Conduent's Total Plan Management service model integrates traditional plan management services with focused clinical management and financial management services to ensure that all aspects of your organization's programs are proactively managed and continually align with the DCS' organizational and

HR/benefit objectives. The service model then layers employee communications/change management to drive employee acceptance and plan compliance principles to adhere to state and federal regulatory requirements.

This service model enables our clients to define a long-term health care strategy by aligning employer and employee needs to achieve success. We develop a strategy that addresses the cost drivers specific of your plan and remains within cultural and financial constraints, while providing a valued benefit package of the highest quality.



The service offerings included in the plan management model align well with DCS' needs. This model includes a comprehensive suite of services, which ensures all aspects of your current programs are evaluated and adjusted to support organizational and HR/benefit objectives.

### Program and Plan Design Review

Conduent has extensive experience in designing, implementing and evaluating health and welfare benefits programs for employers. Conduent has provided and/or continues to provide such services to numerous large employers, including colleges/universities, states, cities, counties, energy providers, manufacturing companies, media groups, real estate developers, hospitals and healthcare systems and state health insurance programs.

Conduent can help you navigate health care systems and design solutions that meet your individual business needs. Staffed with experts in the fields of health care, medicine, retirement, medicine, human resources, communication, technology, and administration we are prepared to help you implement and administer changes to your health and welfare strategies.

We have deep experience in each of the State's benefit programs outlined in its RFP, including medical, prescription drugs, behavioral health, EAPs, dental, life, disability, vision and other benefit plans. Highlights of our health care plan design experience follow.

**Prescription Drug Plan Design** — Conduent's National Pharmacy Practice consulting services was developed to assist our clients in meeting the challenges of prescription drug cost management and prepare them to meet future challenges through sharing knowledge, providing detailed analysis and

evidenced based solutions. Successful management of prescription drug costs requires employers to have an objective resource to assist them in navigating the complexities of the prescription drug benefit management industry. Conduent offers this resource by providing strategic consulting services, input and evaluation of clinical and utilization management efforts, managing the account management functions of the vendors, and presenting opportunities to manage the cost impact and utilization of rapidly increasing biotech and specialty medications.

### **Health and Productivity Plan Design**

Health and productivity management programs incorporate all benefit services and data sets related to improving employee health and productivity. These programs extend beyond traditional health benefit plans, by integrating customized health features designed to improve physical and mental health. Broadly, health and productivity programs incorporate life/AD&D, absence management, behavioral health, case management, centers of excellence, disability management, disease management programs, employee assistance programs, utilization management, wellness/prevention, and work/life programs. We have expert resources in each of these areas enabling us to deliver either holistic design solutions or unique design opportunities within each health and productivity design segment.

Conduent helps clients design and implement health care strategies that result in competitive benefits and increased productivity while promoting a culture of mutual accountability. We can help you track and measure your benefit programs. We are ready to assist your organization in achieving the maximum return on its health and welfare program investments, striking a balance between best execution, and lowest cost on transactions.

### **Vendor Management**

Vendor management and performance monitoring is vital to effective administration of your benefits program. Our strategy is to work with vendors and employers to identify root causes of recurring, cyclical and special problems. We also work with vendors to negotiate and implement the most favorable terms and conditions for our clients' programs.

### **Renewal Analysis and Negotiations**

We have an edge in negotiations due to our consultants' market expertise, including extensive backgrounds in corporate management and within the insurance industry. In addition, our Health and Productivity consulting practice's decision processes are data driven.

Our specific approach to carrier negotiations involves our actuaries reviewing the carrier methodology and assumptions for reasonableness and accuracy. Actuarial expertise can also be useful in evaluating changes in carrier discounts, fees, and rebates, especially in cases where carriers imbed these (e.g., TPA plans sometimes "skim" some of the provider discount to offset administrative fees).

We use data that the vendor provided in its original renewal and appropriate supplemental data that it provides in various meetings and discussions. Key information that Conduent typically uses includes:

- The original renewal letter and supporting documentation
- Detailed supporting data, including:
  - Monthly paid claims and employee enrollment for the most recent 24 months
  - Incurred claims and employee enrollment for the most recent 24 months, showing medical costs divided between pharmacy, fee-for-service claims, and capitated services.
  - Large-claims report for the most recent 24 months



- Vendor-provided impact of plan design, premium share, systems, provider contracting and other changes during the renewal experience period

Conduent uses this information to develop its estimate of the appropriate renewal rates using reasonable renewal methodologies that are in common use for large employers and that were consistent with the experience rating methodology employed by the vendor in developing its renewal position.

Our final report discusses each benefit plan separately and describes the differences in the renewal actions in detail. The discussion includes supporting detail for Conduent's position using the data provided by the vendor and our knowledge and judgment as to reasonable rating methodologies, retention, and claim margin requests.

### **Vendor Selection**

Our marketing philosophy is based around asking the "appropriate" questions to bidders for answers that are customized to meet the needs of our clients. We do not use a standard proposal approach, where all proposals are the same for all clients. We work with you to define the marketing objectives and then structure our efforts around these objectives.

Competitive bidding requirements vary by client and are often dictated by procurement or sourcing guidelines. In discussing a competitive bid situation we will work with you to evaluate the reason for the bid request and if it is determined that we can negotiate the financial, service and benefit levels desired with current providers then we will proceed on that basis. If the current providers are not meeting DCS' financial, service or benefit requirements we will work with you on the marketing efforts to ensure an efficient and objective process.

Our consultants would work closely with DCS to customize a process that meets OSC purchasing requirements. Our approach and work plan for each RFP will be developed according to the services bid and the extent of assistance required by DCS. We recognize the unique nature of DCS' procurement process and have, in the past, provided assistance to DCS in developing sections of an RFP, in designing the scoring criteria, and in helping score selected technical questions, as well as, in some cases, the financial proposal. The following describes a more expanded role Conduent can play (consistent with procurements we have conducted with other employers).

For most RFPs, the following five-step work plan serves as the cornerstone of our process:

1. Determination of overall marketing goals
2. Preparation of detailed bid specifications and RFP content
3. RFP finalization and vendor distribution/communication
4. Vendor evaluation, finalists interviews, negotiation and vendor selection
5. Implementation

Our experience has shown that such a comprehensive approach facilitates a manageable and rational decision process. It has also been shown to achieve quantifiably superior results for large and sophisticated purchasers of employee benefits and services.

Conduent's approach to procurement encompasses more than just preparation of a document and evaluation of responses. Key elements in the marketing process include:

- *Establish goals, objectives, and priorities of the RFP.* Conduent starts the process by meeting with DCS to establish project goals, long and short-term objectives, and priorities. We will also discuss plans/coverages, plan designs, funding methods, administrative structure, any optional provisions to

be included as part of the process. During this meeting, we will also define specific project milestones and measures.

- *Request data required for initial plan analysis and RFP development.* After the initial meeting, Conduent will provide DCS and its vendor(s) with a list of requested data including, but not limited to plan summaries, financial data – claims, enrollment, contracts, administrative agreements and performance agreements. This information will also be summarized for inclusion in the Request for Proposal (RFP) issued to prospective vendors.
- *Identify desired vendors.* Conduent will use its proprietary tools and market knowledge to identify desired vendors based on DCS' benefit priorities and vendor capabilities in specific employee locations.
- *Develop technical questionnaire.* Based on input from the initial planning meeting, and plan data, Conduent will assist with development of the RFP document including plan design issues, financial structure of proposal, network needs, customer service and performance issues, clinical quality and outcomes, and administrative processes.

The RFP can be created as an on-line document through our eRFP System, greatly facilitating distribution and response while coordinating the process with DCS' purchasing department.

- *Field vendor questions via online inquiry, e-mail, and phone calls during the RFP bid period.* Conduent's staff will respond to questions from prospective vendors if permitted by DCS' purchasing department. If purchasing coordinates the RFP question and answer process, Conduent's consultants will assist DCS with vendor questions or requests.
- *Analyze proposal responses, bids, and financials.* Conduent will assist DCS in its review of proposals for compliance with bid specifications and market competitiveness.
- *Identify each vendor's strengths and weaknesses.* Conduent's evaluation will be based on measurement categories and weightings specific to DCS.
- *Provide a summary report and finalist recommendations.* Conduent will summarize the evaluation data and prepare a final report for DCS.
- *Assist with finalist presentations and site visits.* Conduent will arrange and facilitate finalist presentations and site visits (if desired).
- *Contract review and negotiation.* Conduent will review the selected vendor's contract and compare it to the accepted proposal. We also can support DCS in negotiations with the vendor at any level that is deemed appropriate.
- *Implementation assistance.* To ensure continuity of coverage when a new plan and vendor are implemented, Conduent does the following:
  - Identify differences between the old and new contracts to make sure there are no material differences in employee coverage that may not be apparent through side-by-side comparisons
  - Review the status of all employees and dependents to make sure that there are no transition of care issues, or employees who are on leave and not at work that may be affected by a change
  - Document the agreed-upon cost of transition from the old to the new carrier (e.g., tape runs, special reports, run-out administration)
  - Develop a transition plan between vendors to make sure all parties involved understand their respective roles and timelines

- Implement performance guarantees with financial penalties, separate from the ongoing guarantees, for the new carrier, to make sure they have an incentive to provide for a smooth transition

### **Issue Resolution**

Our team of consultants is accustomed to assisting our clients with resolution of administrative and technical issues that arise with their vendors. In addition to trouble-shooting problems that arise, we will proactively meet with you and your vendors periodically to address issues and concerns. Many of our clients have long-term relationships with their vendors due to overall satisfaction and our proactive approach to addressing concerns with vendors before they arise. We routinely work with our clients to negotiate performance standards on all vendors. These standards include, but are not limited to, customer service measures, claim statistics, financial measures, health plan statistics, employee satisfaction, client satisfaction, and data management.

If DCS' vendors warrant a more comprehensive look at resolving administrative issues, we also have full audit capabilities. These capabilities are further described below.

### **Performance Management**

We can review (and negotiate as appropriate) DCS' various contracts to validate that each is in line with administration, benefit, claim paying and service provisions and DCS' expectations. Vendor performance monitoring is vital to effective administration of your benefits program. Our strategy is to work with vendors and employers to identify root causes of recurring, cyclical and special problems. Some of the data that Conduent uses to support plan management activities include:

- Customer service measures: turnaround time, average speed to answer, abandonment rate, case processing timeframes and first-call resolution
- Claim statistics: financial accuracy, procedural accuracy, percentage of reprocessed claims, COB and Medicare recovery rates, claims errors specifically associated with network issues, misplaced referrals and provider contracts
- Financial measures: average and changes in per capita costs, administrative expenses as a percent of total cost, managed care savings and catastrophic claims with and without discounts
- Health plan statistics: provider turnover, employee access, provider member ratios, HEDIS indicators, member displacement levels and referral rates
- Employee satisfaction: survey scores, claims appeals, percent of denials overturned on appeal and plan disenrollment

We have negotiated one- and two-way performance guarantees for our clients and their vendors. One-way performance standards typically involve penalties for vendors who do not meet performance criteria; whereas, two-way standards include incentives for vendors who exceed the service standards established.

We recommend a minimum of 10 percent of administration fees at risk. We also recommend that performance results and penalties/incentives be measured quarterly, with payments made annually.

In addition, we supplement our core process with special procedures such as targeted audits. Our full-service audit capabilities are discussed below.

### **Vendor Financial Rating Tracking**

Confidence in an insurers' financial stability is critical. Conduent can report the financial strength ratings of our clients' insured carriers and review the ratings in conjunction with any RFP process. The ratings agencies used are: AM Best, S&P, Moody's and Fitch. Should a carrier's ratings be downgraded with any one of these agencies, Conduent can inform DCS, and based on the severity of the market condition and downgrade we can discuss with DCS the appropriate response to the situation (i.e., a carrier change).

Conduent's actuaries are highly knowledgeable about the National Association of Insurance Commissioners risk-based capital (RBC) requirements and have assisted DCS in the past in using RBC to evaluate insurers' financial stability in procurements.

### **Regulatory and Plan Compliance**

We believe it is essential to proactively communicate to each of our clients the impact of key changes in the benefits landscape, and to provide our clients with the timely information they need to make appropriate decisions. We meet this need through a combination of consultant-to-client contact and direct information sharing from our research group. Included within our regular fees, DCS will have access to a variety of legal, technical and support services specific to market trends and legislation.

Our resources in these areas include:

**Our National Technical Resources Group** – This department provides our consultants and our clients with insightful analysis and useful information on new and pending laws, regulations and benefit trends. The research group publishes newsletters (including *FYI* bulletins, which are distributed electronically to 5,000 clients, and *Global View*). Copies of sample client materials are included in Appendix B. Members of the group write articles for internal and external publication and conduct internal training programs to help our consultants keep informed on recent developments. They also perform industry and client-specific surveys, the results of which are available to our clients. As our client, DCS personnel will receive publications produced by our National Technical Resources Group.

**Washington, DC Office** – Members of our National Technical Resources Group also are in our Washington, DC office. These members maintain working relationships with governmental and legislative staffs and employee benefit industry leaders and associations. Members of this office are active with these associations on policy matters and emerging trends in employee benefits. The members in this office are available to assist both consultants and clients with matters regarding pending legislation and regulations, as well as making other contacts with industry groups. Finally, the members in our DC office are available to attend hearings and other meetings at the client's request.

Through our National Technical Resources Group and our National Consulting team, we tap into our network to keep our consultants abreast of emerging trends and developments. Providing you with relevant, timely information on legislative and regulatory developments will be an important part of our ongoing services to you. Relevant current issues will be covered at our annual planning meeting and as issues arise throughout the year. In addition, we often arrange for ad hoc or periodic meetings devoted exclusively to emerging issues and to educating our clients and their benefits team. Alternatively, we can incorporate these subjects into regularly scheduled meetings.

We conduct web casts that educate clients on relevant human resource issues. Recent health and welfare web casts have included wellness, absence management, avian flu business preparedness, Medicare D, GASB 43/45, Pharmacy Trends, the Evolving Landscape of HSAs, and the Path to Health Care Consumerism.

