ORIGINAL

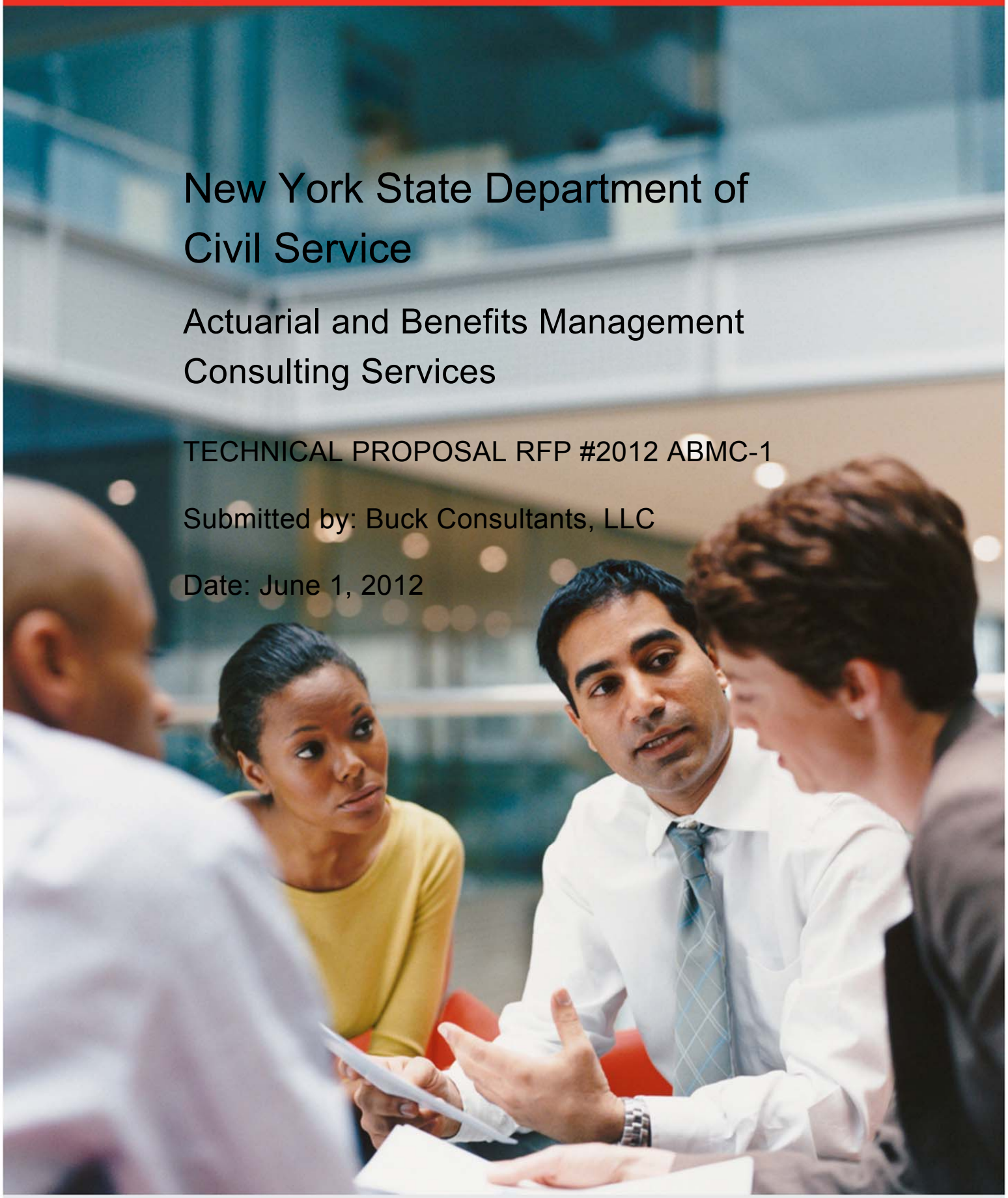
New York State Department of Civil Service

Actuarial and Benefits Management Consulting Services

TECHNICAL PROPOSAL RFP #2012 ABMC-1

Submitted by: Buck Consultants, LLC

Date: June 1, 2012



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Notwithstanding anything to the contrary, Buck's response ("Response") is proprietary to Buck; is valid for (365) days; may only be circulated to employees within your organization with a specific need to know its contents for them to review, evaluate and analyze it and to discuss it with Buck; and, shall not be disclosed by you or any of your employees to any other person or business entity without the prior written consent of Buck. No rights of ownership in the Response are transferred to you. Should Buck receive an award, Buck will undertake appropriate efforts to negotiate mutually satisfactory final and binding terms and conditions.

Technical Proposal

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EXHIBIT A – Formal Offer Letter

EXHIBIT A Formal Offer Letter

(§4.02.01)

Date: June 1, 2012

ABMC Procurement Manager
NYS Department of Civil Service
Alfred E. Smith State Office Building
Room 803
Albany, New York 12239

RE: RFP No. 2012ABMC-1, entitled "ACTUARIAL AND BENEFITS MANAGEMENT CONSULTING SERVICES"
Firm Offer to the State of New York

Buck Consultants, LLC ("Buck") hereby submits this firm and binding offer ("Proposal") to the State of New York in response to New York State Department of Civil Service Request for Proposals 2012ABMC-1, entitled "ACTUARIAL AND BENEFITS MANAGEMENT CONSULTING SERVICES" (RFP). The Proposal hereby submitted meets or exceeds all terms, conditions, and requirements set forth in the above-referenced RFP and in the manner set forth in the RFP.

Buck accepts the terms and conditions as set forth in RFP **Section 6,** Appendices A through D, and agrees to satisfy the comprehensive programmatic duties and responsibilities outlined in the RFP in the manner set forth in the RFP.

Buck agrees to execute a contractual agreement composed substantially of the terms and conditions set forth in **Section 6** of the RFP, and accepts as non-negotiable the terms and conditions set forth in Appendices A through D of the RFP. Prior to execution of the agreement, Buck requests consideration of the Extraneous Terms shown in Attachment B.

Buck further agrees, if selected as a result of the RFP, to comply with the provisions of 1) the Tax Law Section 5-a, Certification Regarding Sales and Compensating Use Tax as set forth in **§2.02.09** of the RFP; 2) Sections 57 and 220 of the New York State Workers' Compensation Law as set forth in **§2.02.10** of the RFP; and 3) the Consultant Disclosure Requirements as set forth in **§2.02.11** of the RFP.

This formal offer will remain firm and non-revocable for a minimum period of 365 days from the Proposal Due Date and Time as set forth in the RFP. In the event that a contract is not approved by the NYS Comptroller within the 365 day period, this offer shall remain firm and binding beyond the 365 day period and until a contract is approved by the NYS Comptroller, unless **Buck** delivers to the Department of Civil Service written notice of withdrawal of its Proposal.

Buck's complete offer is set forth as follows:

Administrative Proposal: Total of five (5) hard copy volumes [one (1) original and four (4) copies] and one (1) electronic copy on CD.

Technical Proposal: Total of eleven (11) hard copy volumes [one (1) original and ten (10) copies] and one (1) electronic copy on CD.

Financial Proposal: Total of five (5) hard copy volumes [one (1) original and four (4) copies] and one (1) electronic copy on CD.

The undersigned affirms and swears s/he has the legal authority and capacity to sign and make this offer on behalf of, **Buck** and possesses the legal authority and capacity to act on behalf of **Buck** to execute a contract with the State of New York.

The undersigned affirms and swears as to the truth and veracity of all documents included in this offer.

Date: 5/11/2012 [redacted]

Signature

PRINT:
SIGNATORY'S NAME Harvey Sobel **TITLE** Principal, Consulting Actuary

INDIVIDUAL, CORPORATE OR PARTNERSHIP ACKNOWLEDGMENT

STATE OF NJ }
: **SS.:**
COUNTY OF Bergen }

On the 11 day of May in the year 2012, before me personally appeared:

Harvey Sobel [redacted], known to me to be the person who executed the foregoing instrument, who, being duly sworn by me did depose and say that he resides at [redacted], Town of [redacted], County of [redacted], State of [redacted]; and further that, if applicable:

[Check One, If Applicable]

(✓ **If a corporation):** he is the Principal of Buck Consultants, the corporation described in said instrument; that, by authority of the Board of Directors of said corporation, he is authorized to execute the foregoing instrument on behalf of the corporation for purposes set forth therein; and that, pursuant to that authority, he executed the foregoing instrument in the name of and on behalf of said corporation as the act and deed of said corporation.

(___**If a partnership):** he is the _____ of _____, the partnership described in said instrument; that, by the terms of said partnership, he is authorized to execute the foregoing instrument on behalf of the partnership for the purposes set forth therein; and that, pursuant to that authority, he executed the foregoing instrument in the name and on behalf of said partnership as the act and deed of said partnership.

[redacted]

Notary Public

[redacted]

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Transmittal Letter

June 1, 2012

NYS Department of Civil Service
Attn: ABMC Procurement Manager
Alfred E. Smith Office Building
Room No. 803
Albany, New York 12239

Re: RFP No. 2 012ABMC-1 – Propos al to Provide Actuarial and Benefits Mana gement Consulting Services for the New York State Department of Civil Service

Dear ABMC Procurement Manager:

We appreciate the opportunity to present our proposal to the New York State Department of Civil Service ("DCS"). We trust that this proposal will demonstrate that Buck Consultants, LLC ("Buck") is best qualified to continue partnering with DCS to provide the requested benefits consulting services.

Enclosed is Buck's Technical Proposal [one (1) original and ten (10) copies and one (1) electronic copy (CD)] to provide Actuarial and Benefits Management Consulting Services to the Employee Benefits Division of the New York State Department of Civil Service ("DCS"), effective June 1, 2012, in response to your April 18, 2012 RFP.

We are confident that we remain the right choice to deliver proactive, timely and cost-efficient services to support DCS' vision for the future. 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 the benefits challenges ahead.

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

Sincerely,

[redacted]

Harvey Sobel, FSA
Principal and Consulting Actuary

[redacted]

[redacted]

Yungchai Kim, ASA
Principal, Global Client Manager

[redacted]

HAS:encl

Buck's Executive Summary

Buck Consultants, LLC ("Buck") is pleased to present our proposal to provide Actuarial and Benefits Management Consulting Services for the New York State Department of Civil Service ("DCS"). As instructed in your Request for Proposals, we enclose one (1) original and ten (10) complete copies of the Technical Proposal and one (1) original and five (5) copies of the Administrative and Financial Proposals, each with an electronic CD version, as well as our requested redactions (including CD version) of the Financial Proposal.

We trust that this proposal will clearly demonstrate that Buck Consultants is best qualified to leverage our 15-year history and technical knowledge of DCS' benefit programs, to continue 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.

We Understand the State's Goals and Objectives

Experience with the government sector as a core industry for Buck provides us with a level of understanding of the fiscal responsibilities, regulation requirements and processes that the State faces as a large complex government entity.

The scope of work requested in the RFP exhibits that the NYS DCS desires to be a proactive manager of its benefit programs as well as a fiscally responsible plan sponsor. The State has requested strategic and tactical support for its health and welfare plans, and we look forward to helping you develop strategic plans, design quality programs, identify the right vendor partners, ensure their technical performance, and then over time measure the success of the programs.

During the course of the next five years, our team will continue to work closely with DCS staff in the following four areas detailed in this proposal:

- **Carrier Rate Renewal Negotiations:** Buck will continue to assist DCS in evaluating Empire Plan vendor premium funding levels and in negotiating reasonable rate actions.
- **Quarterly Analysis:** Buck will continue to work with DCS and the carriers to monitor plan costs and identify unexpected cost variances on a quarterly basis.
- **GASB 45 Valuation:** Buck will continue to work with DCS to perform its GASB 45 valuation and analyze how the State can lower its measured OBEB obligation.
- **Ad Hoc Consulting and Other Issues Affecting New York State Health Insurance Program ("NYSHIP"):** Buck will continue to be available at all times to DCS staff to provide consulting services on any issues affecting NYSHIP that may evolve during the contract term. These issues could involve analyzing and complying with Health Care

Reform and other legislation, consolidating programs, implementing an EGWP, evaluating DC plans, developing an HMO strategy, and evaluating other non-medical NYSHIP programs (i.e., dental, life insurance, IPP, etc.).

The breadth and expertise of Buck in the areas of strategic planning, pharmacy consulting, audit services, clinical consulting, and actuarial services afford us the ability to envision, develop and deliver solutions to meet the focused requirements of the State.

We Understand the Implications of Health Care Reform

As a result of Health Care Reform, coupled with the escalation of health care costs and changes in demographics over the past few years, employers' approaches to health care benefits have had to evolve. Buck's experts are at the forefront of emerging developments and deciphering major legislation such as the new Health Care Reform law.

We are well-equipped to help DCS address the impact of the new Health Care Reform mandates on the State. Buck has developed comprehensive tools and customized solutions to assist employers like DCS effectively respond to the new health care reform requirements under The Patient Protection and Affordable Care Act (PPACA) and comply with the law in the most efficient and cost-effective way possible. We have provided guidance to many state entities, including NYSHIP, on complex issues such as grandfathering, coverage of adult children to age 26 and Medicare Advantage changes.

In addition to compliance, our focus is also on identifying opportunities in areas such as the Insurance Exchanges (2014), the Early Retiree Reinsurance Program and Employer Group Waiver Plans (EGWPs). Although out of scope to the services outlined in the RFP, Buck can certainly help DCS with these types of analyses by leveraging our experience with other clients on similar projects.

We also keep our clients and consultants informed throughout the process with timely communications and webcasts on Health Care Reform.

Health care delivers far more value for many, especially the consumer. Unfortunately, this value is not the most visible change in health care; the most visible change lies in the economics of health care. The affordability crisis in health care, as the State well knows, has a significant impact on both the State and its workforce. During the last few decades, approaches to the health care crisis have centered on "tweaking" the system: shopping for better provider pricing, attempting to lower administrative costs through competitive bidding, making incremental plan design changes and increasing premium sharing requirements. These changes have not had an enduring impact on overall health care cost trends — which have continued to rise at significantly higher rates — nor have they addressed the most significant underlying value

issue. At best, these measures have only slowed the unsustainable trend in the economics of health care.

There is no quick fix, especially under the current fiscal pressures. Achieving the dramatic and lasting improvements that are needed in employer health care value requires a new framework. Fortunately, Buck has developed many forward-looking strategies that have achieved meaningful gains in cost control. Our experience with the State allows Buck a significant opportunity to leverage its knowledge and experience in defining innovative, pragmatic approaches. Since these strategies are not "off-the-shelf" solutions, our experts can help the State design, build and implement custom-fit solutions that accent the importance of member engagement in wellness, health promotion and disease management. The key to managing health care today lies in the effective use of innovative clinical tools and targeted educational resources to drive better health care decisions. Our position is that lifelong engagement by informed patient consumers is the best solution to employers' health care cost and productivity pressures.

Buck's Proven Record of Service Excellence for DCS

Buck has a proven track record providing actuarial and benefits consulting services to DCS since July 1, 1997. We have 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.

Exemplary of Buck's value-added solutions, we have 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 have 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 have developed a good rapport with many committee members – labor as well as management.

We also 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 Buck'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, Buck 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. Buck 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 health care reform legislation 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 are currently evaluating the impact of implementing an Employer Group Waiver Plan (EGWP) on NYS' GASB 45 obligation.

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

- 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. Buck 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, Buck evaluated the financial solvency of the bidders, evaluated network access, and cost scored the bids. We are currently working with DCS to establish scoring criteria for the 2014 Drug bid and are assisting DCS in evaluating proposals.
- Under the guidance of Buck's Pharmacy Practice, provided clinical assistance in structuring the Prescription Drug RFPs in 2006, 2008, 2013 (not released) and 2014
- Under the guidance of Gail Levenson, R.Ph. in Buck'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.

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

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

- 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

Buck 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.

Buck 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 the past 15 years. 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.

Buck's Seasoned Team

Should DCS award Buck this contract for consulting services, Buck commits to staff the engagement with the same team and caliber of experience that have been serving DCS currently, thereby minimizing any pain to DCS that would be incurred in transitioning to a new provider. The key, senior members of our team, who have worked closely with DCS staff, include:

- **Harvey Sobel**, FSA, will continue as your lead actuary and Project Team Leader (i.e., Account Executive. He will also serve as Project Manager for Tasks 1 and 2, as well as for selected Task 4 ad hoc projects, a role he has filled since 1997. Harvey is supported by a team with over 75 years of cumulative experience on your accounts.
- **Frank Svara Jr.** , ASA, will continue to manage the analysis of the Hospital and Prescription Drug Programs, which he has worked on since 2000. Frank will manage the Task 3 GASB 45 valuation, which he has worked on since 2009.
- **Robin Simon**, FSA, JD, will serve as peer reviewer for Task 3, having worked with New York State on its GASB OPEB valuation since 2004.
- **Scott Bush** , ASA, will continue to manage the analysis of the Medical and MH/SA Programs, which he has worked on since 2006.
- **Janet DenBleyker**, ASA, will continue to manage selected Task 4 ad hoc projects, such as the Medicare Part D attestation. Janet has worked on assignments for DCS since 1997 and is an Associate of the Society of Actuaries.
- **Gail Levenson**, R.Ph., is a pharmacist in our Washington, DC office. Gail has 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 Patrick**, R.Ph., is a pharmacist in our Atlanta office. Anna has 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.