**Compliance Consultants** – Although Conduent does not provide legal services to clients, it has attorneys and other professionals on staff who specialize in compliance issues. These experts are assigned to each consulting team to keep consultants and clients informed of the legal compliance aspects of court decisions, new and pending legislation, and regulations concerning employee benefits. They regularly interpret Internal Revenue Service, Department of Labor and other governmental agency technical publications to determine their impact on a particular client's situation. They also assist clients' counsel in preparing and reviewing employee benefit plans, trust documents, administrative forms, manuals, amendments, resolutions, government filings and special tax calculations. Compliance consultants can also conduct compliance audits of clients' benefit programs to make certain that they are being administered in accordance with all applicable laws and regulations.

## Wellness Programs

Conduent has extensive knowledge to support DCS in designing and delivering services, programs and systems to improve the health of its population. In fact, Conduent conducts the leading survey on the topic, *WORKING WELL: Global Survey of Health Promotion and Workplace Wellness Strategies*, now in its fifth year. The knowledge we gain allows us to identify successful wellness programs and assist clients with the adoption of best practices and a unique program designed for their needs.

Conduent's Global Wellness Survey has allowed us significant mining of best practices from which have created a Health Engagement Diagnostic tool. This tool allows our consultants to work with you in identifying current state and compare to best practices. We then create a multi-year strategic plan to close those gaps. All along the way, we set baseline metrics and measure changes over time to ensure the effectiveness of those programs.

The framework we leverage in the Health Engagement Diagnostic tool is called Consumerism 360<sup>o</sup>™. This framework creates a focus on the "Four I's" of consumer engagement: Information, Incentives, Infrastructure and Imperatives, across health, wealth and career. For purposes of this proposal, we are focused on the "health" segment of the Consumerism 360<sup>o</sup>™ model.

### Information

**Data analytics:** leverage a data warehouse to understand cost drivers, create targeted programs and measure program success over time

**Key messages:** define guiding principles for wellness program and create value proposition to motivate and drive desired behaviors and action

**Education:** integrate communication plan with vendor partner messaging and target unique audiences based upon their needs

**Training:** define expectations and skills needed and provide supporting resources

### Incentives

**Plan design:** review options to incorporate value-based benefit designs, patient-centered medical homes, Accountable Care Organizations and reference-based pricing into the State's plan

**Healthy behavior incentives:** create varying incentives to appeal to multiple audiences that drive desired behaviors, including outcome-based incentive programs

**Organizational incentives:** create incentive programs specifically targeted to leaders within the State to drive a culture of health within the State

## Infrastructure

**Program components:** based upon the specific goals and outcomes the State is trying to achieve and may include cost transparency tools, health screenings and scheduling tools, lifestyle and disease coaching, and workplace support such as healthy cafeterias and on-site activities

**Technology:** allows personalized and relevant information to be readily available at a single, user-friendly site at the point of need

**Governance:** ensures harmonization with other key State policies such as health and safety and labor relations

## Imperatives

**Environmental mandates:** may include tobacco-free workplace, non-smoking policies and subsidized healthy food choices

**Social contract mandates:** requires members to complete educational courses on health literacy and health care purchasing

**Leadership mandates:** documentation and accountability of the State's health strategy

This is simply a sampling of the ideas we would discuss in great detail with DCS to define your wellness program and measure the results. We encourage DCS to view our most recent podcasts on *Engaging Employees in Health Decisions* available at our Consumerism 360<sup>TM</sup> microsite.

Conduent's approach to designing and evaluating a wellness program for DCS begins with an articulation of DCS' objectives. These objectives may include such measures as program participation levels, behavior change, clinical improvements, decreased health risks, participant satisfaction and savings/return on investment (ROI).

A wellness strategy can take different forms depending on the needs of the organization for which it is developed. As a basic framework, we recommend that a wellness strategy include the following components:

1. Multi-year business plan
  - Program goals & guiding principles
  - Governance & ownership
  - Financing
  - Conservative to aggressive options
2. Incentives/Imperatives
  - Rewards for optimal behaviors
  - Behavioral/psychological/economic levers
  - Workplace environment and culture
  - Shared employee/DCS accountability and responsibility
3. Information

- Communication and education
- Awareness building
- Branding, or brand integration, and marketing

#### 4. Infrastructure

- Program components
- Vendor strategy
- Tools and resources
- Administration

#### 5. Impact

- Success metrics
- Measurement approach
- Ongoing evaluation

The business case for implementing a wellness strategy is clear. Preventing chronic disease is imperative to the long-term health and viability of organizations like DCS. Chronic disease not only drives up health care costs, it also leads to even greater losses in productivity. Long term, an epidemic of chronic diseases, such as diabetes and obesity, threatens economic sustainability.

Conduent's unique capability stems from the ability to design a wellness component that complements the employer's overall health care strategy.

Our experience implementing effective wellness programs has taught us the importance of:

- Clearly defining your strategy, objectives, and how you will measure success
- Understanding that behavioral economics are the key to driving behavior change
- Recognizing that incentive strategies must be highly tailored to your organization, while never underestimating the power of defaults/incentives
- Making wellness programs part of an integrated offering, and integrating the communication of your wellness program with other employee communications
- Employing multiple tools for engaging employees in wellness programs (print, Web, interactive tools, and face-to-face)

### **Disease Management**

Conduent's approach to evaluating population health management programs such as wellness, disease management, case management, utilization management, and centers of excellence begins with an assessment of your objectives. These objectives may include such measures as participation levels, clinical improvement, participant satisfaction and savings / return on investment (ROI).

Our consulting team includes experienced registered nurses, physicians, health and welfare consultants, pharmacists, health care actuaries and data analysts. We offer experienced guidance and sound opinions regarding the effectiveness of your current programs and can actively assist in the selection of "Best in Class" organizations and applications that could enhance services for you with the most effective methods for controlling costs and improving health outcomes, while at the same time delivering quality

health benefits for members. We are well positioned to assist you in evaluating of your population health management programs, and in setting future objectives and implementing programs that best meet them.

Conduent has access to various technologies and software to identify and quantify specific illness burdens within a population. We use this data to evaluate and design interventions aimed at improving clinical outcomes and reducing costs specifically for DCS. As part of our analysis, we would identify gaps in care through wide variations seen in adherence to evidence-based guidelines. Examples commonly include members with diabetes who are not undergoing regular Hemoglobin A1c testing, or annual eye, foot or kidney function testing to screen for early signs of potentially serious diabetic complications. Recent client analyses have uncovered the following:

- 60 percent of diabetics had evidence of inadequate follow-up care (annual eye or foot exams or micro-urinalysis, or bi-annual Hemoglobin A1c ) during the interval studied
- 22 percent of members with Depressive Disorders displayed frequent and escalating levels of service utilization (recent hospitalizations, ER visits or in excess of 20 psychotherapy visits within 12 months)
- 42 percent of members with Breast Cancer (the most prevalent malignancy at 31 percent of all cancers for this client population) were identified for inadequate follow-up care

In addition, Conduent's clinical consultants have had significant experience determining the metrics to be used in measuring clinical outcomes when implementing population health management programs for our clients. We have recommended that our clients track such clinical parameters as improved HbA1c levels for diabetics, decreased blood pressure readings for hypertensive patients, and medication compliance for asthmatics and cardiac patients. These objective measures are relatively easy to track and provide an accurate gauge on potential outcomes. Setting and measuring objective, attainable clinical measures allows both the participant as well as the plan sponsor to see clinical results well before the plan may experience significant financial results. For example, improving Hemoglobin A1c levels for diabetics indicates better glucose control that, in turn, will result in reduced incidence of costly and life-threatening complications. Over time, the plan's claims costs for diabetics will be positively impacted as more diabetics obtain tighter glucose control. When sustainable, such clinical improvements translate into improved outcomes and appreciable savings and ROI.

The Conduent team has completed many comparable projects that have involved the analysis of large employer population claims data using algorithms that identify diagnostic categories (ICD-9) and then correlate these with appropriate encounters (CPT) and pharmacy codes. Utilization patterns that indicate appropriate clinical management and follow-up per accepted evidence-based protocols (from HEDIS sets, AHRQ and medical specialty societies, e.g., ADA) are then identified. The absence of such patterns are flagged and carefully analyzed for the possibility of a clinical deficiency or "gap in care." Such gaps, although problematic on the surface, are identified and reported to clients as potential opportunities for improvement through appropriate programs and interventions.

Conduent will use this data to identify group-specific risks within NYSHIP's population and then develop a strategy for implementing population health management designed to address the needs of NYSHIP enrollees.

### **Conduent Consumerism Index™**

Conduent also has developed a best practice assessment tool for measuring the effectiveness of health management initiatives. The **Conduent Consumerism Index™** (BCI) is designed to evaluate individual and collective components of an employer's health management strategy and determine whether the health programs already in place have been effectively deployed.



In conjunction with Dr. Dee Edington and his research team at the University of Michigan Health Management Research Center (HMRC), we have developed an exhaustive inventory of employer best practices in establishing health management programs, including fitness, medical screenings, health risk appraisals, disease management, wellness, and health coaching. The BCI also evaluates current incentives to encourage use of these programs, such as plan design, contributions, cash payments, penalties, and other rewards. Finally, the Index evaluates the information provided for training, decision support, informational meetings, and communication strategies.

The BCI generates a score derived from responses to an online questionnaire that identifies an employer's specific practices among the potential universe of strategies, programs, and other tactics utilized to impact employee health and purchasing behaviors. This rating shows where your company falls along the consumerism and benefit continuum. We believe the BCI can greatly enhance our efforts to evaluate the health management options available to you and how best to consider changes you may be contemplating in the future.

BCI is used to:

- Evaluate an employer's "current state" using an exhaustive inventory of industry-standard health care programs and initiatives
- For each health management program or initiative, it evaluates the accessibility, breadth, effectiveness and extent of integration with other health programs
- Identify the full range of health care consumerism program features that employers use today
- Benchmark the employer's initiatives against best practices and other employers.
- Identify areas with greatest potential ROI

### **In Depth – Population Risk Analysis**

Conduent is undertaking research activities to assist employers identify disease burdens and risk within their health plan populations and implement and improve wellness and disease management programs. Research objectives include:

- Establishing a disease burden and risk profile of the group
- Providing a document for the plan sponsor's use in understanding the health care issues of the group
- Identifying major areas of risk for the purpose of targeting health care initiatives to the needs of the group

**Methodology:** Conduent uses an Analysis Summary Checklist that identifies company and vendor information necessary for the study. Understanding that no one has "extra time" for additional projects, Conduent's goal is to streamline the data collection process by gathering the required data directly from the claims processors. Of course, individual company information is strictly confidential and will not be shared without written permission.

**Results:** As a participant in Conduent's analysis, each organization will receive a Population Risk Analysis Executive Summary that highlights research findings. On a micro level, the Executive Summary will provide company-specific results for the following key issues:

**Prevalence Analysis:** Actual chronic disease prevalence within the group.

**Financial Analysis:** Actual costs associated with each chronic condition within the group and percentage of total claims attributed to each chronic condition.

Stratification of Risk: Identification of risk factors on a group and individual level.

On a macro level, Conduent will identify key areas of opportunity for health plan members to:

- Become more involved in self management
- Realize fewer complications and improved well-being as their chronic conditions become better managed due to improved compliance with the prescribed treatment
- Reduce lost work days due to illness
- Minimize the risk of disability

And for the organization to:

- Realize effective cost management of certain chronic diseases
- Improve the health and productivity of the membership

### Claims and Utilization Review

The cost of health care continues to rise – for employers and employees alike. While many organizations have shifted more of the cost to employees, most continue to assume a significant portion of the expense. This increase in health care costs has had bottom-line consequences for most employers and plan sponsors.

Conduent, as innovators in developing and implementing health care solutions, brings our expertise in both health care and communications to help DCS develop and execute fiscally prudent, business-driven solutions to health care management. Managing costs requires optimizing plan design, vendor management and employee engagement. Our expertise in using these levers to drive down costs is described below.

**Plan Design:** Over time, the effectiveness of certain plan design features can be compromised. Conduent works with clients in determining the appropriateness of plan provisions for consistency with a client's objectives, trends in the market place, etc. relying on internal and external data sources. Using a proprietary tool, the Conduent manual rate-pricing model, we determine the relative impact of plan design alternatives to consider prior to making any changes. Conduent can then assist in all phases of enacting the change, including vendor selection/negotiation, participant communication, implementation, and effectiveness analysis of the change.

**Claims Management:** Conduent provides services to audit the performance of vendors, including claims audits. In vendor selection projects, Conduent evaluates vendors in the area of claims management programs and capabilities. Vendors are assessed not only on the programs advertised, but also on their ability to deliver results and impact behavior of patients and providers.

We also assist firms that are moving from cost reduction to cost management. This approach will help tighten contracting arrangements; implement a health-management model; reduce program demand, utilization, and risk; and engage employees as active partners in benefits. The result will be reduced baseline costs, savings that are sustainable over time—and a positive impact on employees and their families.

**Provider Reimbursement Discounts:** In reviewing benefit programs, we evaluate the underlying discounts offered by incumbent and prospective vendors. For medical and dental vendors, the negotiated discounts are firm and generally not subject to direct negotiation. We can evaluate the networks to ensure that there is adequate access. In cases where a client has a location with poor network access, we can work to arrange further network development, subject to performance guarantees, that will enable more

participants to access care and the negotiated network levels. When comparing multiple vendors, we provide each vendor with a set of procedures and request that they complete a chart with gross charges and negotiated discounts. A chart is compiled for each location in which a client has groups of participants. We then combine the results to arrive at the average weighted discount.

For prescription drug vendors, discounts are softer and subject to negotiation. We negotiate discounts for generic and brand scripts that are filled through retail and mail order facilities. Another important part is negotiating rebates, including minimum per-script guarantees, timing of the payments, whether the rebate is used to subsidize other fees or paid fully to the client, etc.

**Fixed Costs:** Administrative fees are an integral area of focus during negotiations. When reviewing a renewal or a bid, it is important to dissect the components of the rate and isolate fixed costs. Our experience at identifying these components and our extensive portfolio of clients help us to negotiate the greatest savings on administrative fees when compared to what we are seeing in the market place.

Conduent believes greater savings can be achieved by moving from a focus solely on the plan to a focus on care – moving from employer-directed health care to consumer-directed health care – by empowering plan participants to make better health care decisions. Conduent holds that successful consumer-centric, health care strategies are built on effective behavioral change. Successfully transforming the employee mindset from that of benefits entitlement to self-empowerment requires engaging employees through clear communication and proactive “campaigning” on the part of the plan sponsor.

### Rate and Budget Projections

As larger employers tend to be self-funded, we have vast experience with all facets of rate setting for self-funded health, dental, vision and long-term care plans including, but not limited to:

- Claims analysis and projections
- Cost driver identification
- Implementing integrated health management programs
- Budget preparation and tracking
- IBNR and other reserve calculations
- Plan design change modeling and savings estimates
- Contribution analysis
- Enrollment migration forecasting
- Risk identification and assessment
- Plan valuation and benchmarking

Our actuaries and consultants are technically capable of providing you with sound and accurate rate setting for benefit related costs. With Conduent as DCS’ actuary and consultant, you can have the confidence that rates, budgets and projections will be accurate in order to minimize the need to access contingency funds that can be used for other needs.

We will segregate historical incurred claims experience between ongoing plans and carriers vs. all other data for medical and drug benefits separately, as well as actives and retirees. We will attempt to utilize as much of this “other” data as possible to the extent we can make a reasonable determination of the impact of differences with the current carrier and plans in the region. We will make adjustments between the

experience data and the projected program for differences in demographics (i.e., age, gender, tier), plan design, plan type, and geographic area.

A by-product of our experience analysis will be the development of per capita trend rates, which will be used to project future health care costs. These historical trends will be developed to exclude the effects of changes in plan design, delivery, demographics, geographic area, and large claims fluctuations.

The final projection of benefit costs or premium rate equivalents will include claims as well as administrative fees and any other fixed costs.

### **Employee Contribution Strategy**

We perform employee contribution modeling for clients based on each client's goals and strategies. To help achieve these goals, we work with the client to implement appropriate levels of employee contributions by plan, tier and other considerations such as location, employee type, employee status, retiree cost sharing, etc.

For clients with multiple plan offerings, Conduent will work with the client to set an appropriate contribution structure to mitigate the effect of selection between plans.

We typically run multiple employee contribution scenarios for clients, outlining the financial impact to the organization under each scenario, as well as the impact on employees.

### **Incurred but Not Reported Reserve Analysis**

We use a standard actuarial lag analysis methodology, coupled with our PC-based UCL (Unpaid Claim Liability) Reserving Software. For each plan being reserved, we collect up to 36 months of claims paid, broken down by month of service. For each month of service, we calculate completion factors – how complete each month is by duration (i.e., the number of months from date of service to date paid).

Depending upon the coverage, we consider the most recent 1-3 months to be "immature" and all but the most recent one-to-three months to be "mature." (For example, as of 12/31/08, October through December, 2008 might be "immature", while September, 2008 and prior might be "mature." We determine the cutoff based on the emerging completion factors; generally we consider months which are less than 70 percent complete to be "immature.") For each "mature" month, we divide claims paid by the appropriate completion factors to estimate claims incurred.

Because completion factors for "immature" months are not entirely credible, we place greater emphasis on the emerging claim cost per member per month (pm/pm). We estimate the claim cost pm/pm for the "immature" months based on the claim cost pm/pm for the "mature" months, adjusted, where necessary, for trend, seasonality, benefit differences, and mix differences (e.g., the addition of new enrollees with different cost characteristics than the existing enrollees).

We also consider the impact of any large claims on the reserving. These claims (if already paid) might distort the completion factors, in which case, we might use judgment to exclude the claim or completion factors for that month. If the catastrophic claim is known but not paid, we might increase the calculated unpaid claim liability to reflect the cost of the catastrophic claim.

We also consider the impact of claim backlogs. Our software allows us to adjust the calculated liability based upon the increase or decrease in known claim inventory. We generally make this adjustment if there has been a material change in backlog (e.g., due to a systems change or a slowdown in the claim department).

In addition to the liability for unpaid claims, we would consider the following additional liabilities:

- **Claims adjudicated but unpaid** – Sometimes claims adjudicated but unpaid are treated as paid in the claim lags. If so, we would need to hold an additional liability, generally calculated by adding up the known amounts unpaid as of the valuation date.
- **Claim processing expense liability** – This represents the administrative expense associated with processing the unpaid claims, and is generally based upon the administrator's expenses as a percentage of paid claims.
- **Extension of benefits to disabled members** – Some health plans cover medical benefits to disabled members beyond the member's termination date. We generally value this liability as a percentage of the underlying unpaid claim liability.
- **Accrued risk-sharing liability** – Some health plans share their underwriting gains with participating providers. We calculate this liability in accordance with the contractual arrangement the health plan has with its providers.

### Retiree Health Care Strategies

Our approach to benefit design and strategy includes assessment of your retiree medical plan needs, including the actuarial services required to complete attestations. Conduent's expertise extends to evaluation of retiree drug subsidy options, applicability of PFFS plans versus traditional Medicare participation and includes our web-based provider resource guide for retirees, MRI Navigator. We also perform valuations in accordance with GASB for hundreds of governmental clients.

**GASB 75:** We recognize that GASB 75 is a recent requirement for public sector entities – many of which have been providing generous retiree medical benefits funded on a pay-as-you-go basis with relatively generous eligibility requirements. Conduent's specialized OPEB Center Of Excellence is assisting numerous public sector transition from GASB 45 to GASB 75.

**Medicare D Attestation Report:** While many employers have moved toward EGWP plans, Conduent can provide actuarial attestations under the CMS guidelines to qualify for the Federal Retiree Drug Subsidy.

### Audits

Periodic independent audits of medical, PBM, dental and pharmacy claims and managed care benefits administration play an important role in your effort to control plan costs. Effective administration relies on internal communication networks and complex computer systems. A claim will be paid correctly only if established administrative policies and procedures are consistently followed, the data are entered into the system correctly, and the computer system supporting the claim payment function is both operating efficiently and programmed accurately to reflect all of the features of the plan.

It is important to review and verify the results of any contracted performance guarantees as documented in the Administrative Services Agreement. Such an audit will verify the audit methodology employed as well as the accuracy of the results reported by the administrator to determine any financial incentives or penalties. As an added benefit, the audit also reveals whether claim cost management procedures are effective and how accurately the negotiated fee arrangements are being administered. If, through the audit, problems are identified, our experience evaluating audit findings will enable us to recommend ways to correct the problems.

## Communications

Conduent's Communication Practice is comprised of more than 80 professionals with experience spanning all facets of HR communications — from strategy, research, focus groups/measurement, copywriting and graphic design, to production, fulfillment and outside vendor management.

Conduent's approach for creating effective benefits enrollment communication starts with building a strategy that documents DCS' particular benefits objectives, audiences, internal and external stakeholders, and desired outcomes. This strategy can then serve as a useful blueprint for aligning effort/input from multiple vendors, internal DCS communication resources, and Conduent communication consultants.

Conduent's proposed process would include the following:

- Annual pre-enrollment communication planning meeting to:
  - Learn about your benefits issues and discuss communication solutions, review previous year's successes and learnings, and identify opportunities for improvement
  - Define scope and objectives to ensure communications are designed to achieve measurable results and meet your expectations
  - Review communication materials to ensure we understand past communications, what works best (and what doesn't!), and what new and existing tools can be applied
- Crafting a communication strategy to address your specific challenges, to include:
  - Context, objectives, and key messages
  - Stakeholder analysis
  - Description of media/communication deliverables
  - Detailed workplan (with timing and roles and responsibilities)

In addition to the strategy development, we can provide assistance with the following core communication consulting. These serve as a good starting point for discussing DCS' full range of communication needs.

- Drafting, revision and design of 24-page annual enrollment booklet (two drafts plus final, plus production vendor management)
- Creation of hyperlinked pdf-version of annual enrollment booklet
- Ongoing annual enrollment project support and vendor coordination, to provide review of materials, facilitate phone calls, discuss enrollment logistics, etc.

We offer expertise in all media including print and Web-based communications, video, audio, employee seminars, and eLearning. We provide a range of corporate, marketing, investor and change management communication consulting services. We are uniquely suited to help you brainstorm solutions and address your communication objectives.

Conduent can assist DCS with the following:

- Creating a library of eLearning applications to support benefits education and onboarding
- Creating a Web-based tool to automate new-hire and onboarding process and workflow, enabling:
  - Efficient Web delivery of customized offer letters
  - Online processing of offer acceptance (with e-signature)

- Faster establishment of benefits eligibility data feed to enable online enrollment
- Pre-start date completion of onboarding steps, including online forms fulfillment, eLearning completion, etc.
- Automated and role-based workflow

## Appendix B. Sample Conduent Client Communications





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US

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## Congress Nixes DOL State-Run Savings Plan Rules

President Trump is expected to ink Congress' dismissal of DOL's regulatory safe harbor for state-run retirement savings plans. States, cities and counties are not barred from operating these programs, but risk legal challenges from employers without the benefit of DOL support.

### Background

In August 2016, the DOL finalized parameters for an IRA established and maintained under a state payroll deduction savings program to be exempt from ERISA coverage – and thereby avoid many ERISA and DOL regulatory compliance requirements. Paltry retirement savings by many American workers coupled with lack of congressional action to address this issue spurred the Obama administration to encourage states to pick up the slack. (See our [August 29, 2016 For Your Information](#).)

In December 2016, the DOL expanded the state-based retirement safe harbor rule to political subdivisions under specified conditions. This gave cities and counties — in addition to states — the DOL's blessing to require private employers that do not sponsor a retirement savings plan for their entire employee population to facilitate participation in a government-run retirement program. (See our [January 5, 2017 For Your Information](#)).

#### Oregon moves forward.

On April 18, the Oregon State Retirement Board approved **final rules** for its state-run retirement program for private sector employees. The final rules exempt employers that sponsor a qualified retirement plan (even one that does not cover all employees) from participating in the state program, but employers must certify their exempt status every three years.

### Congress First Pulls Back Rule for Cities and Counties

In April 2017, President Trump signed [legislation](#) disapproving DOL's safe harbor for government-run payroll deduction savings programs set up by political subdivisions. See our [April 17, 2017 Legislate](#).

**Comment.** Congress repealed this regulation under the Congressional Review Act, which gives it authority to repeal a federal regulation within 60 legislative days of its implementation.

## State-Based Retirement Program Safe Harbor Falls

The House and Senate have cleared [legislation to axe](#) DOL's regulation for government-run payroll deduction savings programs set up by states. President Trump is expected to sign the bill soon.

### What's Next?

Eliminating DOL's safe harbors for these plans does not bar states, cities and counties from creating mandates to address retirement savings gaps. But it may increase the likelihood of court challenges from aggrieved employers arguing that state and local mandates present undue burdens that ERISA intended to bar. Courts may be less inclined to allow these programs in light of Congress specifically rejecting the DOL's safe harbors.

Depending on the nature of the programs these jurisdictions roll out, employers operating in more than one state, or with employees residing in more than one state, or residing in one state and working in another, may be subject to multiple local retirement savings laws — which could create burdensome and confusing compliance issues. To illustrate, consider a person that works in State A and lives in State B. If State A's law affects all employees working in State A, and State B's law affects all employees living in State B, an employer may need to comply with both states' laws for an employee working in State A and living in State B. If both state laws required payroll deductions for the same employee, ordering or crediting rules may be necessary — burdening both the employer and the employee.

**Comment.** Congress could help prevent this type of scenario by creating a uniform standard or model for state or local-based arrangements, or for private-sector multiple employer plans, that would expand access to coverage in a streamlined, consistent manner. For employers with savings plans in place, allowing immediate eligibility, if feasible, could insulate them from involvement with future government-run mandates.

### In Closing

States and political subdivisions may continue to move forward with government-based IRA programs, even now that Congress is doing away with the DOL safe harbors. It remains to be seen if courts will find that these programs interfere with ERISA's goal of uniform national regulations for administration of employee benefit plans.

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US

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## NY DOL Appeals Revocation of Wage Payment Rules

On February 16, the New York Industrial Board of Appeals struck down regulations governing the payment of wages by direct deposit or payroll debit card that were slated to take effect March 7. The New York State Department of Labor has now filed an appeal challenging the Board's decision. Employers that use these methods to pay wages should continue to monitor developments closely.

### Background

On September 7, 2016, the New York State Department of Labor (NY DOL) adopted new [regulations](#) governing the payment of wages by direct deposit or payroll debit card. The regulations, which were to become effective March 7, 2017, imposed new rules and additional notice, consent and recordkeeping requirements on employers that use those methods to pay non-exempt employees. The regulations also contained special rules for paying wages by payroll cards. Among other things, they prohibited charging employees fees for using them.



Last year, Global Cash Card, Inc. (a payroll debit card vendor) challenged the portion of the regulations relating to the payment of wages by payroll cards. On February 16, 2017, the New York Industrial Board of Appeals (Board) concluded that the NY DOL exceeded its authority by regulating banking services and financial services products, and [revoked](#) the new wage payment rules in their entirety before they took effect. (See our [March 2, 2017 For Your Information.](#))

## NY DOL Challenges Board's Decision

On April 24, the NY DOL filed an appeal challenging the Board's decision. In support of its appeal, the NY DOL argues that Global Cash Card lacked standing to challenge the wage payment regulations and that the Board's decision "should be annulled because it was arbitrary and capricious, and affected by multiple errors of law." The NY DOL asserts that the Board "fundamentally misinterpreted" the regulations by suggesting that they seek to govern financial institutions and prohibit debit card issuers from charging fees. The regulations, the NY DOL contends, only restrict employer conduct and codify earlier counsel opinion letters. Opposing papers are due May 29, with reply papers due on June 12.

## In Closing

While the appeal is pending, employers should continue to rely on prior NY DOL opinion letters and general wage payment statutes to ensure compliance. While continuing to monitor developments, employers should review their current pay practices and the use of payroll cards both in and outside of New York state.

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## Appendix C: Quality Assurance and Peer Review Policy

Conduent has a long-standing tradition for the highest standards for quality processes and procedures. Quality embeds everything that Conduent does. We recognize that our clients make important decisions based on the advice and information given. We take that responsibility very seriously. Our standard for quality is simple: we insist on excellence in all of our work product and services.

The key elements of our quality assurance program are professional standards, peer review, systems and processes, and comprehensive training programs.

### Professional Standards

Quality is the foundation upon which our organization is built. In this regard:

We require actuaries to adhere to the Code of Professional Conduct adopted by the major actuarial organizations, the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion adopted by the American Academy of Actuaries (AAA) and the Actuarial Standards of Practice (ASOPs) promulgated by the Actuarial Standards Board. Links to the Code of Conduct, Qualification Standards and the ASOPs are posted on our intranet. These professional requirements are reinforced at our periodic technical meetings.