- Leslye Laderman, JD, an attorney who heads up Buck'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. She provided Mary Frye with guidance on drafting plan documents to provide opt-out payments on a tax favored basis.

Also continuing to support the senior consultants are:

- **Scott Bush**, ASA, will continue to manage the analysis of the Medical and MH/SA Programs, which he has worked on since 2006.
- **Matt Mayan**, ASA, will continue to be available to assist with Task 3, having work with New York State on its GASB OPEB valuation since 2006.
- **Lenny Leung**, will continue to be available to assist with the Tasks 1 and 2 (Hospital and Drug Programs), having work on these tasks since 2009.
- **Danielle Epstein**, ASA, will continue to be available to assist with the Tasks 1 and 2 (Medical and MHSA Programs) and Task 3, having worked on these tasks since 2010.

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

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

Buck 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 retaining Buck, DCS will continue to be assured of Harvey's expertise and responsiveness at the helm and members of the Buck team you know.

Buck's Knowledge of the Industry-Leading Public Sector Delivers Real Value

Experience with the government sector as a core industry for Buck provides us with a level of understanding of the fiscal responsibilities, regulation requirements and processes that the State faces as a large complex government entity. We have been serving government entities since our founding in 1916, longer than any other benefits consulting firm.

We provide health and welfare consulting services to more than 100 public sector entities, including working with many plans comparable to DCS in terms of both size and complexity.

Some of our projects include:

- Buck recently conducted a marketing of the medical plans for the State of Florida, including the HMO, PPO, HDHP and PBM. These projects not only met the goals of the state, but also resulted in over $100 million in savings over the four-year term of the pharmacy and medical contracts.
- For the State of Alaska, we have developed a medical plan for new hires that has indexed out-of-pocket features and that defines network benefits as network provider and/or disease management compliance-based and/or value-based medicine. We have also implemented wellness and disease management across active and retiree plans.

Leveraging Buck's sister company (formerly known as ACS which is now under the Xerox brand) and parent company Xerox, we can offer further assistance to DCS should the needs ever arise. ACS has been dedicated to the government healthcare market for over 40 years. ACS is the leader in integrated healthcare solutions, including MMIS, enrollment services, HIE, Exchanges, EHR and coordinated care management; 35 states are Medicaid clients

DCS will continue to receive the value of our industry-leading public sector experience and benefit from the best practices we share from our knowledge of other public entities.

Why Buck?

DCS is a vitally important client to Buck. We have become a virtual extension of DCS whenever and wherever consulting needs arise.

The individuals you are currently working with from Buck will be the individuals you will continue to work with. Their seniority and experience provides assurance that you will always be provided with the high level of technical expertise you require.

Buck is proud of our 15-year service relationship with DCS as your strategic partner and trusted advisor. With our resources, experience and knowledge, we are committed to continuing to deliver the same high level of consulting support and responsiveness that we have in the past.

§4.03 Technical Proposal

The Technical Proposal presents detailed responses to the specific questions asked in Section (i.e., **§4.03.01** through **§4.03.06**) in the formats as specified and, as applicable, using the forms set forth in RFP, **Exhibit N** through **Exhibit R** of the Request for Proposal, in the order enumerated. For your convenience, we have reiterated the questions from the Request for Proposal.

Executive Summary

§4.03.1 Organizational Overview

Buck Consultants affirms that we possess the administrative and organizational capacity, experience and expertise to provide the required actuarial and benefits management consulting services; the administrative structure to oversee the billing, payment and processing of invoices to the Department for work performed under the contract; and experienced Information Technology ("IT") staff and related electronic systems to accommodate the Department's data analysis and reporting needs. To demonstrate that it meets or exceeds these requirements, at this part of its Technical Proposal, Buck submits an Executive Summary that includes:

(1) The name and address of the Offeror's main and branch offices and the name of the senior officer who will be responsible for this account follow:

Headquarters:

Buck Consultants, LLC
245 Park Avenue
New York, New York 10167-0002
(212) 330-1000

Individuals who would be involved in this project are primarily located either in Buck's New York City office or in our Secaucus, New Jersey, office at:

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

The individuals responsible for this account are:

Harvey Sobel, FSA
Principal and Consulting Actuary

Buck Consultants, LLC
500 Plaza Drive
Secaucus, New Jersey 07096-1533
[redacted]

Yungchai Kim, ASA
Principal and Global Client Manager
Buck Consultants, LLC
500 Plaza Drive
Secaucus, New Jersey 07096-1533
[redacted]

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

The New York State Health Insurance Program (NYSHIP) covers over 500,000 employees and retirees of the State, Participating Agencies and Participating Employers. The Program spends over $3 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:

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

request of the Department

Buck Consultants has provided these consulting services to DCS since July 1, 1997. During the past 15 years, we have 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.
- 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 will continue to maintain these high standards in advising DCS.

Task 1 – Renewal Negotiations with the Empire Plan Carriers

Due to fiscal pressures, the explicit margin of 3-4 percent of claims has come under pressure. Buck will work with DCS to negotiate an appropriate level of conservatism and present arguments for reduced rate requirements in light of budget pressures.

For Task 1, which Buck has performed for the past 15 years, Buck will continue to work with DCS staff in evaluating Empire Plan vendor premium rate levels and in negotiating reasonable rate actions. Each year over the life of our contract with DCS, Buck 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. Buck will attend carrier briefing meetings with DCS and with the Joint Labor Management Committee

(JLMC), prepare Buck's Final Report and Recommendations, and be available for follow-up discussions with DCS and vendors as necessary.

Over the past 15 years, Buck has 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 have enabled us to help DCS in negotiating favorable premium rates.

In addition, over the past 15 years, we have developed credibility with many of the union representatives to the JLMC, which has enabled us to help DCS present the premium rates to these representatives.

Task 2 – Quarterly Analysis of Empire Plan Carrier Projections

For Task 2, we will continue to work with DCS and the carriers to monitor plan costs and identify unexpected cost variances for the requested 1st and 4th 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 premium rates for the upcoming year(s). Buck will perform this analysis each year over the life of our contract with DCS.

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

Task 3 – GASB 45 Valuations

In 2006, as the incumbent actuary for NYSHIP, Buck performed the first valuation used by New York State and SUNY to comply with GASB 45, and we just recently provided NYSHIP with a draft report for the State's second GASB 45 valuation. 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. Buck 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, Buck will perform an analysis every other year of the actuarial assumptions, which will be used to perform the GASB 45 valuations as of 4/1/10, 4/1/12 and, if requested under the optional extension, 4/1/14. For 4/1/11, 4/1/13 and, if requested under the optional extension, 4/1/15, Buck will calculate the GASB 45 results by trending results of the most recent valuation forward (i.e., a Roll Forward).

Having effectively performed the very first GASB 45 valuation for NYSHIP and prepared the draft report for the State for the second GASB 45 valuation, Buck is well equipped to perform the GASB 45 valuations under the new contract, as it will be the State's third, fourth, and fifth valuations for Buck, not our first. We are well beyond the "learning curve," which will result in Buck delivering accurate results in a timely manner and at a lower cost to the State.

Task 4 – Ad Hoc Projects

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

- Attestation of the actuarial equivalence of NYSHIP's drug benefits to those under Medicare Part D, for filing of RDS subsidy with CMS.
- 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.

Buck has performed these services for DCS many times over the past 15 years. Critical for DCS will be Buck's attention to fiscal considerations. With ad hoc projects, providers often look to make up negotiated margins through additional project hours, project work or out-of-scope efforts. Buck will team tirelessly with the DCS to scrutinize the viability of ad hoc projects. We propose the creation of an ongoing "Dashboard" that will allow the DCS to have ongoing transparency to the efforts requested, the diligence given and the associated spend, as well as the hours associated with the task. A key element to keeping costs down is a high level of communication.

In addition, Buck 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 plan design, wellness, disease management and clinical issues.

(3) A succinct statement outlining corporate/business history including a general mission statement, the overall number of employees per position, and other general information about the firm in support of the Offeror's representation 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;

Buck 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.

Buck Consultants is one of the leading benefit consulting and actuarial services firms in the world. Buck 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.

Buck has a heritage of almost a century of excellence, dating back to 1916. More than 95 years ago, Buck's founder, George B. Buck, established the actuarial basis of the New York State and City retirement systems. Since then, Buck 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. Buck Consultants 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.

Buck is made up of over 1,500 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 Buck's team based in Secaucus, NJ, who have been serving the State over the past 15 years. The Secaucus office is an extension of Buck's NY Metro service area. As of June 2012, over 300 of our 1,100 U.S. professionals are located in the metropolitan New York 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	25	211
New York, NY	11	118

On February 8, 2010, Buck Consultants was acquired by Xerox. Buck is a wholly-owned subsidiary of the Xerox Corporation (NYSE: XRX), which is a Fortune 150 company with $23 billion in sales and more than 140,000 employees in 160 countries around the world. Xerox is the world's leading enterprise for business process and document management.

Our sister company, formerly known as ACS, which is now under the Xerox brand, has been dedicated to the government healthcare market for over 40 years and is the leader in integrated healthcare solutions, including MMIS, enrollment services, HIE, Exchanges, EHR and coordinated care management; 35 states are Medicaid clients.

Buck is situated within the Xerox division of Human Resource Services (HRS), which has three main lines of business: HR/Benefits Consulting (Buck Consultants), HR Outsourcing and Solutions (HRO&S) and Learning Services – making our company the only known provider that has all of these components representing the full suite of HR services.

As the incumbent, Buck has provided the Project Services outlined in the RFP to DCS for the past 15 years. In addition, Buck 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 **§4.03.3** below, qualifies the Offeror and, if applicable, any subcontractors, to perform the required Project Services;

Serving public sector clients is one of Buck'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.

In addition to the New York State Health Insurance Program, Buck 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 (PEHIP)
- State of Alaska, Division of Retirement and Benefits
- State of Florida
- Illinois Teachers Retirement System
- Los Angeles County

- State of Maryland
- State of Wyoming
- State of Tennessee
- University of Florida
- University of Minnesota
- U.S. Virgin Islands

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). We have described projects for the States of Florida, Alabama, Tennessee and U.S. Virgin Islands, as part of our response to RFP §4.03.3 Client References.

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

- Bank of New York Mellon
- Bristol-Myers Squibb
- Con Edison
- Dollar General
- Merck & Company
- Shell
- Tiffany
- Xerox

For further information about Buck Consultants and our services, please visit our web site at www.buckconsultants.com.

(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 selection of vendors,
- regulatory monitoring and compliance guidance,
- wellness programs, and
- disease management;

Buck has a proven track record of performing plan design consulting, vendor selection and tax and legal services for DCS and delivering value in these areas, over the course of the past 15 years, as outlined in this proposal. ***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. Buck'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.

Buck 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 Buck's service areas which may be of interest, or currently provided, to DCS.

Plan Management	Clinical Management	Financial Management
Benefits Strategy ❑ Board Meetings ❑ Guiding Principles ❑ Organizational Objectives ❑ Gap Analysis **Vendor Management** ❑ Renewal Negotiations ❑ Marketing & Vendor Selection ❑ Performance / Service Monitoring ❑ Contract(s) Review **Plan Design Review** ❑ Program Prevalence ❑ Design & Network Effectiveness ❑ Benchmarking **Compliance** ❑ Monitoring Regulations ❑ Impact Analysis ❑ Compliance Strategies **Communications** ❑ Communication Strategy ❑ Technical Review ❑ Benefits Statements ❑ Other Support (as needed)	**Population Health Management** ❑ Wellness & Health Promotion ❑ Risk Reduction ❑ Disease Management ❑ Case Management ❑ Web-based Tools & Incentives ❑ Employee Engagement ❑ Dimension of Behavior Modification **Clinical Data Analysis** ❑ Utilization Review ❑ Population-specific Illness Burdens ❑ Targeted Recommendations **Pharmacy Analysis** ❑ Claims & Utilization Analysis ❑ Impact of Medicare Part D ❑ Formulary Review ❑ Contract Review ❑ Program Review	**Claims Review** ❑ Cost Drivers ❑ Plan Design Effectiveness ❑ Managed Care Initiatives ❑ Performance Guarantees **Cost Projections** ❑ Budgeting ❑ Cost-sharing Strategies ❑ IBNR ❑ Reserve Analysis **Risk Management** ❑ Underwriting Strategies ❑ Funding Alternatives ❑ Risk Analysis **Management Reporting** ❑ Routine Client Reporting ❑ Enrollment Analysis ❑ Claim & Utilization Trends **Audits** ❑ Vendor Audits ❑ Dependent Eligibility Audit

Program and Plan Design Review and Consulting

Buck Consultants has extensive experience in designing, implementing and evaluating innovative, cost-effective health and welfare benefits programs for employers. Buck 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.

We have deep experience in each of DCS' benefit programs outlined in its RFP, including medical, prescription drugs, behavioral health, EAPs, dental, life, disability, vision, voluntary benefits, wellness and other related benefit plans. In addition, we have specialty expertise with:

- Prescription Drug Plan Design
- Consumer-Driven Health Care Plan Design
- Wellness and Health Management Program Design
- Long Term Care Plan Design
- Executive Disability Income Plan Design

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

Provider Network Access Analysis

Below, we describe the major components of our provider network activities.

Vendor Management

Vendor management and performance monitoring are 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

Buck 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. Buck'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).

We use data that the vendor provided in its original renewal and appropriate supplemental data that it provides in various meetings and discussions with DCS.

Issue Resolution

Our experienced 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. Our proactive approach to vendor management is intended to address issues before they become problems, and to preserve the health of successful, longstanding vendor relationships.

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

Performance Guarantees and Management

Buck 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 Financial Rating Tracking

Confidence in an insurer’s financial stability is critical. Buck 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, Buck 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, Buck'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.

Consulting on Selection of Vendors

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 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, Buck 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 National Technical Resources Group, our Washington, DC office, and our group of Compliance Consultants, who 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 Mary Frye with guidance on drafting plan documents to provide opt-out payments on a tax favored basis.

Through our National Technical Resources Group, 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.

Government Relations Team – Members of our Government Relations Team are in our Washington, DC office. These members maintain working relationships with governmental and legislative staffs and employee benefit industry leaders and associations. Buck is a member of the American Benefits Council, the Chamber of Commerce and the ERISA Industry Committee, as well as other associations. Members of DC 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 on the client's request.

Publications Team – This department provides our consultants and our clients with insightful analysis and useful information on new and pending laws, regulations and benefit trends. The publications group publishes newsletters (including *FYI* bulletins, which are distributed electronically to 5,000 clients). 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. As part of our services, all clients receive publications produced by our Publications Team.

Included within our regular fees, DCS will continue to have access to a variety of legal, technical and support services specific to market trends and legislation. (See Appendix B for sample client communications, such as *FYI*.)

Wellness Programs

Buck has extensive knowledge to support DCS in designing and delivering services, programs

In light of health care reform, the time is right to consider implementing wellness programs. There are provisions in the act that will require group health plans to report on their wellness and health promotion activities, including efforts around tobacco cessation, weight management, stress management, physical fitness, nutrition, etc. These reports will be available to the public generally and to enrollees during open enrollment periods. Grandfathered health plans will not need to file these reports.

and systems to improve the health of its population. In fact, Buck conducts the leading survey on the topic, *WORKING WELL: Global Surve y of Health Promotion and Workpla ce Wellne ss Strategies*. The knowledge we have gain from each of the past five surveys allows us to identify successful wellness programs and assist clients with the adoption of best practices and a unique program designed for their needs.

At Buck, we recognize that each employee group is unique and that a one-size-fits-all approach is unlikely to result in the desired outcome. Buck's team of clinical and analytical experts typically starts with an analysis of our client's current health management 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 health management programs for our clients, whether evaluating the clinical outcomes and ROI for existing health management providers or assessing the capabilities of wellness and population health management vendors in support of a bid solicitation. We have worked with and evaluated most major providers of wellness and health management services in the industry, and can assist DCS with a detailed assessment.

Buck's Global Wellness Survey has enabled us to identify best practices from which we 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.

After assessing the needs of each of DCS' covered populations and developing the strategy that will best meet short and longer term objectives, our consultants will have an understanding of the unique needs and objectives of DCS' population health management program. Using this information, we will query our proprietary Health Management Resource Database (HMRD)™ to identify appropriate vendor partners who can meet your requirements. Our HMRD contains up-to-date information on more than 200 health and wellness vendors. This allows us to streamline any RFP process that might be needed by identifying and inviting only those vendors that best fit the State's needs and objectives.

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

Disease Management

Investing in a successful health 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 the 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, etc.), the specific illness burdens and risk factors within a population, and those most likely to be positively impacted by a health 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

Additionally, the PRA can identify gaps in care through 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.

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.

Other Practical Innovations from Buck

Three recent approaches that Buck has developed to provide clients with alternative solutions for delivery of retiree benefits include:

- EGWP and EGWP+Wrap approach for Medicare prescription drug coverage
- My Medicare Advocate™
- PPACA Exchanges

EGWP Part D Coverage

Employer Group Waiver Plans (EGWPs) have been an employer for employer sponsored Medicare retiree drug programs since the implementation of the Medicare Part D program in 2006. However, health reform significantly expanded the standard Part D benefit by filling in the "donut hole" through a combination of expanded coverage of generic and brand coverage through increased federal funding and Pharma discounts. With this expansion in coverage employers can provide retirees with comparable prescription drug coverage at significantly lower cost.

Buck has been on the forefront in helping employers, like DCS, review this alternative approach, develop strategies and implementation.

My Medicare Advocate™

For employers who may want to consider an option that allows retirees to choose their own coverage, Buck's proprietary My Medicare Advocate (MMA) solution provides employer support and participant counseling to effectively guide and educate informed decision-making. DCS – like many entities – would be wise to consider changes in its retiree strategy in light of recent health care reform. Buck can assist DCS with My Medicare Advocate™ (MMA), which is a delivery mechanism for driving savings into the organization. As it relates to retiree benefits, employers are facing several challenges including:

- Managing future accounting liabilities

- Rising cost of retiree health care benefits
- Concern about legal exposure of “choosing the plan” for retirees
- An aging workforce
- Retiring employees without health care benefits
- Increasing complexity of Medicare
- Growth of Medicare plan options
- Administrative overhead for managing retiree benefits

MMA 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

MMA is different from other connector services:

- Fewer plan choices per market—less confusion for retirees
- National Medicare Advantage coverage without forcing 'an all one vendor' approach
- Decision support tools that factor in both premiums and out of pocket costs
- Employers can retain a group solution and its associated rate, plan design and transition advantages
- Low priced group plans help avoid healthy retirees selecting out
- Pre-Medicare retiree options
- Licensed non-commissioned call center Advocates support fewer plans making them more knowledgeable
- Eligibility verification using CMS Medicare and support retirees eligible for low-income and special needs support
- Anticipate retiree needs through use of eligibility data
- We perform targeted outreach to eligible retirees

Depending on approach, MMA can be offered to DCS at **no cost** as a value added service. For a more detailed description of MMA, refer to page 31.

PPACA Exchanges

Under the Patient Protection and Affordable Care Act (PPACA), exchanges will provide a new option for obtaining pre-Medicare retiree coverage. While plan sponsors like DCS will not be able to directly sponsor retiree medical coverage through an Exchange, employers are exploring other approaches that enable retirees to purchase exchange coverage, with employer financial assistance. As federal regulators issue needed guidance, Buck has developed strategies using approaches such as "retiree only" medical programs and "health reimbursement accounts" to provide subsidized retiree coverage through the exchanges.

(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 June 1, 2013;

As the incumbent consultant for the past 15 years, Buck has a deep understanding of DCS' requirements and will not need to undertake specific transition activities to continue serving the Department on January 1, 2013. Section §4.03.5 of this proposal contains formal work plans for Tasks 1, 2, and 3. The following describes our approach to the four tasks:

1. We will begin the Task 1 activities in July and August 2013. Buck already receives claim data and quarterly reports from the Empire Plan vendors. We do not believe any activities are required prior to July 2013.

2. The first Task 2 activity begins around 1/15/13, when the December 2012 claims data becomes available and the Empire Plan vendors submit their 4th Quarter 2012 reports (projecting 2014 premium rates). As with Task 1, Buck already receives claim data and quarterly reports from the Empire Plan vendors. We do not believe any activities are required prior to January 2013.

3. We will begin Task 3 on 4/15/13 with Buck collecting data from DCS to perform the GASB 45 Year Two Roll Forward. We have performed this activity many times in the past, our spreadsheet is already "set up," and we do not believe any activities are required prior to July 2013.

4. Should there be any Task 4 activity in January 2013, Buck, as incumbent, is well positioned to perform it without any discontinuity.

That said, should DCS have requirements prior to the January 1, 2013 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 Buck's billing system (TaBS) on a daily basis. TaBS summarizes the hours worked for the month by project and by consultant. Buck 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, Buck 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). In the past, Buck has completed these forms on a timely basis. Buck will continue to do so with appropriate input from Buck'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 Buck's invoices. In addition, we have over 10 other administrative assistants that can provide additional clerical and secretarial assistance should Tracey become overloaded.

Project Team Leader Harvey Sobel and Client Manager Yungchai Kim will review the invoices for accuracy prior to invoices being sent to DCS.

Buck'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 Buck nationwide). The services include Duplicating, Accounts Payable, Accounts Receivable, Mailroom, IT and client mailings. Our Duplicating Department has successfully provided DCS with color reports for the past 15 years.

(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;

As part of Xerox, the world's leading enterprise for business process and document management, Buck is well positioned to meet most all IT service and support needs. A wholly owned subsidiary of Xerox, Buck 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 Buck DCS team, we have a seasoned SAS user – Casandra Iacuzzo – 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 Buck Consultants University (BCU), 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, Buck Consultants 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-BUCK).

(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 carriers/contractors, including a description of security measures used to ensure privacy and confidentiality of data is maintained; and

As a wholly owned subsidiary of Xerox, Buck Consultants 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 SAS70 (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 Buck is proposing to carry out for DCS are performed using PCs running windows XP professional and Vista operating systems. Buck 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 Buck'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, Buck'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 Buck offices to ensure the security, integrity and confidentiality of client data, both when housed within Buck and during information transfer. Buck 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 SAS 70 (now SSAE16) review programs.

Although IT systems and programming are not involved in the proposed engagement, Buck 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 Gentran server supports all popular methods of transferring files and providing security automatically from machine to machine
- All Buck consultants 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 Xerox' 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 Buck sends electronic Personal Information (PI) to clients or vendors. PI stored on any removable media must also be encrypted.

Buck 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 SAS70 (now SSAE16) 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 Buck 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 Buck larger data files. We were successful in using an FTP data transfer to our Gentran server in these situations. There were no compatibility issues, and the data itself was not compromised.

Backup Strategy

System files are backed up once a day and sent offsite. Separate files that contain scanned images are retained on the system as an integral part of our data retention process and are backed up accordingly. Historical transaction and accounting information are stored and can be recreated as necessary to help ensure that the requisite data are available to meet regulatory requirements.

Disaster Recovery and Business Continuity Planning

Buck is firmly committed to a formalized business recovery process, including formal policies and programs for analyzing, developing, maintaining and testing recovery plans and providing training. 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 recovery facilities and plans to minimize the disruption of vital customer services following a crisis.

We test our disaster recovery and business continuation solutions 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. Testing includes a full simulated loss of our data center, electrical grid, and data connections. We utilize a third-party agreement with SunGard in the event that our data center is taken offline during a disaster – allowing us to restore our backups in their data centers until our facility is restored. Target delay to uptime in a complete data center catastrophe varies by the service level agreement required by clients, but generally ranges from 24 to 72 hours.

In 2011 we conducted two recovery exercises in May and December and both were successful.

(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.

Keeping you informed about key changes in the benefits landscape and providing the timely information you need to make appropriate decisions is essential. We meet this need through a combination of consultant contact and direct information sharing from our research group. As a Buck client, you will have access to a variety of legal, technical and support services to keep you updated on market trends and legislation.

Through our National Technical Resources Group, 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.

Publications Team – This department provides our consultants and our clients with insightful analysis and useful information on new and pending laws, regulations and benefit trends. The publications group publishes newsletters (including FYI bulletins, which are distributed

electronically to 5,000 clients). 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. As part of our services, all clients receive publications produced by our Publications Team.

Government Relations Team – Members of our Government Relations Team are in our Washington, DC office. These members maintain working relationships with governmental and legislative staffs and employee benefit industry leaders and associations. Buck is a member of the American Benefits Council, the Chamber of Commerce and the ERISA Industry Committee, as well as other associations. Members of DC 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 on the client's request.

Buck's Knowledge Resources group is responsible for collecting, distilling, managing and disseminating Buck's knowledge on HR and employee benefits related matters, laws, and industry trends to our consultants and our clients. Knowledge Resources is also responsible for managing the processes and infrastructure for our thought leadership development efforts. Our team provides survey capabilities, technical research, training, knowledge management, and thought leadership coordination and support. These responsibilities, and those described below in more detail, assist our consultants in meeting and exceeding clients' needs and expectations.

Leslye Laderman, Principal, Tax and Legal, will continue to serve as your Lead Compliance Consultant. Leslye will be a resource to assist DCS navigate the tax and legal compliance challenges facing you as you strive to understand the complexities of Health Care Reform and other state and federal legislative issues.

Buck's experts are at the forefront of deciphering major legislation such as the new Health Care Reform law and are well-equipped to help you analyze the impact of the new mandates on your organization. Buck has been keeping our clients and consultants informed throughout the process with timely communications and webcasts. We have developed comprehensive tools and solutions to assist public sector entities comply with the law in the most efficient and cost-effective way possible.

For example, Buck recently collaborated with the Midwest Business Group on Health (MBGH), a leading non-profit business group with over 100 large self-insured public and private employers, to survey employers on their views and intentions related to the Patient Protection and Affordable Care Act (PPACA) health reform law and its provisions. The survey provides valuable benchmarking information for employers on how other employers of their size and industry are designing their health benefit strategies and programs. It also provides business

advocates with information on how to best represent employer interests and concerns about the law.

Buck has many resources to help DCS stay current on health care reform. We strongly encourage you to review our dynamic microsite available at www.buckconsultants.com discussing Health Care Reform and its implications for DCS. For example:

- View Buck's Health Care Reform at a Glance updated with key provisions of the final legislation
- See all the key effective dates for the next decade in one place in our Health Care Reform Timeline
- Quantify the cost impact of reform with Buck's Actuarial Model which will help you quantify items such as the expansion of child coverage, changes in lifetime limits, pay-or-play mandate, the Cadillac Tax and more
- Read our insightful *FYI's*

In addition, Buck sponsors a wide range of webcasts, surveys, educational conferences and seminars that address various topical human resource issues which organizations such as DCS face.

Buck Webcasts

Buck regularly conducts Webcasts that educate clients on relevant human resource issues. Recent health and welfare Webcasts covered Voluntary Benefits, Mobile Communications, Health Care Reform, EGWPs and Workplace Wellness. Some of these recent webinars (many are archived and available on demand via the embed links below) include:

Date	Topic and Speaker	Registration
05/08/2012	Making Voluntary Benefits an Employer Benefit Speaker: Amy Hollis, National Practice Leader, Voluntary Benefits Integrated Solution	Archive link to be available
04/17/2012	Engaging Employees with Mobile Communication Speakers: Jennifer Whitlow, Director, Communication | Martin Hoffmann, Senior Consultant, Communication	Play on demand Download PDF
03/28/2012	Health Reform Summary of Benefits and Coverage Requirement – Turning Lemons into Lemonade Speakers: Ruth Hunt, Communication and Consumerism	Play on demand Download PDF

	Thought Leader | Rich Stover, Principal and Consulting Actuary, Health and Productivity	
04/12/2011	The Future Delivery of Employer-Sponsored Retiree Drug Programs - Advantages of EGWP	Play on demand View PDF
04/07/2011	The Future Delivery of Employer-Sponsored Retiree Drug Programs - Advantages of EGWP	Play on demand View PDF

A schedule of upcoming webcast topics can be found on www.buckconsultants.com/webcasts.

Buck Surveys

Buck's periodic surveys help keep our clients abreast of trends and current benefit issues. For example, we publish periodic surveys covering topics, such as accounting assumptions and health care trends. In addition, Buck performs analyses of regional and national trends and benefits benchmarking for many of our clients using a combination of publicly available surveys and an internal proprietary database. Examples of our surveys include:

- Buck's Global Wellness Survey – This is a unique survey of wellness programs implemented by employers in the United States and around the world. Now in its fifth year, this survey is useful in identifying new wellness programs and their effectiveness.
- Buck's Consumerism Index™ (BCI) Survey – Buck's health consumerism index survey is another unique survey which compares and employers programs for managing health care costs and encouraging consumerism against other employers in the same industry and more broadly. The survey quantifies the differences between the employer program and programs offered by other employers.
- Buck's National Health Care Trend Survey – This survey of health care cost increases included medical, prescription drug, dental and vision plans and can be used to compare a specific employers plan against, and for projecting future cost increases.
- **Buck's Health Savings Account (HSA) Survey** – Buck, working with Bank of New York Mellon and ACS, is the largest administrator of HSA programs in the United States. This broad range of clients enables Buck to prepare unique surveys of not only employers offering consumer health programs, but also of plan participants.
- **Client-specific benchmarking surveys** – Buck also has survey tools that can be used to prepare a targeted survey of an employer's plan against a target group of companies in the employer's industry or marketplace. This tool can be used to compare any desired plan features or design.

- **Industry surveys** The results of some of Buck's recent surveys can be accessed through the following links:
    - Global Wellness Survey
    - National Health Care Trend Survey
    - National Prescription Drug Benefits Survey of the Employer Marketplace
    - iQuantic® Bio/Pharmaceutical Global LTI Survey
    - The Greening of HR

Reports on our surveys results and Buck's interpretations of them are posted online at www.bucksurveys.com.

Health Care Reform

Buck's experts are at the forefront of deciphering major legislation such as the new health care reform law and are well-equipped to help you analyze the impact of the new mandates on your organization.

Along with the many Health and Productivity services we offer, Buck has been following the health care reform debates from the start, keeping our clients and consultants informed throughout the process with timely communications and webcasts. We have developed comprehensive tools and solutions to assist employers like DCS comply with the law in the most efficient and cost-effective way possible. In addition to compliance, our focus is also on identifying opportunities in areas such as the Insurance Exchanges (2014) and the Early Retiree Reinsurance.

As the law continues to evolve, our team will proactively advise DCS on all related legislative activity. We will also continue to provide detailed cost modeling focusing on the challenges and opportunities that Health Care Reform presents.

Our team of compliance, legal and health consultants has also been conducting regular internal meetings to educate our consultants on the key issues.

Insights into Health Care Reform
Health Care Reform will affect the individual and group Medicare Advantage PPO and HMO products as subsidies are reduced between 2012 and 2017. We anticipate that the implementation of The Patient Protection and Affordable Care Act (PPACA – aka Health Care Reform) will accelerate the transition of 6.6 million retirees from employer sponsored health

coverage to the individual Medicare market. A number of factors including the elimination of RDS tax deductibility, "Cadillac plan tax" and the availability of guaranteed issue plans for pre-Medicare eligible retirees in the State Insurance Exchanges will offer employers more attractive options for them and their retirees.

PPACA will limit the number of MA/MAPD plans, but they are not going away. They will continue to be selected by Medicare beneficiaries. However, there will be fewer plans and carriers overall. Through 2017, MA/MAPD plans are sustainable, although there will probably be not only fewer carriers but also lower benefits/higher premiums. For context, there were 12.5 million MA/MAPD enrollees as of March 2011. Before Health Care Reform, The Office of the Actuary of CMS projected there would be 14.8 million MA enrollees in 2017. As a result of Health Care Reform, The Office of Actuary revised its number down to 7.4 million, which is a 50% reduction, but the new number is still roughly 60% of current MA enrollment levels. A more likely scenario is that there will be consolidation in the industry and a greater push to improve the plan's star ratings (i.e., quality ratings) to qualify for the higher reimbursement. Also, the enrichment of Part D PDP subsidies, pharma discounts and filling the "donut hole" significantly increase CMS's and other parties' underwriting of the retirees' drug benefits to offset the reduction in medical subsidies to Medicare Part C.

This myth that MA/MAPD plans will end has increased the number and attractiveness of Medicare Supplement plans. The MMA platform supports both Medsupp and Medicare Advantage plans—thereby continuing to provide both choice and flexibility as the market evolves. MMA Advocates are constantly trained on these changes and will provide the proper education and support necessary to help DCS retirees navigate through these changes.