Conduent has three chief actuaries: one for Retirement (Tonya Manning), one for Public Sector (David Driscoll) and one for Health (Robin Simon). The Chief Actuaries are supported by a group of other experienced actuaries who together are known as the Office of the Chief Actuary (OCA). The OCA has issued internal standards of qualification based on the principles enunciated in the AAA's Qualification Standards. These internal guidelines include requirements for specific forms of continuing education to ensure that only actuaries familiar with the specialized knowledge required for governmental work and for retiree medical work undertake these assignments.

The OCA provides leadership and guidance and ensures that the quality of professional services provided by our organization is of the highest order.

Conduent's policy on quality assurance and peer review, adopted by Conduent's senior management, requires each practice develop its own quality assurance and peer review guidelines. Our two largest practices, Wealth and Health, adopted peer review guidelines. These guidelines were based on the then current version of Conduent's internal actuarial peer review standards.

All client accounts are headed by a senior consultant whose duties include oversight of the quality of our services.

### Peer Review

Conduent's Peer Review and quality control process are unsurpassed. We have not only local peer review processes within each team, but Conduent has maintained a National Peer Review process with a history unsurpassed in the industry.

Through the years, a peer review approach has been paramount in the consulting philosophy. The established procedures require that an appropriate peer review all client work. These procedures allow Conduent to provide a better work product and to provide our clients with another perspective.

#### Conduent's National Peer Review Is Unparalleled

Each Reviewing Actuary in Conduent's National Peer Review Department has more than 20 years of senior actuarial experience and is an MAAA, and ASA or FSA.

Conduent pioneered the practice of peer review in the valuation process, and our National Central Peer Review Department is a standard for the industry. Conduent has a long-standing tradition for the highest standards for quality processes and procedures. While you would expect this from an actuarial firm we have made this a foundation of our operating model.

The following discussion includes the basic provisions from the peer review guidelines of the Wealth and Health practices in effect as of the date of this proposal. These guidelines, originally based on Conduent's actuarial peer review policy, apply to all work products, whether actuarial in nature or not. While the two practices now promulgate separate peer review documents, the two documents remain quite similar, with consideration of suggested changes by management of both practices, due to coordination between the Chief Actuaries.

Following are excerpts from the Conduent Health and the Wealth practices peer review guidelines, and the table of required levels of peer review is on page 112.

The peer review guidelines adopted for actuaries and others in the Wealth and Health and Productivity practices open with a table which outlines the benefits of peer review:

<b>Benefits of Peer Review</b>	
To the Client	Better work product Consideration of additional perspective More confidence in the results
To the Consultant being Reviewed	Professional growth through exchange of ideas High level of confidence in work product Enhanced reputation through higher quality products Strengthens position if the work is ever challenged
To the Reviewer	Professional growth through exchange of ideas
To Company Management	High level of confidence in work product Increased consistency of procedures Smoother operations Enhanced reputation through higher quality products

Based on *Peer Review, Concepts on Improving Professionalism*, American Academy of Actuaries Committee on Professional Responsibility, 1997, <http://www.actuary.org/pdf/prof/peerrevi.pdf>.

Conduent developed stringent peer review standards by identifying five levels of complexity in the actuarial work, based on concepts published by the American Academy of Actuaries. The level of review required depends on the complexity of the project. These five levels are described on the table on page 112, along with sample work products that would fall into the category and the minimum level of review that each item in the category will require.

The author of a work product is responsible for the following items:

- Identifying the Review Class for the work based on the guidelines

- Locating the appropriate reviewer
- Delivering to that reviewer all materials necessary to complete the peer review (plan documents, relevant prior correspondence, etc.)
- Documenting the review

Peer review may be obtained from any individual qualified to perform the assignment in his or her own right (subject to the other requirements outlined). The use of Conduent's Central Review is encouraged for work marked with an asterisk, but not required. Robin Simon, one of the team members in this proposal, spends the majority of her time serving as part of Conduent's National Central Review for health actuarial matters.

In some situations, different parts of a project can have different reviewers or even be of a different Review Class. For example, recommendations of new actuarial assumptions are indicated as Review Class D on the table, and require the review of an actuary at the Director or Principal level. However, the preparation of the experience analysis upon which that recommendation is based can fall under Review Class C and hence reviewed by a Senior Consultant.

It is the primary responsibility of the reviewer to be sure that he or she is fully qualified to provide peer review of any work product. The reviewer should be qualified to author the material being reviewed. In some cases, knowledge of the client's circumstances is desirable. In other cases, experience with the particular circumstance through work with other clients may be more valuable and produce the better work product.

Peer review of actuarial valuation results may be obtained from any Conduent Director or Principal actuary who meets all of the following criteria:

- Meets all Academy qualification standards as if the reviewer had instead been the author.
- Meets Conduent's internal actuarial qualification guidelines to be the author.
- Had no substantial involvement in the production of the report.
- Does not report to the author/preparer, except that one direct report of the certifying actuary may review the work of another direct report of the certifying actuary, if the reviewer has not been involved in the preparation of the valuation.

Peer review of material in Review Class A, B or C may be reviewed by the person signing the document, if prepared by another individual qualified for that work.

Peer review should be documented and retained. The documentation should indicate the category in which the work product was classified and who reviewed the work, and provide evidence created by the reviewer that the review occurred and that the work product satisfied the reviewer. The documentation evidencing peer review may take the form of an e-mail sent by the reviewer or a written summary signed by the reviewer. This documentation should be maintained with the Conduent work papers related to the client and should be available if requested.

If at all possible, materials should be reviewed prior to being submitted to the client in any form, including presentation material, e-mail, fax or by phone. Clients should be advised that work product is subject to peer review and accordingly, time for peer review should be included in the project schedule. However, there may be exceptional occasions on which a client insists that he/she should receive a letter or memo before it can be peer reviewed. In these rare circumstances, the words "DRAFT, SUBJECT TO PEER REVIEW" should appear prominently on the document and any accompanying attachments. It is assumed that the final copy will be supplied within a short period of time and that the client should be



informed of any changes made in the final document. The fact that the work was presented in draft form should be part of the peer review documentation.

Peer review is the process of looking at both reasonableness and correctness of the work, and for consistency with high standards of consulting. The review should include comparability to prior years, and consistency with other work products. The review also includes the appropriateness of assumptions and any consulting issues that should be raised, as well as compliance of the issuing actuary with relevant standards of practice published by the Actuarial Standards Board as well as guidance from Conduent's OCA.

Peer review as practiced at Conduent is not checking arithmetic. All numbers should be thoroughly checked before sending material for peer review. The author of a work product is ultimately responsible for the accuracy of the work product, not the reviewer.

The peer reviewer should check the work product for consistency with his or her understanding of the subject matter and client situation. The peer reviewer should also point out to the author any risks or questions regarding statements made in the product. The peer reviewer should read for clarity and practicality, as well as possible or hidden ambiguities in the advice. If the peer reviewer believes that there are issues presented in the product, the peer reviewer should discuss his or her comments with the author. During the discussion, additional issues may emerge; this collaborative process is one way that peer review enhances quality.

Typically, peer review is less rigorous than performing the underlying work itself. However, the peer reviewer should investigate in sufficient depth as to be able to express the desired opinion that the work is in accordance with accepted professional practice. Except in the simplest cases, adequate peer review requires something more than simply a reading of the draft report and being satisfied with the answers to questions that arise on that reading. On the other hand, the peer reviewer would not normally be expected to attempt to reproduce calculations or devote much time to researching contracts and other agreements. The review process is simplified if the practitioner provides well-organized documentation and well-reasoned conclusions and applies thorough controls to software and mechanical procedures.

The vast majority of work performed by Conduent will require peer review. Peer review within Conduent is not always required if one of Conduent's actuaries is reviewing the material of a qualified actuary from another firm. The exemption from internal Conduent peer review does not apply in situations where we would be issuing a substantially different opinion from the material we reviewed (e.g., we found problems in the work of the other actuary, or we feel that different assumptions or methods are appropriate). In those situations, the ordinary peer review guidelines apply.

All work at Conduent and compliance with this peer review policy are subject to audit by internal audit, Conduent Risk Management, and Conduent's OCA, or their delegates. The purpose of these audits is to assure that Conduent is producing work products of the highest possible quality that complies with all applicable professional standards.

**Quality Assurance and Peer Review Standards – Review Classes for Retirement and Health and Productivity Practices**

Review Class	A	B	C	D	E
<b>Description</b>	<ul style="list-style-type: none"> <li>• Simple letter</li> <li>• No recommendations</li> <li>• No calculations</li> </ul>	<ul style="list-style-type: none"> <li>• Straightforward calculations or correspondence</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis or commentary</li> <li>• Simple recommendations or conclusions</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial analysis</li> <li>• Numerous routine calculations with significant financial implications</li> </ul>	<ul style="list-style-type: none"> <li>• Significant non-routine work</li> </ul>
<b>Examples</b>	<ul style="list-style-type: none"> <li>• FYI letters</li> <li>• Data requests (not for the initial Conduent valuation)</li> </ul>	<ul style="list-style-type: none"> <li>• Routine benefit calculations (assuming template previously reviewed at higher level)</li> <li>• Routine benefit statements (assuming set up previously reviewed at higher level)</li> </ul>	<ul style="list-style-type: none"> <li>• Simple plan changes*</li> <li>• Informal cost estimates*</li> <li>• Healthcare vendor selection</li> <li>• Experience analysis*</li> <li>• Rate setting/underwriting</li> <li>• Breakdowns of previously quoted results</li> </ul>	<ul style="list-style-type: none"> <li>• Actuarial valuation results (funding or expense)*</li> <li>• Attestation of Actuarial Equivalence under Medicare Part D*</li> <li>• Pension plan terminations*</li> <li>• Recommendation of new actuarial assumptions*</li> <li>• Claim audits and analysis</li> <li>• Initial Version Discrimination testing</li> <li>• IBNR reserves*</li> <li>• LTD claim reserves*</li> <li>• Financial statement disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Mergers, acquisitions and divestitures</li> <li>• Major plan design</li> <li>• Numerous participants rely on calculations (e.g., early retirement windows)</li> <li>• Litigation calculations and testimony</li> <li>• High-profile public work (e.g., major governmental plans)*</li> <li>• Asset/liability forecasting</li> </ul>
<b>Review Standard</b>	<ul style="list-style-type: none"> <li>• Proofread</li> <li>• Verify any citations</li> </ul>	<ul style="list-style-type: none"> <li>• Check math and formulas</li> <li>• Check program logic</li> </ul>	<ul style="list-style-type: none"> <li>• 2nd Opinion review of correspondence</li> </ul>	<ul style="list-style-type: none"> <li>• Review of procedures, assumptions and report</li> </ul>	<ul style="list-style-type: none"> <li>• Review to ensure best possible advice</li> </ul>
<b>Minimum Reviewer</b>	<ul style="list-style-type: none"> <li>• Any co-worker</li> </ul>	<ul style="list-style-type: none"> <li>• Consultant level, or Associate with 2 years of experience and Director approval</li> </ul>	<ul style="list-style-type: none"> <li>• Senior Consultant level</li> </ul>	<ul style="list-style-type: none"> <li>• Director level not involved in preparation of the work</li> </ul>	<ul style="list-style-type: none"> <li>• Director with specific expertise</li> </ul>
<ul style="list-style-type: none"> <li>• Statement of Actuarial Opinion should be reviewed by a qualified actuary.</li> </ul>					

\* Review of actuarial work for items designated by an asterisk may be obtained from Central Review.

## Systems and Processes

Our quality assurance standards are also supported and maintained by our internal processes. Our process includes the requirements that calculations generated by our systems are checked by two actuarial personnel, and then reviewed by the consulting actuary. After review by the consulting actuary, the valuation and all supporting material are sent to the final peer review by a separate actuary as required by our actuarial peer review process.

## Training

Conduent embraces a comprehensive training program for employees to help ensure that the high standards of quality are met. This program includes:

- *Consulting University (CU)*: CU provides a comprehensive training curriculum for all Conduent staff, ranging from technical training on practice-related subjects (mandatory for actuarial staff) to basic consulting skills and professional development.
- *Daily electronic bulletins*: The daily electronic bulletins update the prior day's activities at federal and state government levels. In addition, the legal staff provides an analysis of the implications of recent activities. Conduent's consultants are able to advise our clients about current events and the implications for their plans in a timely fashion.
- *Periodic technical meetings*: Our top consultants conduct in-depth analyses of current consulting issues. These sessions are transmitted to all offices and are available for viewing via our intranet. On-site meetings allow for sharing of technical and upcoming consulting issues amongst our practitioners. These are supplemented by the firm-wide knowledge-sharing system, which allows the consultants to review others' work products to increase their own knowledge for their clients' benefit.
- *Professional meetings*: All senior consultants are expected to meet required continuing education standards which often involve attending periodic meetings of their professional associations, such as the Society of Actuaries or bar association. Each consultant is required to satisfy all continuing education requirements to maintain his or her professional designations.
- *Technology training*: As Conduent rolls out new tools to the actuaries and clients, the actuarial-tools training team offers broad training on these new technologies. In addition to instruction on the new tools, we offer from-the-ground-up training for new hires and refresher courses for more seasoned consultants. This training helps ensure that the team is current and using their tools in a standard way.

Quality is integrated into the ongoing training process of our consultants, as well. All of Conduent's consultants, from entry-level actuarial analysts to primary actuaries, participate in educational seminars and have access to wide range of educational materials to assure that new information is disseminated across the firm.