In addition, the enhancements to PDP plans that "close the donut hole" in this decade and give a 50% discount to brand drugs in the donut hole purchased by Medicare beneficiaries will have a positive effect on the MAPD and standalone PDP products, offsetting some or all of the challenges created by reductions in MA subsidies. The group Medicare EGWP drug designs will benefit significantly from these PDP changes. If DCS decides to offer a group solution, it can take advantage of these enhanced subsidies with an 800 Series Employer Group Waiver Plan (EGWP) with a wrap supplement. Our use of a Voluntary Data Sharing Agreement (VDSA) to clean Medicare eligibility and supply the Health Insurance Claim Number (HICN) will make enrollment hassle free and maximize DCS's savings.

Beyond the Medicare market, MMA is developing our strategy to support pre-65 retirees. Because Health Care Reform will make guaranteed issue plans available in the individual market, we expect many of our clients will adopt defined contribution strategies and offer pre-65 retirees access to a private health care exchange. MMA is partnering with our clients to

understand these needs, and will design and deliver these services as a complement to our Medicare coordination services.

By partnering with MMA, your retirees will have many choices to meet their budget and network concerns. Our multiple insurance carriers offer a broad range of Medicare Advantage PPO, Medigap and HMO plans. Even if Health Care Reform changes the landscape of Medicare Advantage plans, there will still be affordable Medigap or MedSupp choices with competitive PDP options.

These significant changes offer great opportunity for clients such as DCS to refine their benefits strategy, but also bring the potential to create much confusion for retirees. It will be critical to provide retirees with sound guidance on complex decisions, and this is a fundamental principal we will carry from our current Medicare coordination services.

§4.03.2 Key Subcontractors (Exhibit M)

At this part of its Technical Proposal, the Offeror must identify all key subcontractors, if any, that the Offeror will be subcontracting with to provide Project Services. For each key subcontractor identified, the Offeror should complete and submit RFP **Exhibit M** , entitled "**Key Subcontractors**" and indicate whether or not, as of the date of the Offeror's Proposal, a subcontract has been executed between the Offeror and the key subcontractor for services to be provided by such subcontractor relating to the RFP.

If the Offeror will not be subcontracting with any key subcontractor(s) to provide Project Services, the Offeror should provide a statement to that affect at this part of its Technical Proposal.

Buck will not subcontract with any subcontractor(s) to provide Project Services to NYS DCS. Please refer to Exhibit M.

EXHIBIT M – Key Subcontractors

EXHIBIT M	Key Subcontractors	
(Link §4.03.2)	**Page**	**1 of 1**

INSTRUCTION: Prepare this form for each Key Subcontractor	
Offeror's Name:	
The Offeror: ☐ is **X** is not proposing to utilize the services of a subcontractor(s) to provide Project Services	
Subcontractor's Legal Name:	
Business Address:	
Subcontractor's Legal Form:	☐ Corporation ☐ Partnership ☐ Sole Proprietorship ☐ Other _____
As of the date of the Offeror's Proposal, a subcontract ☐ has **X** has not been executed between the Offeror and the subcontractor(s) for services to be provided by such subcontractor(s) relating to the Project.	
In the space provided below, describe the Subcontractor's role(s) and responsibilities regarding Project Services to be provided by the subcontractor:	
Relationship between Offeror and Subcontractor for Current Engagements: (Complete items 1 through 5 for each client engagement identified)	
1. Client:	
2. Client Reference Name and Phone #	
3. Project Title:	
4. Project Start Date:	
5. In the space provided below, Project Status:	
6. In the space provided below, describe the roles and responsibilities of the Offeror and subcontractor in regard to the project identified in 3, above:	

§4.03.3 Client References (Exhibit N)

At this part of its Technical Proposal, the Offeror should provide information which demonstrates that the Offeror has provided actuarial and benefit consulting services similar in scope to those as set forth in the RFP. To this end, Offeror should provide information regarding three (3) current and/or prior clients ("Client Reference"). Client References should reflect the Offeror's ability to provide the services as required in the RFP. For each Client Reference provided, the Offeror should complete and submit RFP, **Exhibit N**, entitled "**Client References**". (Note: For each Client Reference, the Offeror shall be solely responsible for providing contact names and phone numbers that are readily available to be contacted by the State.)

Buck submits Exhibit N detailing four (4) current clients as Client References, where we have provided comparable actuarial and benefit consulting services to these clients, similar to the scope set forth in the RFP. Our Client References will also reflect our ability to provide the services required in the RFP.

EXHIBIT N – Client References

EXHIBIT N Client References

(Link §4.03.3) **Exhibit** **N – Page 1 of 4**

Client Reference #: 1

Project Reference Name: State of Alaska, Division of Retirement and Benefits

Name of the Client for whom actuarial and benefit consulting services are/were Performed:	State of Alaska, Division of Retirement and Benefits
Client Contact Information:	
Contact's Name:	[redacted]
Contact's Title:	[redacted]
Phone Number:	[redacted]
Email Address:	[redacted]
Services Rendered Description: In the space provided below, the Offeror should describe the nature of the services in satisfaction of the requirements in RFP, §4.03.3 demonstrating that the Offeror has provided actuarial and benefit consulting services similar in scope to those as set forth in the RFP.	

Buck has had a contract with the State of Alaska as the State's benefit consultant for Health & Productivity consulting services since 2006, actuarial services since 2005, Audit & Recovery services since 2009, and Talent and HR Solutions since 2011. For the State of Alaska Division of Retirement and Benefits, Buck has provided OPEB (Other Post-Employment Benefits) and other H&P consulting services for approximately 45,000 employees and retirees and approximately an additional 45,000 dependents, for a total membership around 90,000.

H&P consulting services include:

- Active and retiree medical/Rx, dental, vision plan rate setting, bargaining assistance (including grievance testimony), health & long term care claim reserves, LTC process audit, plan design research and costing, plan booklet rewrite, TPA/PBM renewals and RFPs
- Two "large" special projects – 1) Development of retiree medical plan for new hires that has indexed out-of-pocket features and that defines network benefits as network provider and/or

disease management compliance-based and/or value-based medicine based; 2) Strategy and implementation of wellness and disease management programs for the active plan.

- Direct contracting success – We conducted a detailed analysis to two of Anchorage's hospitals, Providence and Alaska Regional, focusing primarily on inpatient and outpatient chargemaster comparisons of individual CPT codes at a 95% confidence interval and claims experience comparisons for complete episodes of care. We concluded that Alaska Regional's proposed discounts will significantly outperform discounts offered by Providence prompting our client to form a direct contract relationship with Alaska Regional and realize lower costs.
- Medical claims focus audit and Rx audit

OPEB services include:

- Valuations, contribution strategy, accounting, special projects (HCCTR study using new SoA long-term trend model), Alaska Retirement Management Board and legislative testimony

In addition, Buck provides the following services:

Retirement Income

- Valuations, contribution strategy, accounting, special projects, Alaska Retirement Management Board and legislative testimony for 5 plans - PERS, TRS, JRS (Judicial), EPORS (Elected Public Officials), NGNMRS (National Guard and Naval Militia)

Client Reference #: 2

Project Reference Name: State of Louisiana

Name of the Client for whom actuarial and benefit consulting services are/were Performed:	State of Louisiana, Office of Group Benefits
Client Contact Information:	
Contact's Name:	[redacted]
Contact's Title:	[redacted]
Phone Number:	[redacted]
Email Address:	[redacted]

Services Rendered Description: In the space provided below, the Offeror should describe the nature of the services in satisfaction of the requirements in RFP, §4.03.3 demonstrating that the Offeror has provided actuarial and benefit consulting services similar in scope to those as set forth in the RFP.

For the State of Louisiana, with approximately 135,000 active, inactive and retired state employees, Buck's scope of services has been related to:

- Analyzing available information to provide informed recommendations for selection of actuarial assumptions
- Identifying cost drivers
- Providing expert testimony (upon request)
- Preparation of annual GASB 45 valuation of Other Postemployment Benefits
- Prepare IBNR
- Evaluate and score all NICs including Medical, Prescription Drugs, BH, MAPD and HDHP
- Price impact of proposed legislation
- Attend Board meetings and present Board report
- Prepare benefit plan rates
- Prepare special data analysis studies as needed
- Develop rates for school districts that apply for inclusion in the OGB plan offerings
- Consulting services related to their prescription drug, Mental Health, and Disease Management carve-out programs

- Provide general pharmacy consulting services to include formulary review, plan design analyses, problem resolution
- Implementing an Employer Group Waiver Plan to include Clinical review, comprehensive communications review and editing, plan design development, Medicare Part B program implementation; participated in all implementation meetings and calls; advised State of Louisiana on key decisions
- Continued oversight of EGWP in conjunction with key OGB staff
- Assist in State NIC (Notice of Intent to Contract) for all services (Disease Management, HMO, Mental Health, Pharmacy, etc.)

Client Reference #: 3

Project Reference Name: State of Alabama Public Education Employees' Health Insurance Plan (PEEHIP)

Name of the Client for whom actuarial and benefit consulting services are/were Performed:	State of Alabama Public Education Employees' Health Insurance Plan (PEEHIP)
Client Contact Information:	
Contact's Name:	[redacted]
Contact's Title:	[redacted]
Phone Number:	[redacted]
Email Address:	[redacted]

Services Rendered Description: In the space provided below, the Offeror should describe the nature of the services in satisfaction of the requirements in RFP, §4.03.3 demonstrating that the Offeror has provided actuarial and benefit consulting services similar in scope to those as set forth in the RFP.

The Alabama Teachers Retirement System has been a long-time client of Buck (since 1941). Our relationship with the State of Alabama grew when we became the consultant for the Alabama Public Education Employees Health Insurance Plan (PEEHIP) in the fall of 2003 to provide health care consulting services for its 210,000 members (actives and retirees). The following is a list of services that we provide:

- RFP issuance/evaluation: Bid process for all health plans, which includes Request for Bids, Evaluation of Bids, and Vendor Selection recommendations for third-party claims administration. This marketing includes the Comprehensive Medical/PPO Plan, the Prescription Drug Plan, and four Supplemental Coverages (Dental, Vision, Hospital Indemnity, and Cancer)
- Funding Projections: Budget and contribution strategy analyses of both the Comprehensive Medical Insurance Program and the Supplemental Plans to determine the proper funding levels
- IBNR Reserve: Calculation of required reserve to fund incurred but not yet reported claims to health program
- Compliance: Advice, as needed, regarding legislative/legal developments. This serves to keep the PEEHIP staff and board informed of current legislative issues which impact Health and Welfare

areas

- Benefit Levels: Analyses of plan design alternatives for Medical, Prescription Drug and Dental
- Assistance with negotiations and discussion with plan providers, as needed

Exhibit N – Page 4 of 4

Client Reference #: 4

Project Reference Name: New York State Health Insurance Program

Name of the Client for whom actuarial and benefit consulting services are/were Performed:	New York State Department of Civil Service (DCS)
Client Contact Information:	
Contact's Name:	[redacted]
Contact's Title:	[redacted]
Phone Number:	[redacted]
Email Address:	[redacted]
Services Rendered Description: In the space provided below, the Offeror should describe the nature of the services in satisfaction of the requirements in RFP, **§4.03.3** demonstrating that the Offeror has provided actuarial and benefit consulting services similar in scope to those as set forth in the RFP.	

Buck has provided employee benefit consulting services to the State of New York Health Insurance Program for the past 15 years. We have assisted the State in analyzing and projecting financial experience, in designing Requests for Proposals, and with a number of vendor procurements. For DCS, we have:

- Assisted in negotiating reasonable renewal rates with the Empire Plan carriers
- Provided timely quarterly projections of rates increases for the upcoming year
- Assisted in evaluating a number of proposals during vendor selections for Mental Health/Substance Abuse, Prescription Drugs, Hospital, Dental, and Long Term Care Programs
- Assisted with compliance with Health Care Reform provisions
- Evaluated the State's obligation for retiree medical benefits under GASB 45
- Helped evaluate the feasibility of consolidating the Hospital and Medical Programs, including conducting RFI respondent interviews
- Analyzed the feasibility of self-funding the Empire Plan
- Analyzed the impact of allowing Nurse Practitioners to practice as participating providers in the Empire Plan Medical Program

In addition, Buck has considerable experience providing actuarial and benefits consulting services for state governments. We are pleased to submit below several other case studies demonstrating the depth and breadth of our actuarial and benefit consulting services and our experience serving comparable clients.

State of Florida

As a consultant to the State of Florida's employee health plan, Buck frequently provides a variety of services as part of project assignments or in response to various inquiries. The examples below highlight some of Buck's capabilities.

Strategic Health Plan Options for the State of Florida – In response to Senate Bill 2000 in the 2011 legislative session, Buck drafted a comprehensive report that was delivered to the Executive Office of the Governor, President of the Senate and Speaker of the House of Representatives. The report outlined conservative, moderate and aggressive options to provide decision-makers with a maximum array of options to consider. The report was drafted by members of a team of consultants from Buck, many of whom will be designated to the DCS account, including Paula Andersen, Clinical Consultant, and Richard Stover, Consulting Actuary and Compliance Consultant. The report is still posted on the State's website and can be viewed at the following link:

http://www.dms.myflorida.com/human_resource_support/state_group_insurance/plan_alternatives_and_options_senate_bill_2000

Medical and PBM ITNs – Buck completed HMO, PPO and PBM ITNs conducted for the State of Florida. We are proud to say that these projects not only met the goals of the State, but also resulted in more than $100 million in savings during the four-year term of the pharmacy and medical contracts. Further, bidder challenges were easily overcome due to our strict adherence to a well-defined process and thorough documentation of each step in the process.

In addition to achieving more than $100 million in negotiated savings over four years, the following positive results were achieved for the State of Florida:

- Improved performance standards
- Enhanced reporting
- Improved access to data
- New clinical performance guarantees
- Increased generic utilization
- Enhanced plan administration flexibility

- Increased clinical support
- An allowance to administer new programs for plan participants

PBM Renewal Negotiation – Buck assisted the State of Florida with a renewal negotiation of its pharmacy benefits manager. As part of this project, Buck worked collaboratively with representatives of DSGI to identify contractual terms that could be negotiated during the renewal, as well as terms or programs that should be addressed during the upcoming procurement. As a result of this negotiation, financial savings of more than $16 million were realized during calendar year 2011.

Buck also completed several studies on behalf of the State of Florida, including numerous Program Modification Studies, Medicare Advantage Feasibility Study and Legislative Impact Studies, which are further described below.

Program Modification Study – Buck provided consulting and actuarial services to analyze and evaluate the current structure of the State Employees' Health Insurance Program and provide alternate scenarios for the state, employees and retirees. The analysis included:

- Analysis of the premium contribution structure
- Evaluation of a more equitable tier structure
- Evaluation of benefit attributes between the Standard PPO and HMO plans
- Impact analysis to the trust fund of numerous alternatives

Medicare Advantage Feasibility Study – Buck provided consulting and actuarial services to determine the fiscal impact to the State Employees' Health Insurance Program of carving out Medicare subscribers currently enrolled in the PPO and HMO plans to a Medicare Advantage Plan option(s). The study included:

- Review of Medicare Advantage Plan options including HMOs, PPOs, private fee-for-services (PFFS) plans, and special needs plans (SNPs)
- Estimate of cost impact per option
- Pros and cons analysis per option
- Plan design disruption avoidance strategies for Medicare subscribers, per option
- Network accessibility disruption avoidance strategies for Medicare subscribers residing out-of-state
- Evaluation of possible enhancements to benefits

- Recommendation of option(s) that provides the best financial arrangement to the State and Medicare subscribers

Legislative Impact Studies – The following federal and state legislation was reviewed and analyzed, and actuarial impact studies were completed to determine the administrative implications and financial impact to State program costs through fiscal year 2012.

- Mental Health Parity and Addiction Equity Act (federal)
- Overage Dependent Coverage (Florida)
- Autism Benefit Mandate (Florida)

Government Employees' Health Insurance Program / U.S. Virgin Islands

Buck has been serving since 2004 as the primary consultant to the United States Virgin Islands Health Insurance Board of Trustees. The Board administers medical, prescription drug, dental and life insurance benefits for approximately 10,000 active V.I. government employees and 5,000 retirees. The fully-insured medical plan currently produces annual premium of over $100 million per year. Among the many achievements in the years Buck has been working with the V.I. Health Insurance Board are (a) development and implementation of the first dental PPO in the Territory; (b) expansion of the plan to include employees of Government sub-agencies and not-for-profit entities; (c) audit of insured medical claims to ensure accurate and prompt processing of obligations; (d) implementation of wellness and utilization management initiatives to promote healthy lifestyles and reduce claim costs.

In its role as benefits advisor to the Board, Buck:

- Assists with annual renewal and rate setting activities and helps guide the process of securing legislative and executive approval
- Coordinates the annual application for the Medicare Part D subsidy and provides ongoing support with respect to new plan design and funding initiatives
- Coordinate periodic comprehensive biddings of the benefits program, including development of RFPs, solicitation and evaluation of proposals and selection and implementation of new carriers
- Serves as the actuary responsible for conducting the valuation of liabilities for OPEB benefits under GASB requirements

State of Tennessee

Buck has served as a consultant for the State of Tennessee (with 150,000 active employees and 35,000 retirees) for the last five years. Buck has performed the actuarial valuation for Other Post Employment Benefits (OPEB) related to post-retirement medical benefits, for the last several valuation cycles, and provides the State with strategic advice around retiree medical alternatives. Buck also has served the State as its "traditional" health and welfare consultant including such topics as plan design and consumer-driven alternatives, high risk pool and uninsured solutions, and procurement services.

§4.03.4 Project Management Team (Exhibit O and Exhibit P)

The Department expects the Contractor to: 1) have a knowledgeable, experienced project management team in place that has the responsibility, authority and integrity to administer, manage and oversee all aspects of the required Project Services during entire term of the Contract, 2) designate a single account executive ("Project Team Leader") accountable to the Department and responsible for ensuring that the needs of the Department are met, 3) be able to maintain and adjust staffing patterns at appropriate levels to provide services as requested by the Department, 4) ensure that all activities associated with Tasks 1, 2, 3, and 4, as applicable will be overseen by an individual certified as a Fellow in the Society of Actuaries ("FSA"), 5) notify the Department in writing of changes in key personnel, and 6) notify the Department of any actual or anticipated events impacting the delivery of Project Services and present options available to minimize or eliminate the impact of those events on the delivery of Project Services. At this part of its Technical Proposal, the Offeror should complete and submit RFP **Exhibit O**, entitled, "**Project Team Roster** " listing the Offeror's proposed key project management team members, including Key Subcontractor provided **key** staff, if any. The Offeror should also complete and submit, RFP **Exhibit P** entitled, "**Biographical Sketch F orm**" for each proposed key project team member listed in the **Project Team Roster** . The proposed Project Team Leader **must** be named at time of Proposal submission. Where individuals are not named, the Offeror should include, as a separate attachment to the roster, a description of the qualifications of the individual(s) that the Offeror would seek to fill the position(s).) In addition, the Offeror should also provide an organizational chart for the Project Management Team.

Further, at this section of its Technical Proposal, the Offeror should also provide:

1. a description of how the Offeror proposes that the Project Management Team will:

    i. successfully handle the four (4) tasks (including an indication of the percentage of time, by team member, dedicated to the project and a task(s),

    ii. manage the Department' account; and

    iii. interface with the Department in its delivery of Project Services;

Buck proposes maintaining the same members of the core team on the contract that has served the State for the past 15 years. The Secaucus, NJ-based team is knowledgeable about the tasks, the work and the State's needs.

Harvey Sobel, FSA, will continue to be Project Team Leader for this contract. In this role, he is responsible for ensuring that Buck's work meets all of DCS' expectations. All individuals working on this project will report to Harvey.

As Project Team Leader, Harvey will serve as the focal point for Buck'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 approach has worked successfully for the past 15 years.

This is not to say that DCS must work solely with Harvey; in the past, DCS has had direct dealings with other Buck consultants, as appropriate, such as Rich Stover and Leslye Laderman on regulatory and compliance issues. In those cases where DCS is comfortable dealing directly with another Buck 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 Project Team Leader, having served as DCS' lead actuary since 1992 and as DCS' Project Team Leader since 2005. 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 at Buck Consultants. In addition, Harvey served as Project Team Leader for the State of Maine from 1989 through 1994, prior to joining Buck. At Buck, Harvey is Project Manager and Project Team Leader for other large clients, such as New York City Health & Hospitals Corporation and Polk County.

Yungchai Kim, ASA will serve as Client Manager for this contract.

Buck has recently established a formal Client Management program for our most valued clients, such as DCS, to enhance our services and manage our client relationships more effectively. We believe this new role is extremely important to our clients. This enhanced service is an investment in our relationship with you, at no additional cost to you, to demonstrate our continuing commitment to providing you with the best possible service. Every Client Manager is a seasoned professional with broad-based HR experience.

Yungchai Kim will serve as DCS Client Manager. As your Client Manager, Yungchai will have responsibility for DCS' satisfaction/retention and managing the business aspects of the client relationship. She will also conduct a client satisfaction survey at least annually with key DCS management to ensure DCS is completely satisfied with Buck's services. Yungchai is an actuary and Principal in Buck's Secaucus office and also is Client Manager for other Buck clients, such as the U.S. Virgin Islands.

Yungchai will work with Harvey collaboratively to ensure meeting DCS' needs.

Core Team: Tasks 1 and 2

Harvey will also serve as Project Manager for Tasks 1 and 2, a role he has filled since 1992. All of the Task 1 and 2 team members have worked on the project in the past. They are as follows:

Frank Svara Jr. , ASA, will project manage the work on the Hospital and Prescription Drug Programs, which he has performed since 2009. Prior to this role, Frank managed the work on the Medical and Mental Health/Substance Abuse (MH/SA) Programs, which he has performed since 2006. He also worked on Tasks 1 and 2 since 2000, including overseeing the work on the Hospital Program. Frank has also provided DCS with consulting assistance on such ad hoc projects as the Mental Health/Substance Abuse and Hospital procurements. Frank also provides consulting services to such clients as Lear Corporation and Montefiore Medical Center. He is an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries.

Scott Bush, ASA, will project manage the work on the Medical and Mental Health/Substance Abuse (MH/SA) Programs, which he has performed since 2010. Prior to this role, Scott worked on these two programs under Frank Svara Jr.'s direction. Scott also works on projections for other Buck clients, such as the NEA and the Central States Health & Welfare Fund. He is an Associate of the Society of Actuaries.

Lenny Leung will provide support to Frank in developing Buck's independent projection for the Hospital and Prescription Drug Programs. Lenny has worked on the projections since 2009 and works on other Buck clients such as Con Edison and Bulova.

Danielle Epstein , ASA, will provide support to Scott in developing Buck's independent projection for the Medical and Mental Health/Substance Abuse (MH/SA) Programs. Danielle has worked on the projections since 2010 and has worked on the NYS GASB 45 valuation (Task 3). She works on other Buck clients such as Eaton Corporation and Jacob Javits Convention Center. She is an Associate of the Society of Actuaries.

The following table summarizes the percentage of time each team member will dedicate to Task 1. These percentages are based on Buck's actual historical experience with Task 1 over the past 15 years and reflect an average of 1,800 hours worked per year:

Consultant	% of Time Dedicated to Task 1
Harvey Sobel	3%
Frank Svara Jr.	3%
Scott Bush	3%
Lenny Leung	2%

Danielle Epstein	2%

The following table summarizes the percentage of time each team member will dedicate to Task 2, also based on Buck's actual historical experience with Task 2 over the past 15 years and reflecting an average of 1,800 hours worked per year:

Consultant	% of Time Dedicated to Task 2
Harvey Sobel	1%
Frank Svara Jr.	3%
Scott Bush	4%
Lenny Leung	4%
Danielle Epstein	4%

Core Team: Task 3

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

- **Matt Mayan**, ASA will direct the underwriting and development of the per capita plan costs, setting of actuarial assumptions, and the valuation itself. Matt has worked on the NYS GASB 45 valuations dating back to the 4/1/06 valuation. Matt has also performed GASB 45 valuations for Participating Employers (PEs) such as Long Island Power Authority and Jacob Javits Convention Center.
- **Danielle Epstein**, ASA will provide assistance in performing the valuation. She worked on the 4/1/10 and 4/1/12 NYS/SUNY valuations, as well as GASB 45 valuations for the Jacob Javits Convention Center. Danielle has also worked on Task 1 and Task 2 projections for the Medical and MH/SA Programs since 2010.
- **Robin Simon**, FSA, JD and Chief Health Actuary for Buck, will serve as peer reviewer, to ensure that the GASB 45 valuation meets Buck's professional standards of practice. Robin has a long history of working on all 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 Buck team in setting "first time" actuarial assumptions for health care reform.
- **Harvey Sobel**, FSA, will serve as Project Team Leader and provide additional peer review. Like Robin, Harvey has worked on all 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 Buck PE GASB 45 valuations, including Jacob Javits Convention Center, Long Island Power Authority and Battery Park Authority.

The percentage of time each team member will dedicate to Task 3 varies depending upon whether a full valuation is being done vs. a roll forward. The work on the setting of actuarial assumptions is generally done around the time of the roll forward and before the valuation is actually performed.

The following table summarizes the percentage of time each team member will dedicate to Task 3 in the year in which Buck is performing the full valuation, based on Buck's actual historical experience with Task 3 over the past four years and reflecting an average of 1,800 hours worked per year:

Consultant	% of Time Dedicated to Task 3 (in the valuation year)
Danielle Epstein	5%
Frank Svara Jr.	8%
Matt Mayan	8%
Robin Simon	2%
Harvey Sobel	1%

The following table summarizes the percentage of time each team member will dedicate to Task 3 in the year in which Buck is performing the roll forward, based on Buck's actual historical experience with Task 3 over the past four years, as well as anticipated experience, and reflecting an average of 1,800 hours worked per year:

Consultant	% of Time Dedicated to Task 3 (in the roll forward year)
Danielle Epstein	1%
Frank Svara Jr.	1%
Matt Mayan	1%
Robin Simon	1/2%
Harvey Sobel	1/2%

Task 4 Team

Many of the Task 4 projects will also be handled by the team members identified above. For example, Harvey Sobel, Frank Svara Jr., and Lenny Leung have all worked with DCS on procurement for the Prescription Drug Program. They have also been involved in projecting savings moving to an EGWP.

One Task 4 assignment is the actuarial attestation that NYSHIP's drug benefits are eligible for the Medicare Part D Retiree Drug Subsidy payments from CMS.

Janet Den Bleyker, ASA, managed the attestation work for 2009 and attested the 2010-2012 plan years. She will attest for the 2013 plan year. Janet has worked on other DCS assignments during her past 15 years at Buck; Janet managed the PA Redesign (ad hoc) project in 2007, assisted DCS with the dental procurement (also ad hoc) and has worked on Tasks 1 and 2 for the Prescription Drug Program.

Harvey Sobel, FSA, will continue to serve as peer reviewer of the attestation. Harvey attested NYSHIP's benefits were actuarially equivalent on the CMS website for the 2006-2009 plan years and, as Project Team Leader, is highly knowledgeable about NYSHIP.

Rich Stover, FSA, is an actuary in our Secaucus office who will continue to 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). During the past five years, he has provided DCS with as-needed advice in the area of Health Care Reform, Mental Health Parity, and other compliance issues. He will continue this role under the new contract.

In addition to the actuaries and consultants specifically identified above, we have 14 other Secaucus-based actuaries and consultants to provide DCS with support on an as-needed basis should there be turnover on the account. Some of these consultants include:

- **Bobbi Clifton-Dahdah**, who has worked on the Geoaccess analysis in support of the 2014 Prescription Drug RFP and is available to assist with marketings.
- **Casandra Iacuzzo**, who has worked on the Medical RFP cost proposal fee schedule analysis in 2009-2010. Fluent in SAS, Casandra is available for any project requiring large file data manipulation, was well as any marketings.

Over the past 15 years, Buck has used consultants in other Buck offices with unique skill sets to "round out" the Secaucus team. These consultants are as follows:

- **Gail Levenson**, R.Ph., is a pharmacist in our Washington, DC office. Gail has 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 Patrick**, R.Ph., is a pharmacist in our Atlanta office. Anna has 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 has provided assistance to DCS in many prior Prescription Drug procurements dating back to the early 2000s. More recently, he provided DCS with guidance as to the timing of pharmacy benefit manager billing cycles under a self-funded arrangement.
- **Judy Felhaber** heads up Buck's audit practice. In 2006, she and her audit team authored a review of DCS' Extraction and Sampling Methodology under the Basic Medical Discount Program. Her report helped DCS in its negotiations with United HealthCare over Program savings.
- **Leslye Lad erman**, JD, an attorney who heads up Buck'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. She provided Mary Frye with guidance on drafting plan documents to provide opt-out payments on a tax favored basis.
- **Pete Ford,** ASA, is available should the need arise to assist with long-term care assignments. Both Pete and Harvey Sobel have provided DCS and other Buck clients with assistance pricing and structuring their LTC programs.
- **Anne Spagnolo** , an Analyst in Buck's Pittsburgh office, will perform GeoAccess analyses during procurements. Anne is currently working with Harvey Sobel to provide GeoAccess analysis of the 2014 Empire Plan Prescription Drug Program.

All of the above named consultants will continue 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 Buck offices. In fact, we contacted other consultants with state government experience in performing the self-funding study for DCS. We would continue to do so should there be a

specialized need. (Please see our response to Question 3 below for further elaboration on specific Task 4 projects.)

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. The exception is the Medicare Part D attestation, which is an annual project.

The following table summarizes the percentage of time each team member will dedicate to the Medicare Part D attestation work, based on Buck's actual historical experience with the attestation over the past four years and reflecting an average of 1,800 hours worked per year:

Consultant	% of Time Dedicated to Task 4
Janet DenBleyker	2%
Harvey Sobel	1%

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

Buck's Project Management Team for NYS DCS

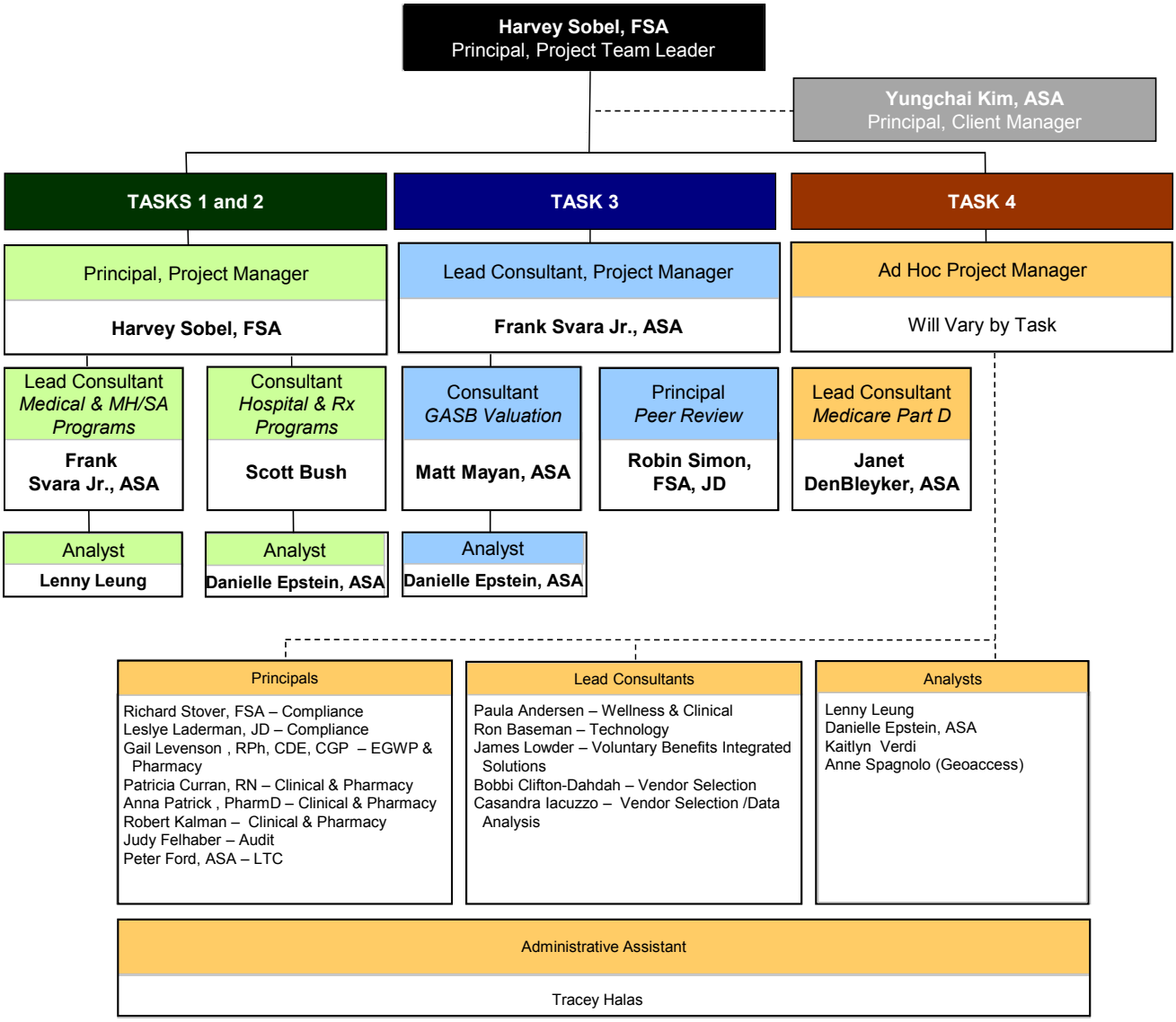

Exhibit P, entitled **"Biographical Sketch Form ,"** provides completed biographical sketch forms with additional background about each consultant.