## Appendix D: Exhibit I.B - Biographical Sketches

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

**Name:** Will Appman, Jr.

**Job Title:** Senior Associate

**Relationship to Project:** Analyst

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Pennsylvania State University,	Actuarial Science, Mathematics	2013,	Smeal College of Business

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
1/1/2017-Present	Conduent	Senior Associate
7/1/2013-12/31/2016	BuckConsultants	Associate-Senior Associate

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)  
Unpaid Claim Liability Calculations, Medicare Advantage Prescription Drug Bid using CMS Out-Of-Pocket-Cost Model, Retiree Medical Liability Valuations, Retiree and Active Exchange Bid Proposals and Analyses

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

**Name:** Ron Baseman

**Job Title:** Director of IT Security and Privacy

**Relationship to Project:** Lead Consultant/ Ad Hoc Project Manager

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
University of Pittsburg in PA	B.A.	1976	Philosophy
University of Pittsburg in PA	B.S.	1976	Computer Science

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
1998- Now	Conduent HR Services/ Buck Consultants	Director of IT Security and Privacy
1985-1998	Mellon Financial	VP of strategic systems development
1979-1985	ADP Cyphernetics	Regional Technical Manager
1976-1979	Shared Medical Systems	Installation Director

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

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

**Name:** Scott Bush, ASA, MAAA

**Job Title:** Director, Health and Productivity Consulting

**Relationship to Project:** Task 1 and Task 2 reviewing actuary

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
York University, Toronto, Canada	Masters of Arts	2007	Statistics
Schulich School of Business, Toronto, Canada	Graduate Diploma	2007	Financial Engineering
Carleton University, Ottawa, Canada	Bachelor of Mathematics	2005	Mathematics

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
July 2007 – Present	Conduent HR Services	Director, Health and Productivity Consulting

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

- Project manager Task 1 and Task 2 for NYS DCS from July 2007 through December 2012; attending meetings with carriers and presented results of shadow renewals

- Analysis and negotiation of carrier rate renewals for various health and welfare programs for small and large employer groups
- Health care premium rate calculations for medical, drug, long term disability, dental, and vision benefits, including scenario testing for proposed benefit designs
- Budgeting and forecasting of health plan financials
- Incurred but not reported (IBNR) claims reserving
- Preparation of public health care exchange rate filings for health insurers participating in both state and federal exchanges
- Attestations of actuarial equivalence for retiree prescription drug plans eligible to receive a subsidy under Medicare Part D
- Preparation of postretirement health and life insurance valuations under ASC 715, ASC 965, IFRS 19, GASB 43 & 45
- Valuation for income and health care benefits to disabled employees under ASC 712



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

**Name:** SAM CHANG

**Job Title:** ACTUARIAL CONSULTANT

**Relationship to Project:** Analyst

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
JOHNS HOPKINS UNIVERSITY	B.S./M.S.E.	2010	APPLIED MATH & STATISTICS

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2017-PRESENT	CONDUENT	ACTUARIAL CONSULTANT
2015-2016	GRANITE	BUSINESS DEV. MANAGER
2010-2014	MERCER	ACTUARIAL CONSULTANT

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

Sam serves as an actuarial consultant in the design, pricing, financing and administration of employer health plans.

Sam's analytic responsibilities include underwriting, financial projections, premium/contribution rate settings, renewals, vendor selection, Geoaccess analysis and IBNP claims forecasting.

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

**Name:** Nadiah Cheatham

**Job Title:** Senior Consultant

**Relationship to Project:** Active Health and Welfare Consultant

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Montclair State University	BS	2004	Business Administration

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2015 to Present	Conduent HR Consulting /Buck Consultants	Senior Consultant
2006-2015	AJ Gallagher/Gallagher Benefit Services	Account Executive

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

- Nadiah was has been in health and welfare account management since 2006. She has responsibility for day to day service and project management of active client plans. This includes, but is not limited to plan strategy, RFP drafting and analysis for all different lines of coverage, vendor management, vendor renewals, claim reporting and benefit administration.
- Negotiate renewal premiums/fees (self-insured or fully-insured) with various national and regional vendors.
- Underwrite annual self-insured claim budgets.
- Ensure that health and welfare plans are in compliance with ERISA, Section 125 and PPACA regulations in both reporting and administrative procedures.
- Nadiah holds a Certified Employee Benefit Specialist designation (CEBS).
- Nadiah is a licensed producer for life, accident and health lines of coverage.

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

**Name:** June Clark

**Job Title:** Senior Consultant

**Relationship to Project:** Valuation lead

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Bryn Mawr College in PA	B.A.	1984	Mathematics
University of Pennsylvania	M.A.	1987	Mathematics

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2006- Now	Conduent HR Services/ Buck Consultants	Director
2000- 2006	The Savitz Organization	Consultant
1994- 1999	PricewaterhouseCoopers	Consultant
1987- 1994	Towers Perrin	Consultant

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)  
 ASA, MAAA

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

**Name:** Brandon Conroy

**Job Title:** Principal, Central East Health Practice Leader

**Relationship to Project:** Principal/Ad Hoc Project Manager

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Penn State University	B.S.	1996	Actuarial Science

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2008- Now	Conduent HR Services/ Buck Consultants	Principal, Central East HealthPractice Leader
2002-2008	UPMC Health Plan	Commercial
1996-2002	Mercer	Actuarial Analyst/Project Manager

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

- Associate of the Society of Actuaries; member of "Health Section"
- Fellow of the Conference of Consulting Actuaries
- Member of the American Academy of Actuaries

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

**Name:** Patricia A. Curran, RN

**Job Title:** Principal, National Clinical Practice

**Relationship to Project:** Lead Clinical Consultant

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Brookdale College	Registered Nurse	1972	Nursing

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2003-Present	Conduent Human Resources Consultants	Principal
1997-2003	FutureHealth Corporation	V.P. of Sales
1996-1997	Coram Health Care	Clinical Sales
1992-1996	Matria Health Care	Regional Nurse Mgr.

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

- Patricia creatively develops customized population health strategies, promoting consumerism and behavior change to improve health care and financial outcomes.
- She is a leading expert in population health management, consumer-driven health care, behavior change, well-being solutions, health advocacy, EAP/behavior health, mindfulness and resilience and worksite clinics.
- Services include; clinical consulting, strategy development, vendor management and selection, health and well-being program evaluation, audits, clinical data analysis and interpretation.

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

**Name:** Janet DenBleyker

**Job Title:** Director, Health and Productivity

**Relationship to Project:** Lead Consultant

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Bucknell University, Lewisburg PA	B.S.	1994	Mathematics

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
1994- Now	Conduent Human Resource Services/ Buck Consultants	Director

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

- Janet was the assistant actuary for NYS DCS from 1997 -2012
- She directed quarterly and renewal analyzes for drug coverage, priced alternative designs for PA benefit redesign, and directed the actuarial equivalence of NYSHIP drug benefits to Medicare Part D.
- Janet assisted numerous employers negotiate renewals with vendors including Aetna, CIGNA and various Blue Cross Blue Shield plans
- Janet's experience includes pricing new products such as vision, hearing or mandated benefits for employers and multi-employer groups.
- She has priced premium rates for healthcare plans on New York State's Individual and Small Group Exchange.
- Janet is experienced in setting budget rates, developing employee contribution strategies, and reserving for claim liability.
- She has valued retiree medical obligations for corporate employers and multi-employer plans under FAS106, and has attested to the equivalence of drug benefits to Medicare Part D for employers
- Certification: Associate in the Society of Actuaries, 2004

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

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**Name:** Marco Eborá  
**Job Title:** Associate , Health & Productivity Consulting  
**Relationship to Project:** Analyst

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
<u>University of Connecticut</u>	<u>BA</u>	<u>2017</u>	<u>Actuarial Science</u>

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates</u>	<u>Employer</u>	<u>Title</u>
<u>From - To</u>	<u>Employer</u>	<u>Title</u>
<u>June 2017-Present</u>	<u>Conduent</u>	<u>Associate</u>
<u>June 2016- August 2016</u>	<u>Conduent</u>	<u>Intern</u>
<u>June 2015- Present</u>	<u>University of Connecticut</u>	<u>IT Systems/ Network Specialist</u>

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

Underwriting and projecting health care costs for large employers.

Valuing retiree medical obligations of large employers.

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

**Name:** John Eustace

**Job Title:** Principal, Vendor Marketings

**Relationship to Project:** Principal/ Ad Hoc Project Manager

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Fairfield University	B.A.	1989	Economics

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
1998- Now	Conduent Human Resource Services/ Buck Consultants	Principal
1993-1995	New York Life	Corporate Underwriter
1989-19993	Metlife	Operations/Underwriting

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

Licensed Life and Accident Producer

More than 20 years of group health and welfare benefits experience.

Provides advice and guidance to his clients in areas such as long-term benefit strategy, benefit design, funding alternatives, reserving, rate negotiations, retiree medical strategies, and the marketing of group benefit programs.

Has extensive experience in all aspects of life insurance and disability programs.

Has worked with several large corporate, governmental, and non-profit organizations. Over 25 years of experience in the group benefits industry



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

**Name:** Anna Goldbeck

**Job Title:** Principal, National Pharmacy Practice

**Relationship to Project:** Principal/ Ad Hoc Project Manager

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
University of Tennessee	B.S.	1991	Business Marketing
University of Tennessee	Pharm D	1998	Doctor of Pharmacy

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2010- Now	Conduent Human Resource Services/ Buck Consultants	Principal
2002-2010	Aon Consulting	Vice President
2001-2002	QualChoice of NC	Director of Pharmacy Mgmt
1999-2000	Scrip Pharmacy Solutions	Clinical Account Manager
1998-1999	Scrip Pharmacy Solutions	Clinical Coordinator

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

- Conducting competitive PBM bids for employer-sponsored pharmacy benefit programs
- Reviewing and negotiating PBM contracts and renewals, which includes leading-edge financial, performance guarantee and other key contractual terms and provisions
- Evaluating and recommending health care strategies, focusing primarily on pharmacy benefit design options, cost and utilization management tools, and care management programs based on evidence-based analysis
- Developing pragmatic strategies for employers to manage rapidly rising Specialty/Biotech drug costs
- Communicating and analyzing current and forward-thinking industry trends and ideas around pharmacy benefit design, vendor capabilities, costs and utilization management programs, as well as new drug and pipeline information
- Overseeing and delivering pharmacy benefit audits

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

**Name:** Chris Isaacs

**Job Title:** Principal

**Relationship to Project:** Project Manager and HIPAA Security IT Consultant

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
University of Pittsburgh	MS		Information Science
University of Pittsburgh	BS		Information Science and Psychology
Duquesne University	Professional certification		Multimedia technology
University of Pittsburgh	Professional webmaster certification		

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2012 - Present	Conduent	Principal
1988 - 2012	Mercer	Principal

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

13 years of experience in HIPAA Security Consulting working on compliance projects with small, mid-market, large and jumbo size clients. Consulting has included services for clients in a variety of industries including government entities. Training, in addition to the above, includes relevant HIPAA and project management course work.

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

**Name:** Robert W. Kalman

**Job Title:** Principal, National Pharmacy Practice

**Relationship to Project:** Senior consulting team member, pharmacy benefits

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
<u>Franklin &amp; Marshall College, Lancaster, PA</u>	<u>A.B.</u>	<u>1968</u>	<u>History</u>
<u>University of Massachusetts, Amherst, MA</u>	<u>M.S.</u>	<u>1970</u>	<u>Labor Relations</u>
<u>George Washington University, Washington, DC</u>	<u>Post-Graduate Certificate</u>	<u>1972</u>	<u>Health Care Admin.</u>

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
<u>1973 – 1981</u>	<u>American Fed. of State, County &amp; Municipal Employees</u>	<u>Benefits Analyst</u>
<u>1981 – 1987</u>	<u>Mercer</u>	<u>Consultant</u>
<u>1987 - 1992</u>	<u>Towers Perrin</u>	<u>Consultant</u>
<u>1992 - 2000</u>	<u>Gabriel, Roeder &amp; Smith</u>	<u>Director of Health Care Consulting</u>
<u>2000 – Present</u>	<u>Buck Consultants/Conduent</u>	<u>Principal</u>

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

- Conducting pharmacy benefit manager (PBM) competitive bids and PBM contract renewal negotiations on behalf of his clients.
- Conducting PBM market checks to determine whether current client pricing continues to be competitive with dynamic pricing in the PBM marketplace, and negotiate pricing improvements as needed.
- Negotiating leading-edge financial, performance guarantee and other key contract terms with PBMs.
- Recommending strategic plan design and clinical program strategies, based on client objectives and client-specific plan experience.
- Developing pragmatic strategies for employers to manage rapidly rising Specialty/Biotech drug costs.

- Advising clients on prescription drug savings opportunities under Medicare Part D for their Medicare-eligible retirees.
- Advising clients on compliance with Affordable Care Act regulations on their pharmacy benefit plans
- Managing the implementation of an employer's newly selected PBM, as well as plan design, clinical program, and other pharmacy benefit plan changes.

In addition:

- Testimony before committees of the U.S. House of Representatives and U.S. Senate on health care benefit issues
- Author of numerous publications on timely pharmacy benefit issues and trends
- Conference speaker on emerging pharmacy benefit issues
- Quoted in major publications on pharmacy benefit marketplace trends

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

**Name:** Leslye Laderman

**Job Title:** Principal, Knowledge Resource Center

**Relationship to Project:** Principal

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
<u>Washington University School of Law St. Louis, Missouri</u>	<u>LL.M.</u>	<u>1985</u>	<u>Taxation</u>
<u>Washington University School of Law St. Louis, Missouri</u>	<u>J.D.</u>	<u>1976</u>	<u>Law</u>
<u>University of Michigan Ann Arbor, Michigan</u>	<u>B.A.</u>	<u>1973</u>	<u>History</u>

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
<u>August, 1986 to Present</u>	<u>Conduent</u>	<u>Principal</u>

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

Leslye has more than 30 years' experience in the employee benefits area. She concentrates primarily on health and welfare plans, including cafeteria plans, flexible spending accounts, self-funded health plans, and retiree health plans. Leslye has extensive experience dealing with compliance issues arising under the Affordable Care Act, COBRA, HIPAA, FMLA, ADEA and the Internal Revenue Code. In addition to authoring Conduent's For Your Information newsletters, Leslye also consults directly with clients on compliance-related matters.

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

**Name:** Gail Levenson

**Job Title:** Principal

**Relationship to Project:** Principal

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Philadelphia College of Pharmacy and Science TBS,		1987	Pharmacy

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2011 - Present	Conduent	Principal
2002 - 2011	NRECA	Director

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

Gail Levenson is a Principal at Conduent Human Resource Services' National Pharmacy Practice. Located in Washington, DC, Gail has more than 30 years of Pharmacy benefit management experience spanning the full array of issues facing corporate, public sector and not-for-profit organizations. She also has significant experience overseeing complex health management strategies, integrating medical plan design with a comprehensive wellness program and hands on experience with Medicare Part D.