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

As your Project Team Leader, 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 Buck 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 15 years of the current contract, Buck has 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, Anne Hopko or Bob DuBois).

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

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

3. 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;

Buck will enlist consultants in our Health and Productivity practice to provide all services from within our organization. As noted in our response to Question 1.i., Buck is proposing to staff all four tasks with seasoned consultants who have worked on these tasks in the past. Should the need arise, Buck can call upon other consultants from within our Health and Productivity practice, which numbers more than 160 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, as described in response to §4.03.1 (5).

Our local Secaucus office Health and Productivity practice has sufficient capacity to provide additional resources if required to complete Tasks 1, 2, and/or 3. The Secaucus office also has the technical skills to provide most consulting services for plan design and vendor selection (Task 4). For example, Janet DenBleyker, Casandra Iacuzzo and Bobbi Clifton-Dahdah, who worked on specific Task 4 assignments in the past, could assume more responsibility for Tasks 1, 2, 3 and/or 4. There are 15 other consultants in our Secaucus Health and Productivity practice who are not currently actively involved on the DCS case but who have capacity should the need arise.

We also have 14 consultants in our New York City office who would also be available to provide additional capacity should the need arise. With more than 160 Health and Productivity consultants, this reserves another 135 in our 27 other offices nationally who could provide support if needed.

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

- **Plan Design** – Buck has provided advice in the area of plan design numerous times over the past 15 years. Harvey Sobel, Rich Stover, Janet DenBleyker and the Pharmacy Practice (Gail Levenson, Anna Patrick and Bob Kalman) have 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 to use 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 Buck Health and Productivity Practice. For example, Harvey Sobel, as Project Team Leader, is able to call upon other actuaries with specialized pricing and plan design skills, such as Jim Lowdner (in designing voluntary benefit plans) or Pete Ford (in designing long-term care plans).

  In our plan design work, we frequently use a tool – Buck'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 Buck 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** – Buck has provided advice in the area of vendor selection over the past 15 years. We helped DCS with procurements in the area of Prescription Drugs (past four times), Mental Health/Substance Abuse (past three times), Hospital, Dental (past two times), Long Term Care, and Vision. Harvey Sobel, Frank Svara Jr., Scott

Bush, Janet DenBleyker, Gail Levenson and Anna Patrick have worked on these RFPs. We envision continuing to use 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 Buck Health and Productivity Practice.

Vendor selection is a recurring project for our clients. As a result, Buck has devoted resources to licensing GeoAccess software and in developing eRFP – a web-based tool to enable us to conduct electronic procurements. We would be happy to demo eRFP to DCS. Even if State procurement rules do not enable DCS to use eRFP, eRFP also serves as a clearinghouse within Buck for good RFP questions.

- **Regulatory/Compliance** – Buck has provided advice in the area of regulatory and compliance issues over the past 15 years. We helped DCS with advice on cafeteria plan rules, complying with Medicare RDS requirements, Medicare PDP rules, and, most recently, issues regarding dependent eligibility audits. Rich Stover, FSA has provided DCS with assistance in the past. We envision continuing to use these consultants, 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 Buck. (We employ approximately 40 lawyers, paralegals and legal research analysts.)

  In addition to customized regulatory and compliance consulting, Buck alerts our clients to pending developments through our surveys and newsletters, such as *FYI* (see examples in Appendix B). Buck devotes considerable resources to our publications. We issue over 75 *FYI*s per year and publish numerous surveys on trends in health care benefits.

- **Pharmacy** – Buck'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 and Bob Kalman have all worked with DCS on prior assignments. In addition, pharmacist Robert Ferraro is available should the need arise.

- **Disease Management/Wellness Programs** – Buck'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. RNs Paula Andersen and Patricia Curran would be available to advise DCS should the need arise. In addition, Buck could call upon other senior consultants, such as Sherri Bockhurst, Leah Malof and Ruth Hunt, should Paula or Patty not be available.

4. 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.

Buck believes we have named all members of our Buck 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.

Over the past 15 years, Buck has successfully introduced new Analysts to NYSHIP – primarily on Tasks 1-3. For example, Scott Bush and Matt Mayan worked on NYSHIP as Analysts but have since been promoted to Consultant, assuming more responsibility. Buck's track record for hiring and training Analysts has enabled us to fill many emerging assignments.

Many Analysts work for Buck as part of Buck's Summer Intern Program and later come to work for Buck 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, Buck has hired experienced senior consultants to fill specialty niches. For example, Buck recently hired pharmacists Anna Patrick and Gail Levenson as Principals in our Pharmacy Practice and James Lowder as a Lead Consultant in our Voluntary Benefits Integrated Services Practice.

5. 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.

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, Buck 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 Buck's oldest clients. Harvey Sobel has worked on your account for the past 15 years, Frank Svara Jr. has worked on your account for the past 11 years, Janet DenBleyker has worked on your account for the past 10 years, Scott Bush has worked on your account for the past six years and Matt Mayan has worked on your account for six years.

We continue to delegate work to the most appropriate level and bring in "new blood" to the case. For example, both Frank Svara Jr. and Scott Bush started as Analysts working on Tasks 1 and 2 but have assumed more responsibility for the projections. They now project-manage two programs each and delegate the day-to-day work to Analysts Lenny Leung and Danielle Epstein. Similarly, Matt Mayan began working on Task 3 (GASB 45) as an Analyst and has assumed more responsibility for project management, delegating Analyst work to Danielle Epstein.

We also staff assignments with the right expertise within Buck, even if from other offices. For example, Gail Levenson, Anna Patrick and Bob Kalman from our Pharmacy Practice have all provided DCS with input in pharmacy clinical issues and EGWP implementation. Judy Felhaber and her Ohio-based team have worked with DCS on Basic Medical Discount Program audit issues. Consultants in our Secaucus and Pittsburgh offices, who have specialized GeoAccess training, have run GeoNetworks access and density software to assist DCS in evaluating proposals.

We would not anticipate any changes to the staff of consulting professionals overseeing and managing this project over the term of this contract. In the event of staff turnover, Buck would assign other comparable professionals to the project, subject to DCS' prior approval. Of course, Buck regularly hires actuaries out of college. Over the next seven years, we will be adding a new team member or two as a result of normal hiring.

Because Buck'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 15 years or more is not unusual. Our top management has implemented firmwide HR strategies that are designed to not only attract but also retain the very best people. Buck offers attractive career opportunities to talented and credentialed actuaries in the industry. Often when new actuaries or consultants join Buck, they tell us they wanted to join us because of Buck'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 a Project Team Leader 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 Buck as a whole, allows us to continue to deliver uninterrupted client service even if turnover should occur on a client account. This flexibility to drawn from deep resources of skilled and experienced consultants is a benefit of Buck's size and experience, something a smaller firm, new firm or a new division within a consulting firm may have more difficulty guaranteeing.

2. Buck has recently established a formal Client Management program for our most valued clients, such as DCS, to enhance our services and manage our client relationships more effectively. We believe this new role is extremely important to our clients. This enhanced service is an investment in our relationship with you, at no additional cost to you, to demonstrate our continuing commitment to providing you with the best possible service. Yungchai Kim will serve as DCS' Client Manager. As your Client Manager, Yungchai will have responsibility for DCS' satisfaction/retention and manage the business aspects of the client relationship. She will also conduct a client satisfaction survey at least annually with key DCS management to ensure DCS is completely satisfied with Buck's services. Yungchai is an actuary and Principal in Buck's Secaucus office and has broad-based HR experience. She is also Client Manager for other Buck clients, such as the U.S. Virgin Islands. Yungchai will work with Harvey collaboratively to ensure meeting DCS' needs.

3. We strive to minimize the likelihood of this problem arising in the first place by minimizing turnover at Buck. Historically, we have had great success in minimizing turnover of key employees. Professional staff turnover during the past several years has run between 5-10 percent for both the firm and the offices that will provide service to DCS. Buck's encouragement to enhance actuarial experience – whether through ongoing professional training through our in-house Buck Consultants 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 Buck), 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 and will continue to play a major role, 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.

Buck'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 Buck 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 Buck'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, weekly 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

Buck Consulting University (BCU) is our internal training and continuing education facility. BCU 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. Buck is well known for having some of the most tenured consultants in the industry. The list of current Health and Productivity practice BCU courses includes:

BCU 315 *Health & Welfare Coverage*	BCU 326 *HIPAA Privacy & Security*	BCU 328 *Long Term Care Insurance*

Rules	*Issues*	
BCU 330 *Medicare Part D*	BCU 332 *Data Management and Claims Analytics*	BCU 20071107 *VEBA Buyouts for Retiree Medical Liability*
BCU 20080124 *Experts' Guide to Employee Benefit Research*	BCU 20080213 *Workplace Wellness – Trends and Opportunities*	BCU 702 *Aligning HR Strategy with Business Objectives*

In addition to formal classroom style and self-study course work, Buck 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. Recent Lunch-and-Learn topics include:

- "Securing Employee Engagement – A Hot Topic and Top Employer Objective"
- "GASB – The Lull Before the Storm"
- "Health Care Organizations Health Care Reform Readiness Survey – Summary of Results"

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. Recent sessions developed by Buck staff include:

- "The Future of Health Care"
- "Wellness Programs: What Works and What Doesn't?"
- "Health Reform Summary of Benefits and coverage Requirement – Turning Lemons into Lemonade"
- "Specialty Pharmacy Management: Wellness Programs Beyond Incentives"
- "Innovate, Engage and Transform – The Future of Health Care Is Here"

EXHIBIT O – Project Team Roster

EXHBIT O Project Team Roster

(Link §4.03.4) **Exhibit** **O – Page 1 of 2**

Project Team Member's Name [1]	Position Title	Subcontractor (Y/N)	Employer
Tasks 1 and 2			
Harvey Sobel, FSA	Principal	N	
Frank Svara Jr., ASA	Lead Consultant	N	
Scott Bush, ASA	Consultant	N	
Lenny Leung	Analyst	N	
Danielle Epstein, ASA	Analyst	N	
Task 3			
Harvey Sobel, FSA	Principal	N	
Robin Simon, FSA, JD	Principal	N	
Frank Svara Jr., ASA	Lead Consultant	N	
Matt Mayan, ASA	Consultant	N	
Danielle Epstein, ASA	Analyst	N	
Task 4			
Harvey Sobel, FSA	Principal	N	
Robin Simon, FSA, JD	Principal	N	
Janet DenBleyker, ASA	Lead Consultant	N	
Frank Svara Jr., ASA	Lead Consultant	N	
Richard Stover, FSA	Principal	N	
Casandra Iacuzzo	Lead Consultant	N	
Bobbi Clifton-Dahdah	Lead Consultant	N	
Scott Bush, ASA	Consultant	N	
Matt Mayan, ASA	Consultant	N	
Anne Spagnolo	Consultant	N	
Sample Task: Autism			
Harvey Sobel, FSA	Principal	N	
Paula Andersen, RN	Lead Consultant	N	

Other Buck Consultants			
Paula Andersen, RN	Lead Consultant	N	
Patricia Curran, RN	Principal	N	
Anna Patrick, PharmD.	Principal	N	
Gail Levenson, R.Ph., CDE, CGP	Principal	N	
Robert Kalman	Principal	N	
James Lowder	Lead Consultant	N	
Judy Felhaber	Principal	N	
Leslye Laderman, JD	Principal	N	
Peter Ford, ASA	Principal	N	
Yungchai Kim, ASA	Principal	N	
Ron Baseman	Lead Consultant	N	
Administrative			
Tracey Halas	Administrative Assistant	N	

NOTE:

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

EXHIBIT P – Biographical Sketch Form

EXHIBIT P Biographical Sketch Form

(Link §4.03.4)

Name:	Paula Andersen
Job Title:	Senior Consultant
Position Title per RFP, §4.04 – Assumption 6	Lead Consultant

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). The Offeror must include the percentage of time dedicated to the Project and reporting relationships:

Role: Wellness and Clinical Consultant
Responsibilities: Strategy development and wellness
Percentage of Time Dedicated to Project: As needed
Reporting Relationships: For the Sample Task project, Paula reports to Harvey Sobel. For Ad Hoc Task 4 projects, Paula will report to the Ad Hoc Project Manager and ultimately to Harvey Sobel. Within Buck internally, Paula reports to Eliot Asyre, the H&P National Practice Leader.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
Regents College – The University of the State of New York	Associates in Applied Science	1998	Nursing
Indiana Vocational Technical College	LPN	1991	Nursing
Marian College – Indianapolis, IN	Bachelor of Science	1985	Business Administration – Management Concentration – Psychology Minor

CERTIFICATIONS:

- Certified Case Manager
- Gerontology

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Senior Consultant	3/2009 – Present
SHPS	Client Service Executive / Clinical Operations Director	1/2000 – 3/2009
Baptist Hospital East	Staff Nurse – Med/Surg	1999 – 2000
Spencerian College	Clinical Instructor	1999 – 2000
Saint Matthews Manor	Charge Nurse	1992 – 1999

Paula Anderson (continued)

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)
• Wellness strategy development
• Care management program implementation and management
• Vendor management
• Vendor integration and coordination
• Clinical performance report review
• Clinical audit
• Project management – Autism program development
REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Ronald Baseman
Job Title:	Director, IT
Position Title per RFP, §4.04 – Assumption 6	Lead Consultant

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: IT Security and Privacy
Responsibilities: Ensuring that the Buck computing network and infrastructure is secure and that Buck client data is properly protected at all times.
Percentage of Time Dedicated to Project: As needed
Reporting R elationships: For this project, Ron reports to Harvey Sobel. Within Buck internally, he reports to Ellen Braverman, Director, Information Technology.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
University of Pittsburgh Pittsburgh, PA	BS	1976	Computer Science
University of Pittsburgh Pittsburgh, PA	BA	1973	Philosophy

CERTIFICATIONS:

- N/A

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Director	1998 – Present
Mellon Financial	Vice President	1985 – 1998
ADP Cyphernetics	Regional Technical Manager	1979 – 1985
Shared Medical systems	Systems Installation director	1977 – 1979

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Ron performs IT security consulting and review (security administration, data encryption, privacy incident management and other security and privacy related functions).
- Ron's range of experience includes corporate IT architecture development and management, valuation of IT systems related to M&A activities, management of software development projects, and systems design and analysis.

Name:	Scott Bush
Job Title:	Consultant, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Consultant

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Project Manager
Responsibilities: Managing the evaluations of the Medical and MH/SA ongoing experience and renewals (Tasks 1 & 2), as well as ad hoc projects (Task 4) as needed
Percentage of Time Dedicated to Project: Approximately 6% will be dedicated to the tasks above. At the height of the project cycle, 50% to 75% of time can be dedicated to these tasks.
Reporting Relationships: Scott reports to Harvey Sobel and supervises junior staff.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
Schulich School of Business Toronto, Canada	Graduate Diploma	2007	Financial Engineering
York University Toronto, Canada	MA	2007	Statistics
Carleton University Ottawa, Canada	B.Math	2005	Math

CERTIFICATIONS:

- Associate in the Society of Actuaries, 2012
- Member of the American Academy of Actuaries

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Consultant	2007 – Present

PROFESSIONAL EXPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Scott has assisted with quarterly and renewal analysis and is currently the project manager for the medical and mental health/substance abuse coverage. He has also helped with DCS evaluation of vendor proposals and the attestation of actuarial equivalence for the Medicare Part D Prescription Drug Subsidy
- Scott's experience also includes working on ASC 715 valuations for employers such as Lorillard Tobacco Company and The Legal Aid Society, as well as ASC 965 valuations for multi-employer plans such as United Food and Commercial Workers Local 1262 and the Central States Southeast & Southwest Areas Health and Welfare Fund.
- He has also assisted with pricing of medical, dental and drug benefits for the Pension Boards - United Church of Christ and for United Food and Commercial Workers Local 1262. He has also assisted with Medicare product pricing for National Educators Association Members' Insurance Trust.

Scott Bush (continued)

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)
• Scott has collaborated with others on Long Term Disability and ASC 712 valuations for Merck and The Legal Aid Society, and has assisted with the attestation to equivalence of drug benefits to Medicare Part D for a number of employers, including Kentucky Farm Bureau, Lorillard Tobacco Company and Ingram Industries.
REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Patricia Curran, RN
Job Title:	Principal, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Principal

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Wellness and Disease Management Assignments
Responsibilities: Wellness subject matter resource
Percentage of Time Dedicated to Project: As needed
Reporting Relationships: For Ad Hoc Task 4 projects, Patricia will report to the Ad Hoc Project Manager and ultimately to Harvey Sobel. Within Buck internally, she reports to Leah Malof, National Health Management Practice Leader.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION: R.N. Degree

Institution & Location	Degree	Year Conferred	Discipline
Brookdale College Monmouth, NJ	Registered Nurse	1971	Nursing

CERTIFICATIONS:

- Licensed Registered Nurse – Maryland, New Jersey, and District of Columbia

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Principal	2003 – Present
Nationwide Better Health	VP of Sales	1997 – 2003
Coram Healthcare	Client Service Manager	1996 – 1997
Matria Healthcare	Nurse Manager (MD, VA and DC)	1992 – 1996
Frizzera and Berlin, MD, PA	Office Manager	1983 – 1992
Sinai Hospital	Labor and Delivery Nurse	1981 – 1983
Monitrices of Maryland	Owner and Manager	1979 – 1982

PROFESSIONAL EXPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Patricia is a registered nurse with both a clinical and marketing background. She specializes in medical management, disease management, worksite clinics and wellness solutions.

Patricia Curran (continued)

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)
• She joined Buck from one of the leading disease management vendors, FutureHealth Corp. (now called Nationwide Better Health) where she developed their very successful maternity program and, later in her tenure, served as VP of Sales. Since joining Buck, she has worked with numerous governments and large employers in developing wellness and health management solutions. Government clients include Polk County, Pinellas County and Sarasota County, Florida; State of Alabama Public Employees Health Insurance Plan, The State of Alaska and the City of Alexandria, VA.
• Patricia's previous experience also includes women's health clinical sales and product development, Regional Nurse Manager for another leading health management organization, and experience in account management, obstetrical nursing, high-risk obstetrical home care, utilization, case and disease management and wellness programs.
REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Bobbi Clifton-Dahdah
Job Title:	Senior Consultant, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Lead Consultant

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Vendor Marketings
Responsibilities: Assist with Ad Hoc projects (Task 4)
Percentage of Time Dedicated to Project: As needed
Reporting Rel ationships: For Ad Hoc Task 4 projects, Bobbi will report to the Ad Hoc Project Manager and ultimately to Harvey Sobel. Within Buck internally, she reports to Richard Stover and supervises junior staff.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
William Paterson University	BA	1994	Liberal Arts/Social Science

CERTIFICATIONS:

- New Jersey State Life/Health Producer
- New York State (Non-Resident) Life/Health Producer

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Senior Consultant	1996 – Present
Aetna U.S. Healthcare	Underwriting Analyst	1994 – 1996

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Bobbi has been a consultant with Buck since 1996. During her tenure she has worked with clients on national medical and integrated disability plans including proposed rate negotiations, and the vendor selection process.
- Bobbi project manages client projects including health care claims cost analyses, underwriting of Health and Welfare benefit programs, COBRA rate analysis and vendor selection.
- Bobbi designs and maintains various health care databases containing employee demographics, vendor service areas, vendor claims data and Fully-Insured rate information.
- Bobbi also works with various clients on their Government Welfare 5500 Plan filings and Dependent Care Non-discrimination testing for client plans.
- Bobbi has also worked with clients on the ERRP and Medicare Part D Attestation process.

Bobbi Clifton-Dahdah (continued)

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Janet DenBleyker
Job Title:	Director, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Lead Consultant

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Special Projects Team Leader
Responsibilities: Direct the team on any special projects to ensure timely and cost effective delivery of quality projects. Special projects may include benefit redesign, vendor marketing, Medicare D Attestation, pricing and budget analysis.
Percentage of Time Dedicated to Project: 2% on average, but more if needed
Reporting Relationships: Janet reports to Harvey Sobel; Scott Bush reports to Janet.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
Bucknell University Lewisburg, PA	BS	1994	Math

CERTIFICATIONS:

- Associate in the Society of Actuaries, 2000
- Member of the American Academy of Actuaries

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Director	1994 – Present

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Janet was the assistant actuary for NYS DCS from 1997 to 2005.
- She has 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 has also assisted numerous employers negotiate renewals with vendors including Aetna, CIGNA and various Blue Cross Blue Shield plans.
- Janet's experience includes pricing the cost of new products such as vision, hearing or mandated benefits for employers and multi-employer groups.
- 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 including Dow Jones.

Janet DenBleyker (continued)

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Danielle Epstein
Job Title:	Senior Associate, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Analyst

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Actuarial Analyst
Responsibilities: (1) Assist with rate renewal and rate projection work for MH/SA and medical coverages, and vendor evaluation; (2) Underwriting, programming, data analysis, execution, review of NYS GASB 45 valuation (Tasks 1, 2 and 3)
Percentage of Time Dedicated to Project: 15%
Reporting Relationships: Danielle reports to Harvey Sobel, Robin Simon and Frank Svara.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
The College of New Jersey Ewing, NJ	BA	2008	Statistics

CERTIFICATIONS:

- Associate in the Society of Actuaries, 2011
- Member of the American Academy of Actuaries, 2011

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Senior Associate	2008 – Present

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Danielle has been directly involved with the 4/1/10 New York State GASB 45 valuation, and will continue the role with the 4/1/12 valuation.
- She has assisted in valuing the retiree medical obligation for government employers, such as Jacob Javits Convention Center and Town of Danvers, CT, under GASB 45.
- Danielle has assisted with quarterly and renewal analysis, specifically for medical and mental health/substance abuse coverage, and has helped with DCS evaluation of vendor proposals.
- Danielle has collaborated with retiree medical valuations for non-government entities, including Eaton Corporation, Bechtel Bettis and Hudson City Savings Bank, under ASC 715.

Danielle Epstein (continued)

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Judy Felhaber
Job Title:	Principal, National Practice Leader, Audit and Recovery
Position Title per RFP, §4.04 – Assumption 6	Principal

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Audit Team Lead
Responsibilities: Management of audit and reporting national practice
Percentage of Time Dedicated to Project: As needed
Reporting Relationships: For Ad Hoc Task 4 projects, Judy will report to the Ad Hoc Project Manager and ultimately to Harvey Sobel. Within Buck internally, she reports to Eliot Asyre, Managing Director, Health & Productivity Practice

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
Defiance College Defiance, Oh		Unfinished	Education – elementary; science/math K - 12
Employee Benefits Institute of America			ERISA, HIPAA, COBRA, SOX, etc.

CERTIFICATIONS:

- Administrative Services Manager – State of Michigan; Life, Accident and Health, Ohio

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Principal	2003 – Present
Stateline TPA	Owner, CEO	1992 – 2003

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Judy Felhaber is Principal and National Practice Leader for the Audit and Recovery Services practice of Buck Consultants.
- As president/CEO of a third-party administrator, she supported health care plan strategies by careful integration of various cost-containment strategies with servicing vendors. Combined with efficient and effective administrative practices, evolutionary product design and development, Judy successfully assisted clients in minimizing health care inflation resulting in a 95-percent retention rate of all client contracts.
- In recent years, Judy has been extensively involved in the development of specialized auditing practices designed to assist clients with the evaluation of the many components of their health care plans. Areas of focus include eligibility claim administration and adjudication, cost containment, financial reconciliation, compliance (Sarbanes-Oxley), vendor performance, and more. These specialized practices allow a plan sponsor to identify areas of potential risk, recover overpayments, and implement preventive measures to protect future health care dollars.

Judy Felhaber (continued)

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Peter Ford
Job Title:	Principal, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Principal

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Long-term Care Plan Design
Responsibilities: LTC subject matter resource
Percentage of Time Dedicated to Project: As needed
Reporting R elationships: For Ad Hoc Task 4 projects, Peter will report to the Ad Hoc Project Manager and ultimately to Harvey Sobel. Within Buck he reports to Tom Foley.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
Fairleigh Dickinson University	BA	1981	Economics

CERTIFICATIONS:

- Associate of the Society of Actuaries; member of its "Health Section"
- Member of the American Academy of Actuaries

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Principal	1981 – Present

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Peter specializes in health and welfare benefit consulting, with emphasis on the design and measurement of costs associated with postemployment and postretirement benefits.
- Pete has a broad range of benefit consulting experience, including the measurement of postretirement welfare benefit costs for both U.S. and international employers.
- He is a recognized expert in the design of retiree health and welfare benefits and, until recently, was a member of the American Academy of Actuaries Retiree Health Insurance Work Group. In addition, he has experience in the design and pricing of long-term care programs.
- He is responsible for providing ongoing actuarial and consulting services to a number of nationally known organizations.

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.

Name:	Casandra Iacuzzo
Job Title:	Senior Consultant, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Consultant

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: All projects involving claims data
Responsibilities: Analyzing claims data for marketings (EG Medical RFP in 2008)
Percentage of Time Dedicated to Project: As needed.
Reporting Rel ationships: For DCS assignments Casandra will report directly to Harvey Sobel. Internally within Buck, she reports to Brian Stitzel, Regional Operations Officer.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
Dowling College, Long Island, NY	M.B.A	2001	Management
St. Bonaventure University, New York	B.S.	1994	Mathematics

CERTIFICATIONS:

- New Jersey Life and Health Producers License

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Senior Consultant	2002 – Present
Horizon Blue Cross Blue Shield NJ	Senior Data Analyst	1995 – 2002
RH Capital	Data Analyst	1994 – 1995

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Casandra is a SAS programmer with a background in health care claims analysis.
- Currently she is member of Buck's Center of Excellence-Healthcare Analytics team.
- She was responsible for the medical analysis that Buck completed for NYSHIP in 2010.
-

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.

Name: [redacted]
Phone: [redacted]

Name:	Robert Kalman
Job Title:	Principal, National Pharmacy Practice
Position Title per RFP, §4.04 – Assumption 6	Principal

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Prescription Drug Marketing
Responsibilities: Task 4 ad hoc pharmacy projects
Percentage of Time Dedicated to Project: As needed
Reporting Rel ationships: For Ad Hoc Task 4 projects, Robert will report to the Ad Hoc Project Manager and ultimately to Harvey Sobel. Internally within Buck, he reports to the National Pharmacy Practice Leader

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
Franklin & Marshall College	B.A.	1968	History
University of Massachusetts at Amherst	M.S.	1970	Labor Relations
George Washington University	Grad. Certificate	1972	Health Care Administration

CERTIFICATIONS:

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-

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Principal	2000 – Present
Gabriel, Roeder, Smith & Company	Director, Health Care Consulting	1993 – 2000
Williams, Thatcher & Rand	Senior Consultant	1991 – 1993
Towers Perrin	Senior Consultant	1987 – 1991
Mercer	Senior Consultant	1979 – 1987

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- 30 years of pharmacy benefit consulting experience spanning the full spectrum of issues for governmental, private and not-for-profit employers
- Has worked closely with clients to achieve optimal results in the design, pricing, funding, vendor evaluation, administration, and implementation of pharmacy benefit programs covering active employees and retirees, and integration of pharmacy benefits into their overall health care

Robert Kalman (continued)

• Pharmacy consulting experience includes:
  ○ Conducting competitive biddings of pharmacy benefit managers (PBMs)
  ○ Negotiating leading-edge financial, performance guarantee and other key contract terms with PBMs
  ○ Recommending strategic plan design and clinical program changes based on evidence-based analysis
  ○ Developing pragmatic strategies for employers to manage rapidly rising Specialty/Biotech drug costs

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Yungchai Kim
Job Title:	Principal and Global Client Manager, Global Client Strategy
Position Title per RFP, §4.04 – Assumption 6	Principal

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Account Manager
Responsibilities: Responsibility for DCS' satisfaction and retention. Manage the business aspects of the client relationship.
Percentage of Time Dedicated to Project: 5%
Reporting Relationships: Yungchai works with Harvey collaboratively to ensure meeting the DCS' needs. Internally at Buck, she reports to Nicole Giantonio, Managing Director, Global Client Strategy Practice.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
New York University	BA	1977	Mathematics

CERTIFICATIONS:

- Associate of the Society of Actuaries
- Member of the American Academy of Actuaries
- Fellow of the Conference of Consulting Actuaries
- Enrolled Actuary

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Principal & Global Client Manager	1979 – Present
MONY Life Insurance Company	Actuarial Assistant	1977 – 1979

PROFESSIONAL E XPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Yungchai serves as the Client Manager for some of the firm's large clients, including public sector clients.
- She has a broad range of domestic and global actuarial and benefit consulting experience.
- Her experience includes plan design, implementation and administration of benefit programs, funding, regulatory and accounting issues.
- She has also served as Account Executive & lead actuary for a number of clients at Buck.

Yungchai Kim (continued)

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Leslye Laderman
Job Title:	National Leader, Compliance Services Health and Productivity Practice
Position Title per RFP, §4.04 – Assumption 6	Principal

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Tax & Legal
Responsibilities: Identify and address tax and compliance issues
Percentage of Time Dedicated to Project: As needed
Reporting Rel ationships: For Ad Hoc Task 4 projects, Leslye will report to the Ad Hoc Project Manager and ultimately to Harvey Sobel.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
University of Michigan Ann Arbor, MI	BA	1973	History
Washington University in St. Louis St. Louis, MO	JD	1976	Law
Washington University in St. Louis St. Louis, MO	LLM	1985	Taxation

CERTIFICATIONS:

- Member of the Missouri Bar

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Principal	1986 – Present

PROFESSIONAL E XPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- As an attorney, Leslye has more than 20 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 COBRA, HIPAA, FMLA, ADEA and the Internal Revenue Code.
- She is responsible for ensuring that Buck's H&P consultants have the training and the tools they need to help clients address compliance issues. She also consults directly with clients on compliance-related matters.

Leslye Laderman (continued)

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Lenny Leung
Job Title:	Senior Associate, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Analyst

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Actuarial Analyst
Responsibilities: Assist with rate renewal and rate projection work for the hospital and prescription drug coverages, and vendor evaluation (Tasks 1, 2 and 4)
Percentage of Time Dedicated to Project: Approximately 10% will be dedicated to the task above. At the height of the project cycle, 75% of time can be dedicated to the task.
Reporting Relationships: Lenny reports to Frank Svara and Harvey Sobel

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
State University of New York, Binghamton	BA	2005	Mathematics
State University of New York, Binghamton	BS	2005	Economics

CERTIFICATIONS:

- N/A

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Senior Associate	2007 – Present
AIG	Financial Analyst	2006 – 2007
Epic Systems	Analyst	2005 – 2006

PROFESSIONAL EXPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Lenny has assisted with quarterly and renewal analysis, specifically for hospital and prescription drug coverage. Lenny has also helped with the RFP process for the prescription drug program.
- Lenny has also assisted with valuations of retiree medical and life insurance obligations for government employers, such as Town of Marlborough, New Jersey Health Care Facilities Financing Authority, and New Jersey Housing and Mortgage Finance Agency, under GASB 45.
- Lenny has assisted with retiree medical valuations for non-government entities, including Bristol-Myers Squibb and Consolidated Edison Company of New York, under ASC 715.
- Lenny has also assisted with the attestation to the equivalence of drug benefits to Medicare Part D for numerous employers, including Bristol-Myers Squibb.

Lenny Leung (continued)

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Gail Levenson
Job Title:	Principal, National Clinical Practice
Position Title per RFP, §4.04 – Assumption 6	Principal

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Pharmacy and Health and Wellness Assignments
Responsibilities: Subject Matter expert, Pharmacy, EGWPs, Retiree Medical, Health and Wellness
Percentage of Time Dedicated to Project: As needed
Reporting R elationships: For Ad Hoc projects, Gail will report to the Ad Hoc Project Manager and ultimately to Harvey Sobel. Internally within Buck, she reports to Paul Burns, Director, Health and Productivity.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
Philadelphia College of Pharmacy and Science	B Sc	1987	Pharmacy

CERTIFICATIONS:

- Certified Diabetes Educator
- Certified Geriatric Pharmacist
- Licensed Registered Pharmacist

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Principal	2011 – Present
National Rural Electric Cooperative Association	Sr. Director, Health Management Service	2002 – 2011
UnitedHealth Care	Director, Clinical Marketing	2001– 2002
Retired Persons Services	Various	1990-2001

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Gail is a registered pharmacist with a clinical, business and marketing background. She specializes in general pharmacy consulting, contract negotiation, retiree medical and pharmacy solutions as well as integration of health and welfare benefits.
- She joined Buck from a self-funded multiple employer plan where she oversaw their pharmacy and medical programs including retiree pharmacy (Part D) and medical solutions.
- Gail has hands on experience implementing and managing a direct-waiver Employer Group Waiver Plan (EGWP). This includes compliance oversight, administration and communications.