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

**Name:** James Lowder

**Job Title:** Director, Health and Productivity, Conduent Human Resource Services

**Relationship to Project:** Lead Consultant

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Illinois State University, Normal, IL	BA	1980	Mathematics

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2011 – Current	Buck Consultants/Conduent	Director
2008 – 2011	Voluntary Benefits Strategies	Consultant
2004 – 2008	Marsh USConsumer/Mercer	VP Product Development

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

Jim has over 30+ years' experience in the voluntary benefits marketplace.

He has implemented directly or overseen through direct reports implementation of over 400 voluntary benefits programs.

Jim's experience includes development of insurance products – including pricing, benefits design and contract provisions.

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

**Name:** Stephen Oates

**Job Title:** Principal

**Relationship to Project:** Principal

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Boston College	B.A.	1988	Mathematics

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2005- Now	Conduent Human Resource Services/ Buck Consultants	Principal
1998-2002	PwC	OPEB actuary
1996-1998	Arthur Andersen	OPEB actuary
1989-1996	Coopers & Lybrand	OPEB actuary

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)  
ASA, MAAA, EA, FCA

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

**Name:** Alex Parkinson

**Job Title:** Senior Associate

**Relationship to Project:** Production

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
West Chester University of Pennsylvania	B.S.	2015	Mathematics

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2015- Now	Conduent HR Services/ Buck Consultants	Senior Associate

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

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

**Name:** Kevin Penderghest

**Job Title:** Director

**Relationship to Project:** Managing actuary

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Lafayette College in PA	B.S.	2005	Mathematics
University of Delaware	M.S.	2007	Mathematics

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2007- Now	Conduent Human Resource Services/ Buck Consultants	Director

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

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

**Name:** Alexander Pokorski

**Job Title:** Associate

**Relationship to Project:** Analyst

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
University of Connecticut in Storrs CT	B.A.	2017	Actuarial Science

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2017- Now	Conduent Human Resource Services/ Buck Consultants	Associate
2016-2016	Magellan Healthcare	Underwriting Intern
2014-2014	UCONN Health Center	Research Assistant

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

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

**Name:** Robin B. Simon

**Job Title:** Principal, Consulting Actuary

**Relationship to Project:** Lead actuary

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Wharton School, University of Pennsylvania	B.S.	XX	Actuarial science
Wharton School, University of Pennsylvania	B.A.	XX	Mathematics
New Jersey Institute of Technology	M.S.	XX	Management Information Systems
New York University School of Law	J.D.	XX	

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>From - To</u>	<u>Employer</u>	<u>Title</u>	<u>Dates</u>
1978- Now	Conduent HR Services/ Buck Consultants	Principal, Consulting Actuary	
	Pension Benefit Guaranty Corporation	Intern	
	Social Security litigation for the Department of Health, Education and Welfare. Intern		

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

FSA, MAAA, EA, FCA, JD

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

**Name:** Harvey Sobel

**Job Title:** Principal & Consulting Actuary

**Relationship to Project:** Account Executive

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
SUNY Albany	BS	1975	Math/Accounting

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
1994 – Present	Conduent/Buck Consultants	Principal & Consulting Actuary
1988 – 1994	William M Mercer	Principal
1983 – 1988	KPMG	Senior Manager
1981 – 1983	Mutual of New York	Assistant Actuary (Group Dept. )
1975 – 1981	Metropolitan Life	Actuarial Assistant (Group)

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

- Harvey was the Lead Actuary/Account Executive for NYS DCS from 1997 through 2012. He directed quarterly and renewal analyzes, assisted in negotiations with all Empire Plan vendors, helped draft RFPs and reviewed DCS evaluation of vendor proposals (drug, mental health/substance abuse, long term care, dental), conducted hospital-medical RFI interviews, directed NYS/SUNY's first GASB 45 valuation, and attested to CMS the actuarial equivalence of NYSHIP drug benefits to Medicare Part D for 2006-present. He assisted DCS in the transition of the Prescription Drug Program to an Employer Group Waiver Plan.
- Assisted numerous employers negotiate renewals with vendors, including Aetna, CIGNA and various Blue Cross Blue Shield plans.
- Priced cost of new products, such as vision, hearing or mandated benefits, for employers and multi-employer groups.
- Priced Medicare Advantage and Medicare PDP plans as part of the CMS bid process for 2008 – 2017 on behalf of a Medicaid HMO covering dual eligibles.
- Valued retiree medical obligation for government employers, such as Battery Park City Authority and Jacob Javits Convention Center, under GASB 45, and for corporate employers and multi-employer

- plans under FAS106.
- Attested to the equivalence of drug benefits to Medicare Part D for numerous employers, including NYSHIP, Loews and World Kitchen.
  - Project Team Leader & lead actuary for Maine State Employee Health Insurance Program while at Mercer; assisted the joint management-labor commission in all aspects of the program, including selecting a new managed care/HMO vendor.
  - Set rates for insuring the North Dakota Public Employees group for Blue Cross/Blue Shield of North Dakota.

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

**Name:** Richard D. Stover

**Job Title:** Principal and Consulting Actuary, Knowledge Resource Center

**Relationship to Project:** Principal

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Stevens Institute of Technology Hoboken, NJ	BS	1974	Mathematics

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates</u>	<u>Employer</u>	<u>Title</u>
1995 – Present	Conduent	Principal & Consulting Actuary
1987 – 1995	William M Mercer	Principal
1983 – 1987	Home Life Insurance Company	Vice President
1974 – 1983	Mutual Benefit Life	Group Actuary

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

- Rich heads up the Health Compliance Consulting Center (Health CCC) within Conduent's Knowledge Resource Center. The Health CCC assists employers with compliance with state and federal laws and guidance. He also assists clients in strategy, design, legislative compliance, and financial analysis for both active and retiree life and health programs.
- Prior to joining Conduent, Rich was the health and welfare practice leader of William M. Mercer's New Jersey office. He started his career at Mutual Benefit Life and Home Life Insurance Company, where he was Vice President and Group Actuary, with responsibility for pricing, design and managed care programs.
- Rich is frequently interviewed and quoted in general and business publications such as Business Insurance, CFO, Kiplinger's Personal Finance, The New York Times, The Wall Street Journal, and USA Today. Rich has also been interviewed for various radio and television programs including CBS Evening News and CNN.

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

**Name:** Tracy Vogel

**Job Title:** Senior Associate

**Relationship to Project:** Production

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
University at Buffalo (SUNY)	B.S.	2014	Mathematics

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2014- Now	Conduent HR Services/ Buck Consultants	Senior Associate

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)  
ASA, MAAA

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

**Name:** Genevieve Wang

**Job Title:** Associate

**Relationship to Project:** \_\_\_\_\_

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
Columbia University, New York, NY	MS	2016	Actuarial Science
University of Wisconsin, Whitewater, WI	BS/BBA	2011	Math and Accounting

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2016 – Present	Conduent	Analyst
2012 – 2014	Federal Financial Group	Insurance Broker

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

- Genevieve's experience includes reserve analysis, product pricing, and plan designs financial impact evaluation for employers and other health plan sponsors.
- Genevieve also prepared the attestations to the equivalence of drug benefits to Medicare Part D.
- Genevieve has valued retiree medical plans for large employers

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

**Name:** Erik Willecke

**Job Title:** Consultant

**Relationship to Project:** Lead Consultant

**EDUCATION**

<u>Institution &amp; Location</u>	<u>Degree</u>	<u>Year Conferred</u>	<u>Discipline</u>
The Richard Stockton College of New Jersey	BS	2002	Mathematics

**PROFESSIONAL EMPLOYMENT** (Start with most recent.)

<u>Dates From - To</u>	<u>Employer</u>	<u>Title</u>
2015 – Present	Conduent	Consultant
2012 – 2014	EmblemHealth	Lead Actuarial Analyst
2010 – 2012	Ernst & Young	Senior Associate
2004 – 2010	PwC	Senior Associate

**PROFESSIONAL EXPERIENCE** (Significant experience/education relevant to program)

Extensive experience working for a leading New York health insurance company and two of the "Big Four" accounting and professional services firms. Calculated independent estimates of IBNR reserves for a wide range of insurers and employers to support core assurance team audits. IBNR reviews included CIGNA quarterly reserves totaling almost \$1 billion. Supported Emblem Health pricing for large group accounts by updating rate manuals and an experience rating model. Exceptional ability to communicate technical information to internal and external clients to keep them informed and aid in their decision making process.

## Appendix E: Knowledge Resource Center

Conduent HR Services' Knowledge Resource Center (KRC) provides intellectual capital that's crucial to our clients and consultants. We collect it. We analyze it. We disseminate it. We teach it. Why? So you can be confident that Conduent HR Services is a progressive thought leader, expert in our field and, most of all, a trusted advisor. The KRC is based in Washington, DC, with a core staff close to legislative and regulatory agencies and compliance experts around the country to serve you locally and help you understand state and local laws and developments.

The KRC includes:

- Compliance Consulting Center
- Market Assessment & Survey Intelligence
- Research & Information Library
- Information Management & Collaboration
- Consulting University

### Compliance Consulting Center

With a nationally recognized team of attorneys, actuaries, compliance experts, paralegals and government relations experts, the Compliance Consulting Center (CCC) creates market-differentiating intellectual capital, consults on cutting-edge compliance issues, and stays abreast of quickly evolving government affairs affecting the employee benefits and HR industry. Our consultants have extensive experience in the compliance and administration of qualified and nonqualified retirement plans, health and welfare plans, labor and employment issues, and executive benefits. We also combine compliance and regulatory proficiency with administration processing expertise to assist with process improvement.

Although Conduent HR Services does not provide legal advice, our experts keep you and our consultants informed of new and pending federal and state legislation, regulations concerning employee benefits, human resources and labor law, and the compliance aspects of federal and key state court decisions affecting employee benefit plans and compensation programs. The CCC's services are designed to keep employers/benefit plan sponsors abreast of the ever-changing legislative, judicial and regulatory environment.

Our compliance experts regularly review and interpret guidance from the Internal Revenue Service, Department of Labor, Department of Health & Human Services and other government agencies. The KRC regularly publishes *For Your Information (FYI)* publications that summarize and analyze recent developments and focus primarily on rulings/guidance and the direct impact of or reaction to a ruling. These *FYI* publications are available [here](#).

Depending on your needs, we can provide a wide range of compliance services in employee benefits and HR (e.g., health and welfare, government relations, retirement, labor, employment and talent compensation strategy). The fees for these services are competitive, and project scopes are customized.

The KRC's compliance consultants augment our actuarial and retirement plan consulting services. Services relating to retirement and health and welfare benefits include:

- Assisting your counsel in preparing and reviewing employee benefit plans, trust documents, administrative forms, manuals, employee notices and communications, amendments, resolutions, and special tax calculations
- Compliance reviews of employee benefit and compensation plans and programs
- Compliance reviews/assistance with preparation for IRS/DOL audits, allowing sponsors to self-correct possible deficiencies
- Process changes that reduce administration costs and improve employee service
- Compliance with Sarbanes-Oxley by instituting and monitoring internal and external controls
- HIPAA compliance documentation reviews (includes updating documents, as necessary)
- Document drafting and review, such as plan and “wrap” documents, notices and summary plan descriptions (for review by your legal counsel) and assisting in preparation or review of determination filings
- Form 5500 and other government filing completion
- Nondiscrimination testing
- Qualified Domestic Relations Order (QDRO) and Qualified Medical Child Support Order (QMCSO) services
- COBRA audits and absence management analysis (e.g., disability, paid and unpaid leave)
- Periodic (e.g., monthly, quarterly or semiannual) conference calls or meetings to provide updates on recent regulatory and legislative activities specifically affecting industry sectors and/or HR/benefit programs and bill/legislation tracking specifically designed on the basis of your needs
- Training
- Surveys (trend surveys, custom surveys, flash surveys, etc.)
- Corporate transformation services, including due diligence

## Compliance Resources

Now more than ever our clients rely on us to identify the potential impact to their plans and business from emerging legislation and proposals at the federal, state and local levels. Conduent HR Services advises our clients on the impact of and complying with existing and proposed federal laws and regulations and other changes affecting the world of HR, employee benefit plans, and labor and employment.

Specifically, we can help you remain compliant in today’s rapidly changing legislative environment by providing various annual checklists that summarize key compliance deadlines and responsibilities for regulatory requirements (e.g., summary annual reports, CMS Medicare Part D reporting).

Our Complyendar™, available to all clients, helps you track and anticipate compliance events, and is designed *for your specific US retirement or health plans*. Complyendar™ is a patent-pending tool created and developed by our KRC and was designed as part of the calendar module of our Global Vision suite of integrated HR management tools. Events and due dates are populated onto an interactive calendar based on responses to a set of client-specific questions.

Complyendar™ also:

- Allows users to add custom tasks and events
- Sends email reminders in advance of due dates
- Permits email reminders to be assigned to various individuals
- Allows events to be exported to Outlook
- Rolls plan year events forward automatically to future years
- Applies to defined benefit and defined contribution retirement plans, as well as health and welfare plans

## Government Relations

The KRC maintains working relationships with governmental and legislative staffs and employee benefits industry leaders and associations. The members of our government relations team in our Washington, DC office attend congressional hearings and other meetings on Capitol Hill that affect the needs and interests of our clients. Their work also includes interaction with trade groups and “think tanks” on their legislative agenda and periodic meetings with Hill staff to learn of legislative developments. Our weekly US government relations and public policy publication, *Legislate*, summarizes and provides insight on “inside the beltway” Washington, DC politics related to current and pending federal legislation affecting the employee benefits and HR industry as well as labor and employment law.

The KRC government relations team works alongside our compliance, administration and actuarial teams to analyze and report to you on new laws, regulations and rules, as well as on their practical implications. They play a role, along with the leaders of Conduent HR Services’ various practices, in shaping legislation and policy that affect the employee benefits and HR industry community. Our government relations team has access to all major industry groups, including the American Benefits Council (ABC), the ERISA Industry Committee (ERIC), the National Coordinating Committee for Multiemployer Plans, the National Chamber of Commerce and the Spark Institute, among others; government agencies; and standards organizations such as FASB and GASB. This access enables us to provide consultants and clients with breaking news from Washington and first-hand insights into employee benefit, employment and HR-related legislation as it is crafted and debated.

## Publications and Other Core Services

Through the Compliance Consulting Center (CCC), we provide certain core services as part of every engagement. These services include publications and thought leadership, webinars, seminars, presentations and social media (including podcasts, blogs and Twitter feeds), compliance tools (such as our annual *Reporting & Disclosure Guide*, *Complyender™* and our FLSA audit checklist), compensation and employment/HR initial diagnostics, and certain broad peer polls/surveys. Recent publications and webinars can be accessed on our website.

We share news developments externally and internally in a variety of ways. Our publications brief clients and our consultants on emerging issues. Our internal *Daily Digest* newsletters keep our administration and consulting teams informed. All of our publications target the full spectrum of industries and employee benefit plan sponsors and are developed to address key issues as they arise.

In addition, we regularly conduct webcasts – externally through periodic webinars and podcasts for our clients and internally through regular “Lunch and Learn” sessions on important topics and key legislative events. These include discussions of changes or additions to proposed legislation, statutes, regulations and important case law developments.

## Health Care Reform

The KRC has been following health care reform from the start, keeping clients and consultants informed with timely communications and webcasts and will continue to do so as developments unfold. Our compliance and health consultants conduct regular internal meetings to educate and keep our consultants informed on the key issues. In addition, we have many resources to help you keep up to date and address health care reform compliance requirements and their impact on employer health plans.

## Market Assessment & Survey Intelligence

The KRC’s Market Assessment & Survey Intelligence (MASI) team conducts a wide variety of unique fee-based custom surveys as well as annual surveys that are free to participants. For example, our benchmark surveys help employers better understand trends in the employee benefits and HR industry, and our compensation surveys help employers make informed decisions about how to attract, retain and motivate the single most important asset that companies have: their people.

We conduct a variety of compensation and benefits surveys each year, performing analyses of regional and national trends and benefit benchmarking for many of our clients using a proprietary database. In addition, the MASI team provides market analysis and 5500 filing support.

## Research & Information Library

The KRC’s Research & Information Library (RIL) is home to a senior research staff and a librarian who together represent Conduent HR Services’ research hub, bringing consultants and clients relevant information and resources to meet their employee benefit, HR consulting, labor and employment, and related business needs. The RIL team provides content curation on specific topics to keep consultants informed of the latest developments in our industry.

The RIL manages key resources and tools used by the Knowledge Resource Center staff and our consultants. Resources include access to e-books, subscriptions, reports, surveys, memberships and electronic databases. A review of selected publications focusing on HR and employee benefit trends is released to clients quarterly, via the RIL’s *FYI Research Roundup*.

## Information Management & Collaboration

The KRC’s Information Management & Collaboration (IMC) team organizes a wide range of information for our consultants. To that end, the IMC creates processes and procedures to locate, gather, use and share information within the Conduent HR Services community.

Our knowledge system (on our intranet) is managed by the IMC team and provides a platform for storing and delivering information, as well as for sharing and developing knowledge and ideas in a collaborative environment. Each of our practices has its own site, with content maintained by subject matter experts in the practice. Our intranet also contains “communities,” practice and/or



topical sites that staff can “follow.” Following communities triggers both email alerts about new or updated information posted to the community (either a daily summary email or immediate email, depending on the user’s settings) and notification on the user’s personal newsfeeds.

Each Conduent HR Services employee has an individually customizable social site with a newsfeed displaying posts and updates from people and communities of interest they choose to follow. This allows staff members to share ideas and client solutions.

Our *Daily Digest* internal newsletter is delivered to all US employees via email and is posted to our intranet. *Daily Digest* contains the latest news and information on the HR and employee benefits industry, including links to articles and papers for those wanting more in-depth information. In addition, *Daily Digest* publicizes our latest intellectual capital and spotlights significant activities.

## Consulting University

Consulting University designs and delivers technical, leadership and professional development training for Conduent HR Services staff and clients. Our onboarding programs help new hires assimilate, and our career development program builds long-lasting consulting skills. We continue to innovate ways to deliver training, using creativity and technology to bring the best to Conduent HR Services learners. Our consultants can access learning and earn credit 24/7 through our On Demand system, and they can view upcoming classes on our calendar, including “Lunch and Learn” sessions, and read about other learning opportunities.

We offer client-facing training courses that teach a variety of employee benefit and HR skills, as well as pre-recorded webinars (such as our HIPAA training module).

We embrace a comprehensive training program for employees to ensure high quality standards. This includes internal and external training; *Daily Digest* newsletters and *FYI* publications update staff on federal and state government activities and provide analyses of the implications of recent regulatory, judicial and legislative activities; regular technical meetings at which our experts provide in-depth analyses of current consulting issues; and attendance at professional associations annual meetings, such as the Society of Actuaries or bar association conferences.

## Appendix F: Project Abstract Sample # 2 - Project Title: HIPAA Privacy and Security Compliance HIPAA Privacy and Security Compliance

### Exhibit III.B

**Project Abstract Sample # 2**  
**Project Title: HIPAA Privacy and Security Compliance HIPAA Privacy and**  
**Security Compliance**

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## Appendix G: Data Analytics with Innovu

Conduent, through its partnership with Innovu, empowers clients to make informed, data-driven decisions to better manage and mitigate business and population risk. Conduent's unique solution provides the most visibility and clarity into your data, giving you the best chance to efficiently and economically achieve your objectives.

The Conduent team will take you on a data-driven journey to provide critical insights you can use to better manage and evaluate the health and well-being of the members you cover. The journey involves three phases:

**A. Aggregate**

**B. Analyze**

**C. Engage**

### Aggregate

**Phase Objective:** We systematically collect, cleanse, and aggregate all of the human capital and risk data you've specified, then make it available to you in the Innovu Lens Platform.

#### Data Collection

Our client service management team hosts an onboarding data retention meeting to jump start the initiative and lay the foundation for overall program success. During this meeting, we discuss and identify:

- Roles and responsibilities
- The data sources available by product and program
- Data collection frequency
- Users and access levels.

The more data points we collect, the more insights we uncover and can use to make sound, strategic decisions. There is no limitation to the amount of years, frequency, or data types that Innovu will collect.

To ensure your data is always current, we accept data feeds on a daily, weekly, monthly, or yearly basis, depending on the data type. We work directly with the vendors to collect historical data and establish automated, recurring data feeds at client-specified frequencies. Innovu monitors and maintains all vendor connections to ensure that the data is always up-to-date.

#### Data You Can Trust

Upon receipt of the data, we will pass the file through two levels of quality assurance to eliminate and correct errors, as well as to identify missing data elements. Our first level of quality assurance includes five areas of evaluation:

1. Completeness – Review summarized data compared to control data provided in the form of trailer records or reports.
2. Integrity – Validate functional dependency and cross objective dependency within data dimensions.



3. Consistency – Compare record count distribution of values to past instances of data population in similar fields.
4. Timeliness – Compare actual delivery time to scheduled delivery time.
5. Validity – Compare values on incoming data to valid values in the domain (e.g., reference tables, range, and mathematical rules).

Often, algorithmic-based data quality evaluations leave gaps that need to be detected by a human resource, one that understands an organization's history, seasonality, and other reasonable or unreasonable variations; therefore, we initiate a second level review. During this operational data quality process, data files will receive pass or fail scores on a number of reasonability measures.

Data cleansing is a continuous process we deploy through the course of our engagement. By utilizing our market leverage and partnership with Innovu, we believe we can achieve a high-level of data integrity.

### Data Access

Once we have aggregated data you can trust, we give you 24/7 access. You retain access regardless of the carriers, third party administrators, and other vendors you use now or in the future.

This crucial first step enables us to establish a baseline to measure your program against. It also provides a wealth of data, available at its most granular level, so we can investigate any of your questions, initiatives, or requests.

### How You Benefit from the Aggregate Phase

#### You get the following benefits:

- ✓ 24/7 access to your data
- ✓ Unlimited data sources
- ✓ Data you can trust
- ✓ Secure data storage
- ✓ A baseline measurement

### Analyze

**Phase Objective:** Uncover your population's trends, issues, and cost drivers using the Innovu EmployerLens<sup>®</sup> platform and business intelligence tools.

We have aggregated your data to create a trusted, single truth of your human capital and risk programs, allowing you to engage with your data differently. With alerts, dynamic dashboards, benchmarking, and standard reporting, we unveil a 360-degree perspective of what has happened and what is occurring within your population. Use the insight to design plans and implement targeted interventions to cost-effectively manage program efficacy and quality.

### The Innovu EmployerLens Platform

We will use the EmployerLens platform to analyze your data and gain insights into actionable opportunities that will improve the health and well-being of your population. EmployerLens provides a number of features to support the ongoing measurement and monitoring of health, financial, and other key human capital and risk management program elements.

### Dynamic Dashboards and Reports

We will monitor your member health, program performance, and costs with dynamic dashboards and reports, which update automatically when we receive new data. You'll get instant access to information as soon as it is available. Because your data is aggregated, you can uncover program correlations—how changes in one of your programs impact other programs (for example, how moving to a high deductible health plan impacts workers' compensation).

Our dashboards are categorized in easy-to-consume sections to meet a key management objective. Sample dashboards include:

Dashboard	Description/Objective
<b>Medical</b>	The medical dashboard integrates data from your medical carrier(s) and provides metrics that identify areas where you may reduce costs and improve the health of participating employees. The medical dashboard includes costs associated with the pharmacy plan to show a comprehensive view.
<b>Pharmacy</b>	The pharmacy dashboard integrates drug data from both medical and pharmacy programs to give you a view into cost, utilization, and place of service.
<b>Financial</b>	The financial dashboard integrates both medical and pharmacy carrier data and provides metrics related to program costs, using dates that claims were paid or cleared the banking arrangement. This information provides a claims lag report and trends associated with your medical and pharmacy plan spending.
<b>Wellness</b>	The wellness dashboard integrates data from medical, pharmacy, and wellness programs, allowing you to measure the effectiveness of wellness initiatives and engagement in preventive and maintenance services.
<b>Workers' Compensation</b>	The workers' compensation (WC) dashboard integrates data from WC vendors and medical and pharmacy plans to track key metrics, identify fraud and abuse, and track the overall cost of health for employees incurring WC claims.



adjust thresholds to continuously monitor your company's progress. By identifying vendor engagement opportunities, alerts will become a great resource for ongoing plan management.

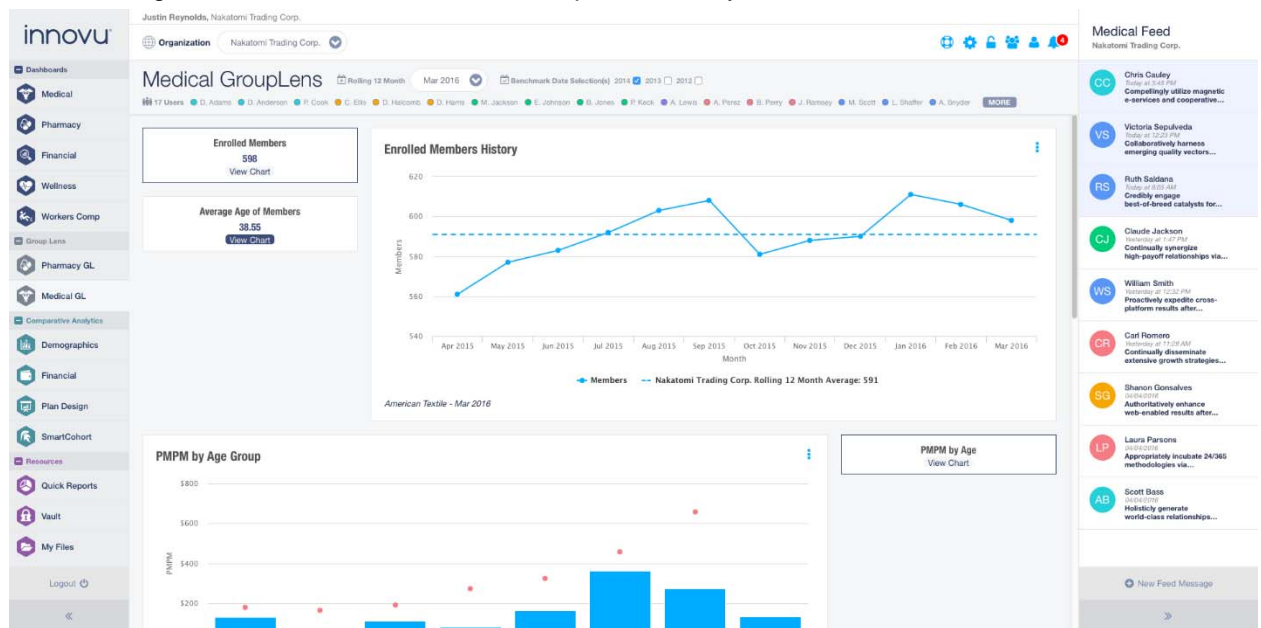
### Real-Time Comparative Analytics (Benchmarks)

The Innovu's database is comprised of more than **81 million unique lives nationwide**, representing nine industry groups. This data allows for a credible comparison and filtering functionality, as well as specific benchmarking dashboards (plan design, demographics, etc.). Benchmarking has tremendous value in identifying potential gaps or problem areas within a plan.

Through benchmarking, you will be able to quickly leverage comparative norms to answer:

- How do I compare?
- How does this rank?

The following screen shot shows a medical comparative analytics dashboard.



### SmartCohort Analysis

The challenge with traditional benchmarking methods is that there is no other company that has the same demographic and regional composition as anyone else. So, while comparing plan design and structure to a competitor affords a valid comparison, how can you gauge your performance and compare costs or overall member health and wellness accurately?

Innovu applies comparative analytical methods to improve the accuracy and "fit" of our comparative norms and benchmarking statistics with our SmartCohort tool. SmartCohort creates **1,000 virtual peer companies that share the same demographic make-up as your organization**.

After adjusting for regional pricing differences, this cohort is then applied to all benchmarking resources for a "smarter" comparative norm. Our goal is to improve on the comparison to more accurately identify areas of opportunity. We will then drill-down into the claim level data to provide strategic support to

address plan adjustment, cost savings, and healthcare improvement opportunities. (More information about getting deeper insights into your data is fully addressed in the *Engage* section of our proposal.)

The following is a screen shot of using our SmartCohort tool.

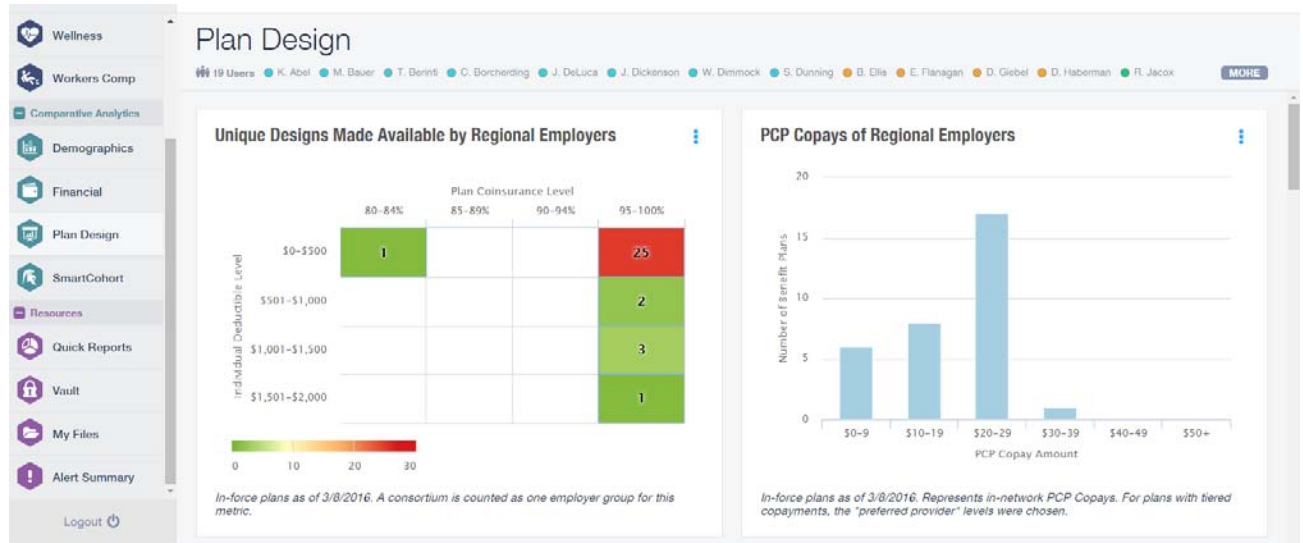


### Sample Benchmarking Metrics

A sample of available benchmarking metrics include:

- 1) **Plan Design Comparisons:**
  - a) Number of plans offered
  - b) Type of Plan offered (HMO, PPO, and HDHP)
  - c) Deductible levels
  - d) Coinsurance levels
  - e) Out-of-pocket maximums
  - f) Copay(s) for specialists, ER, PCP, etc.)
  
- 2) **Financial Comparisons:**
  - a) Per employee per year cost
  - b) Per member per month cost
  - c) Shock claim distribution
  - d) Average chronic conditions and chronic condition distribution
  - e) Cost by demographic
  
- 3) **Demographic Comparisons:**
  - a) Dependent ratio
  - b) Coverage tier enrollment
  - c) Gender ratio
  - d) Age distribution

The following screen shot depicts one type of plan design comparison.



### How You Benefit from the Analyze Phase

- You get the following benefits:**
- ✓ A 360-degree view of your population
  - ✓ Dashboards and reports
  - ✓ Alerts that show you where to look first
  - ✓ Benchmarking, including SmartCohort analysis
  - ✓ Program correlations never seen before

### Engage

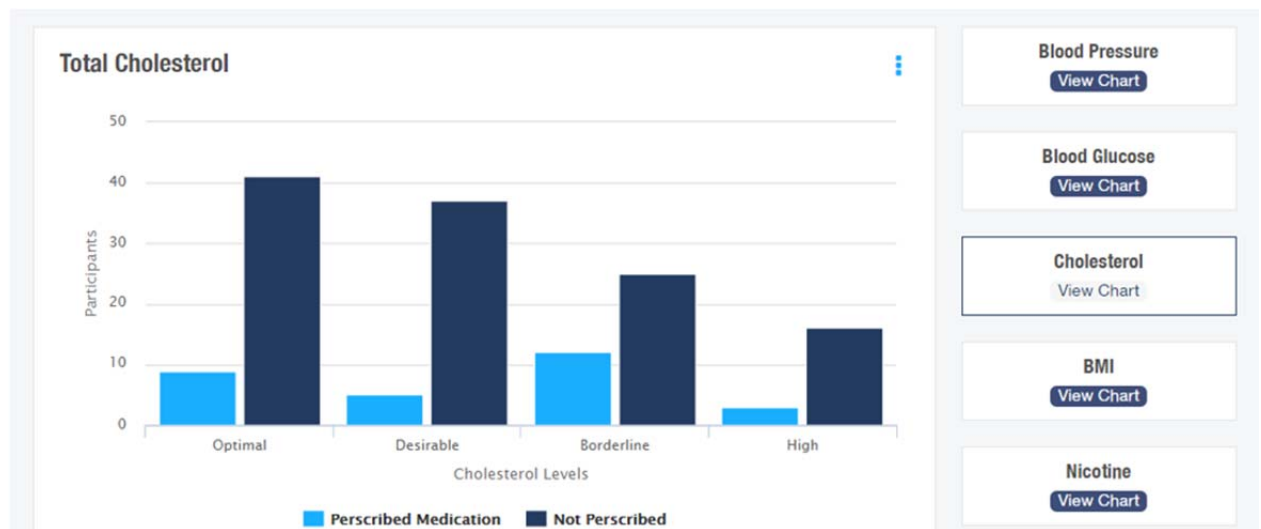
**Phase Objective:** Conduent, through its partnership with Innovu, will engage with you and your data to answer questions and get to the root causes of your issues. We deploy an engagement schedule to analyze your data to support benefit, wellness, risk, cost, and quality objectives on an ongoing basis.

A truly dynamic analytics solution combines both software and service. With reports and dashboards, you get some level of insight, but they can't answer questions or tell you why issues are occurring. With our solution, you can leverage deep, data-driven insights to transform your human capital and risk program design, implementation, and ongoing management. Our team of experts will infuse data analytics into program management, resulting in more effective engagement with your data. Our real-time analytics and reporting will give you fresh, actionable insight you to use to make program changes.

## Engaging Your Data

To support ongoing engagement of your programs and plans, we will leverage our best-in-class Exploration Business Intelligence (BI) tool to provide the ultimate in data analytics data mining and customized reporting. With hundreds of data dimensions, our data analysts will quickly address any ad hoc requests from your team. Additionally, we can leverage the Exploration BI Tool for expanded dashboard and reporting needs.

The Exploration BI Tool ingests data at the claim, member, and provider levels. The three exploration channels allow for unlimited drill-down and cross integration capabilities. For example, within the member exploration channel, a user can run reports that include all data elements from a health risk assessment (HRA) or for lab results (see the following figure). The user can pair this directly with medical, drug, or absentee history. This level of data integration can provide clarity into utilization patterns across the entire employer population, giving a 360-degree view of the effectiveness of wellness and programmatic initiatives.



## Engaging with You

We will actively engage with you throughout the year. Leveraging EmployerLens and Exploration BI, we will provide quarterly data analysis based on specific plan year needs (benchmarking, plan financial evaluation, vendor performance evaluation, etc.). This approach will allow the data to inform you on the best approach for intervention.

During these quarterly meetings, we will also assess your data sources to ensure we are collecting all of the key data points you need to meet your objectives. Together, we will engage with the data more frequently and effectively to demonstrate results that will improve the health of your members and identify cost reduction opportunities.

## Ad Hoc Reporting

Our basic service model includes ad hoc reporting hours. You can request that we dig deeper into your data to answer questions and identify root causes of your issues.

## Collaboration

Through built-in collaboration tools you and your stakeholders (including the Conduent-Innovu client services team) can privately share information within the platform, keeping the data secure. This feature is referred to as the InnovuFeed. The goal of the InnovuFeed is for you, your designated stakeholders, Conduent, and the Innovu client services team to actively engage your data in a secure environment. This greatly reduces the risk of insecurely sharing protected health information (PHI) and sensitive data, and enhances engagement among data experts.

## You Benefit from the Engage Phase

### You get the following benefits:

- ✓ An expert data analytics team
- ✓ The ability to dig deeper for root causes of issues
- ✓ Ad hoc reporting hours at no additional cost
- ✓ Quarterly engagement meetings
- ✓ Secure collaboration with our platform

## Full Insured Employers

The success of data analytics is driven by the ability to obtain material and relevant data elements. The more relevant the data elements, the more insights derived. With fully insured programs, vendors limit the data to high level financial elements. There is value to this data. If your organization continues under a fully insured arrangement, we will provide the following analytic services.

- A. Data Retention and Measurement Strategy
  - a. Meeting to review data collection efforts
  - b. Objective and measurement (KPI) setting for the upcoming year
    - i. What initiatives do you want to consider?
    - ii. What are the alert thresholds for financial data?
- B. Baseline Review
  - a. Review of KPIs and historical data
  - b. Marker in the data to track improvements and measurement moving forward
- C. Monthly Financial Monitoring
  - a. Enrollment
  - b. Paid claims
  - c. Medical loss ratio
- D. Benchmarking Analysis
  - a. Benchmarking plan design
  - b. Benchmarking financial costs
  - c. SmartCohort simulation to compare aggregate cost data and set baseline assumptions
- E. Financial and Renewal Preparation
  - a. Claim history review and projection analysis
  - b. Renewal negotiation support



## Exhibit I.X – Extraneous Terms Template

### EXTRANEIOUS TERMS

No.	RFP Section And Sub-Section Reference	RFP Requirement	Proposed Extraneous Term Type
1	Section VII Sub-Section 8.3.0	Superior Pricing	Alternative
<p>Proposed Extraneous Term(s): Even if during the course of this Agreement, the Contractor enters into arrangements with any other public sector customers whereby the prices granted by the Contractor to said customer(s) for like or similar services exceed the prices granted by Contractor pursuant to this Agreement, the Contractor warrants that it will not increase its pricing under this Agreement.</p>			
<p>Impact on RFP Requirement: Because the Contractor often bundles multiple services into its service contracts, the inter-relationships among pricing and other provisions within each customer relationship are often unique. The pricing analysis for one relationship may be significantly different for another relationship, even though two clients may otherwise appear very similar. The Contractor feels that it is reasonable that the pricing and other terms are agreed upon up front following the RFP process. The Contractor will not increase the pricing even if we receive higher prices for similar services from other public sector clients.</p>			

No.	RFP Section And Sub-Section Reference	RFP Requirement	Proposed Extraneous Term Type
2	Section VII Sub-Section 10.4.0	Modification of Project Services	Alternative
<p>Proposed Extraneous Term(s): The Department reserves the right to review such Change Order Request(s) request within a reasonable period of time, and, in its reasonable discretion, make a written determination as to whether the Change Order Request shall be approved or rejected.</p>			
<p>Impact on RFP Requirement: The Contractor believes that a standard of “reasonable discretion” as opposed “sole discretion” when the Department is making a determination is more commercially reasonable particularly where matters are outside of the control of the Contractor.</p>			

No.	RFP Section And Sub-Section Reference	RFP Requirement	Proposed Extraneous Term Type
3	Section VII Sub-Section 11.12.0	Indemnification re Use and Disclosure of PHI	Alternative
<p>Proposed Extraneous Term(s): The Contractor agrees to indemnify, defend and hold harmless the State and the Department and its respective employees, officers, agents or other members of its workforce (each of the foregoing hereinafter referred to as "Indemnified Party") against all actual and direct losses suffered by the Indemnified Party with respect to third party claims, to the extent arising from or in connection with any breach of the terms of this Article XI by the Contractor or its employees, officers, subcontractors, agents or other members of its workforce. Accordingly, the Contractor shall reimburse any Indemnified Party for any and all actual and direct losses, liabilities, lost profits, fines, penalties, costs or expenses (including reasonable attorneys' fees) which may for any reason be imposed upon any Indemnified Party by reason of any suit, claim, action, proceeding or demand by any third party which results from the Contractor's acts or omissions hereunder. The Contractor's obligation to indemnify any Indemnified Party shall survive the expiration or termination of this Agreement.</p>			
<p>Impact on RFP Requirement: The proposed term makes minor clarifications to the Indemnity clause (11.12.0), making it clear that it applies to third party claims and that Contractor is only responsible for losses caused by its conduct.</p>			

No.	RFP Section And Sub-Section Reference	RFP Requirement	Proposed Extraneous Term Type
4	Section VII Sub-Section 16.1.0	Reports Ownership	Additional
<p>Proposed Extraneous Term(s): Notwithstanding anything to the contrary in this Agreement, all materials, information, processes, software and products used by Contractor to perform the services under this Agreement (including without limitation specifications, database structures, report formats, templates, software, techniques, know-how, methods, algorithms, procedures and documentation), all additions, improvements and modifications made thereto in the course of Contractor performing services, and Contractor's work papers and records are Contractor's proprietary information (hereinafter, "Proprietary Information"). Proprietary Information belongs exclusively to Contractor, its affiliates or third-party licensors, and the Department shall not have any proprietary right or interest in or to the Proprietary Information. To the extent Proprietary Information is incorporated into work product</p>			

Contractor delivers to the Department hereunder, the Department shall have a fully paid non-exclusive, non-transferable license to use such Proprietary Information in conjunction with the work product.

Impact on RFP Requirement: The Contractor utilizes substantial proprietary information in performing its services. The proposed addition simply clarifies that ownership of this proprietary information remains with the Contractor.

No.	RFP Section And Sub-Section Reference	RFP Requirement	Proposed Extraneous Term Type
5	Section VII New Sub-Section 13.3.0	General Provision As To Remedies	Additional

Proposed Extraneous Term(s): The Department shall not assert or seek, and Contractor shall not be liable to the Department for, any damages or other monetary claim or claims on any legal or equitable theory of liability or recovery exceeding, in the aggregate, \$1.0 million. The Department hereby waives and agrees not to assert any claims for lost profits, indirect damages, consequential damages, special damages, incidental damages, exemplary damages, and punitive damages, regardless of whether such claims arise pursuant to this Agreement or pursuant to another legal or equitable claim or relationship between the parties. The provisions of this Sub-Section 13.3.0 shall apply regardless of whether any such claim or claims arise by statute, contract, indemnity, this Agreement, or otherwise arising in law or equity in any jurisdiction.

Impact on RFP Requirement: The Contractor requires a commercially reasonable limit on liability provision in the Agreement.