Gail Levenson (continued)

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Jim Lowder
Job Title:	Director, Health & Productivity – Voluntary Benefits Integrated Solutions
Position Title per RFP, §4.04 – Assumption 6	Lead Consultant

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Lead Consultant
Responsibilities: Design and Implementation of Voluntary Benefits Programs
Percentage of Time Dedicated to Project: TBD
Reporting Relationships: Jim reports to Harvey Sobel for DCS assignments. Internally Jim reports to Eliot Asyre, the H&P National Practice Leader.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
Illinois State University	BS	1980	Math

CERTIFICATIONS:

- N/A

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Director	2011 – Present
Independent Consultant		2008-2011
Marsh US Consumer	VP Product Management	2004-2008
CNA	VP Group Long-Term Care	1988-2004
Combined Insurance	Various	1980-1988

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Jim has designed and overseen implementation of over 500 voluntary benefits programs over the course of 25+ years in the voluntary benefits marketplace

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.

Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Matt Mayan
Job Title:	Consultant, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Consultant

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Actuarial Consultant
Responsibilities: Underwriting, programming, data analysis, execution, review of NYS GASB 45 valuation (Task 3)
Percentage of Time Dedicated to Project: 15%
Reporting Relationships: Matt reports to Frank Svara.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
Temple University Philadelphia, PA	MS	2006	Actuarial Science
University of Rochester Rochester, NY	BS	2005	Mathematics

CERTIFICATIONS:

- American Academy of Actuaries, Member, 2009
- Society of Actuaries, Associate, 2009

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Consultant	2007 – Present

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Has been directly involved with the New York State GASB 45 valuations since the initial 4/1/06 report, and will continue that role with the 4/1/12 valuation.
- Assisted in valuing retiree medical obligation for government employers, such as Jacob Javits Convention Center and Battery Park City Authority, under GASB 45.
- Valued retiree medical obligation for government employers, such as Battery Park City Authority, Jacob Javits Convention Center and LIPA, under GASB 45, and for corporate employers and multi-employer plans under ASC 715-60.
- Performed the calculation of unpaid claim liabilities for entities such as MetroPlus Health Plan.
- Assisted with the attestation to the equivalence of drug benefits to Medicare Part D for numerous employers, including Boehringer Ingelheim, Bechtel Marine Propulsion Corporation and Sandvik, Inc.

Matt Mayan (continued)

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Anna Patrick
Job Title:	Principal, National Pharmacy Practice
Position Title per RFP, §4.04 – Assumption 6	Principal

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Pharmacy Consulting
Responsibilities: Task 4 ad hoc projects related to marketing (such as analyzing the formulary for the not-released 2013 Prescription Drug Program RFP).
Percentage of Time Dedicated to Project: As needed
Reporting Relationships: For Ad Hoc Task 4 projects, Anna will report to the Ad Hoc Project Manager and ultimately to Harvey Sobel. Within Buck internally, Anna reports to the National Pharmacy Practice Leader.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
University of Tennessee	Pharm D	1998	Doctor of Pharmacy
University of Tennessee	BS	1991	Business Marketing

CERTIFICATIONS:

- Licentiate in Pharmacy, State of NC
- Licentiate in Pharmacy, State of TN

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Principal	2010 – Present
Aon Consulting	Vice President	2002 – 2010
QualChoice of NC	Director of Pharmacy Mgmt	2001 – 2002
Scrip Pharmacy Solutions	Clinical Account Manager	1999 – 2000
Scrip Pharmacy Solutions	Clinical Coordinator	1998 – 1999

PROFESSIONAL EXPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department 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

Anna Patrick (continued)

PROFESSIONAL EXPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)
• 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
REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Robin B. Simon
Job Title:	Principal, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Principal

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Actuarial Peer Review, OPEB Valuation
Responsibilities: Oversees actuarial production in relation to OPEB valuation. Peer review of other NYSHIP actuarial material including Medicare Part D actuarial attestation (Tasks 3 and 4).
Percentage of Time Dedicated to Project: 5%
Reporting Relationships: For Tasks 3 and 4 of this project, Robin reports to Harvey Sobel. Within Buck internally she reports to Eliot Asyre, Managing Director, Health & Productivity Practice.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
NJ Institute of Technology Newark, NJ	MS	2004	Management
New York University New York, NY	JD	1979	Law
University of Pennsylvania Philadelphia, PA	BS in Econ.	1976	Actuarial Science
University of Pennsylvania Philadelphia, PA	BA	1976	Mathematics

CERTIFICATIONS:

- Fellow of the Society of Actuaries
- Fellow of the Conference of Consulting Actuaries
- Member of the American Academy of Actuaries
- Enrolled Actuary
- Licensed Attorney in New York State; member of Texas Bar Association

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Principal	1978 – Present
PBGC	Intern – Law Dept	1978 – 1978
Dept of HEW	Intern – Law Dept	1977 – 1979

PROFESSIONAL E XPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Robin currently serves as Buck Consultants' Chief Actuary, Healthcare.
- She has decades of experience consulting on and performing OPEB valuations.
- Robin also has decades of experience consulting on and performing valuation of governmental benefits including pension, health and welfare.

Robin Simon (continued)

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Harvey Sobel
Job Title:	Principal and Consulting Actuary, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Principal

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Project Team Leader/Lead Actuary
Responsibilities: Ensure that all of Buck's consulting services are of the highest quality and provided to DCS on a timely manner. Select staffing and resources for all DCS projects. Supervise Tasks 1 and 2 services and some Task 4 projects. Assist in overseeing and directing Task 3 (GASB 45 valuation).
Percentage of Time Dedicated to Project: 20%
Reporting Rel ationships: All individuals working on this project report to Harvey. Within Buck internally, Harvey reports to Brian Stitzel, Secaucus Health & Productivity Practice Leader.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
State University of NY at Albany	BS	1975	Mathematics & Accounting, concentration in Computer Science

CERTIFICATIONS:

- Fellow of the Society of Actuaries (1978)
- Member of the American Academy of Actuaries (1979)
- President, Actuarial Society of Greater New York (2005-2006)

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Principal & Consulting Actuary	1994 – Present
William M Mercer	Principal	1988 – 1994
KPMG	Senior Manager	1983 – 1988
Mutual of New York	Assistant Actuary (Group Dept.)	1981 – 1983
Metropolitan Life	Actuarial Assistant (Group)	1975 – 1981

Harvey Sobel (continued)

PROFESSIONAL EXPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)
• Harvey is the Lead Actuary for NYS DCS from 1997 to the present. He has 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 is currently assisting 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 – 2012 on behalf of a Medicaid HMO covering dual eligibles.
• Valued retiree medical obligation for government employers, such as Battery Park City Authority, Jacob Javits Convention Center and LIPA, 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 Reckitt Benckiser.
• 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.
REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Anne Spagnolo
Job Title:	Senior Associate, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Analyst

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Analyst
Responsibilities: Run Geoacess for Task 4 RFPs
Percentage of Time Dedicated to Project: As needed
Reporting R elationships: Anne reports to Harvey Sobel for any DCS assignments. Internally she reports to Lorin Lacey.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
Robert Morris University Moon Township, PA	BS	2004	Actuarial Science and Mathematics

CERTIFICATIONS:

- Pennsylvania Resident Producer Insurance License in Accident and Health, Life and Fixed Annuities
- Ohio, West Virginia, and Illinois Non-Resident Producer Insurance Licenses in Accident and Health, Life and Fixed Annuities

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Senior Associate	2004 – Present

PROFESSIONAL E XPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Trained in GeoAccess
- Prior to joining the health and productivity practice, Anne had four years of experience in the FAS No. 106 actuarial field. Her experience includes performing all aspects of FAS No. 106 valuations including data manipulation, per capita claims cost analysis, and expense calculations. Her experience not only covers FAS 106 valuation work, she also has been involved in union negotiations, plan design, mergers and acquisitions, and plan terminations.
- Currently, Anne's primary focus is performing renewal pricing, underwriting, plan design and implementation, and assisting with vendor searches for a wide range of coverages.
- Anne has also assisted with compliance and administrative options, and benefit administrative/compliance guidance projects.

Name:	Richard D. Stover
Job Title:	Principal and Consulting Actuary, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Principal

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Legislative compliance
Responsibilities: Assistance on Health Care Reform, Medicare Advantage/Medicare PDPs, federal legislation, Massachusetts and other state mandates, compliance, peer review.
Percentage of Time Dedicated to Project: As needed
Reporting Relationships: For Ad Hoc Task 4 projects, Richard will report to Harvey Sobel.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
Stevens Institute of Technology Hoboken, NJ	BS	1974	Mathematics

CERTIFICATIONS:

- Fellow of the Society of Actuaries, 1978
- Member of the American Academy of Actuaries

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Principal & Consulting Actuary	1995 – Present
William M Mercer	Principal	1987 – 1995
Home Life Insurance Company	Vice President	1983 – 1987
Mutual Benefit Life	Group Actuary	1974 – 1983

PROFESSIONAL EXP ERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Rich assists clients in strategy, design, legislative compliance, and financial analysis for both active and retiree life and health programs.
- Prior to joining Buck, 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, CNN, and Dow Jones television.

Richard D. Stover (continued)

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Frank Svara Jr.
Job Title:	Director, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Lead Consultant

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). Include the percentage of time dedicated to the Project and reporting relationships:

Role: Project Manager
Responsibilities: Managing the evaluations of the Hospital and Prescription Drug ongoing experience and renewals, and managing the actuarial production of the OPEB valuation Tasks 1,2, 3 and 4).
Percentage of Time Dedicated to Project: Approximately 20% will be dedicated to the tasks above. At the height of the project cycle, 50% to 75% of time can be dedicated to these tasks.
Reporting Relationships: Frank reports to Harvey Sobel and supervises junior staff.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
State University of NY Albany, NY	MA	2000	Mathematics
State University of NY Albany, NY	BS	1998	Mathematics

CERTIFICATIONS:

- American Academy of Actuaries, Member, 2008
- Member of the American Academy of Actuaries, 2008

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Director	2000 – Present

PROFESSIONAL EXPERIENCE: (Include only that experience which is significant and relevant to the individual's performance of Project Services to the Department program)

- Frank has been a consultant for NYS DCS from 2000 to the present. He has both assisted and been the project manager for the quarterly and renewal analyses on each coverage, currently the project manager for hospital and prescription drugs, reviewed financial stability of vendor mental health proposal, and assisted with the RFP process for the prescription drug program. Since 2009, he also has been the project manager for the actuarial production of the OPEB valuation.
- In addition to NYSHIP, Frank is a project manager and assisted with valuations of retiree medical and life insurance obligations for both government employers, such as Battery Park City Authority, LIPA, and Town of Foxborough, under GASB 45, and for corporate employers and multi-employer plans under FAS106.
- He has also assisted with the attestation to the equivalence of drug benefits to Medicare Part D for numerous employers, including Eaton Corporation.

Frank Svara Jr. (continued)

REFERENCES: (Provide and the Name and Phone Number of two references). All references provided must be from client company(ies) external to the Offeror's or Key Subcontractor's organization. All references provided should have direct knowledge of the individual's experience and be able to validate the experience provided as it relates to the individual's proposed role and responsibilities under the Contract.
Name: [redacted]
Phone: [redacted]
Name: [redacted]
Phone: [redacted]

Name:	Kaitlyn Verdi
Job Title:	Actuarial Associate, Health and Productivity
Position Title per RFP, §4.04 – Assumption 6	Analyst

In the space provided below describe the individual's proposed role and responsibilities under the Contract. Indicate whether or not the individual will be responsible for overseeing or performing the work and for which task(s). The Offeror must include the percentage of time dedicated to the Project and reporting relationships:

Role: Analyst
Responsibilities: Task 4 projects
Percentage of Time Dedicated to Project: As needed
Reporting Relationships: All individuals working on this project report to Harvey. Within Buck internally, Harvey reports to Brian Stitzel, Secaucus Health & Productivity Practice Leader.

In the space provided below provide a statement disclosing whether or not the proposed individual has competing obligations that require effort during the period during which this individual will be working on the Contract.

No. The consultant has the time and commitment to dedicate to working on the Contract.

EDUCATION:

Institution & Location	Degree	Year Conferred	Discipline
The Pennsylvania State University	BS	2012	Actuarial Science, Minor in Statistics

CERTIFICATIONS:

PROFESSIONAL EMPLOYMENT: (Start with most recent)

Employer	Title	Dates From – To
Buck Consultants	Actuarial Associate	2012 – Present
Buck Consultants	Intern, Health & Productivity	Summer 2011

§4.03.5 Project Services (Exhibit Q)

At this part of its Technical Proposal, Buck provides the information requested below as regards Buck's proposed approaches to deliver Project Service as described in RFP **§3.01**.

Task #1 – Premium Rate Renewals and Plan Funding Requirements

In regard to Task #1, at this part of its Technical Proposal, provide the information sought in A and B, below.

A. Task #1 Work Plan:

Submit a work plan which outlines the proposed process to be followed in order to deliver Task #1 Project Services as set forth in RFP **§3.01.1.** The outline should include a detailed description of the steps, factors, required staff resources (number of individuals per title and total number of hours per title) using the Position Titles set forth in RFP **§4.04** – Assumption #6 needed to successfully complete the Task. (Note: The projected total number of hours per Position Title per year as set forth in the Offeror's work plan must match the total number of hours per Position Title per year as set forth in the Offeror's **Exhibit R, Form S-1** submission.) The Offeror should explain any added assumptions, including justification of those assumptions. Include a timeline (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 Carriers).

In addition, the Offerors should:

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

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

The proposed work plan shall serve as the basis upon which the Contractor is to propose its Task #1 Not-to-Exceed Amount as set forth in the Offeror's Financial Proposal.

Buck's Work Plan

The following is our work plan, which is based upon the timing that has emerged based on Buck having performed Task 1 for the past 15 years. 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	Buck will submit a Task 1 work plan to DCS.	7/1	5

	Activity	Description	Due Date	Business Days
2.	Collect baseline data	Buck 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, Buck will estimate claims incurred through 6/30 of the current year. To calculate claims incurred, Buck 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	Buck 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. Buck will normalize the trends for one time events, such as plan changes and/or fee schedule changes.	8/15	20
6.	Develop trend factors	Buck 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 Buck's **National Health Care Trend Survey** – a survey over 75 health insurers and plan administrators.	8/22	5
7.	Project claim experience	Using the trend factors, Buck 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	Buck 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 Buck's manual rate software, which is a pricing tool based on industry experience.	8/22	5

	Activity	Description	Due Date	Business Days
9.	Analyze and project retention	Buck 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
10.	Develop independent rates	Buck will combine the results of the previous activities to develop Buck'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, **Buck's Independent Experience Projections and Premium Requirements** (see outline below).	8/31	5
11.	Analyze the renewal	Buck will analyze each vendor's proposed rate renewal. We will compare it to Buck's independent estimate and review all major components of the renewal, including the development of: • Base period incurred claims and claim reserves • Claim trends (both utilization and unit cost, by type of service) • The effect of any provider reimbursement changes • The effect of plan and fee schedule changes, if any • Retention charges	9/03-9/10	5
12.	Submit comments on the renewals	Buck 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 Buck 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	9/12	1

	Activity	Description	Due Date	Business Days
		meeting during the 2nd week of September. At this meeting, Buck and DCS will ask questions and request clarification and further details about the renewal. Buck will work in partnership with DCS to question the carriers.		
14.	Negotiate with vendors	Over the past 15 years, we have successfully helped DCS negotiate mutually favorable terms with the Empire Plan carriers. With the permission of DCS, Buck 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. Buck might request that a vendor review Buck'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 recent year.) Even if a carrier is unwilling to eliminate the conservatism in its premium calculation, Buck has been successful in assisting DCS in negotiating a lower billed premium (with the balance being subject to a "retro call" if needed). Buck has provided DCS with guidance as to a reasonable billed premium level. Due to fiscal pressures, the carriers' explicit margin of 3-4% of claims came under pressure a few years ago. Buck will work with DCS to negotiate an appropriate level of conservatism in light of budget pressures.	9/16-9/30	12 (But may extend into October)
15.	Prepare for JLMC Meeting	Buck will prepare for the meeting. Typically Buck sends DCS our Power Point presentation one or two days prior to the meeting	10/1-10/4	5
16.	Brief the JLMC	Buck 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	10/05	1

	Activity	Description	Due Date	Business Days
		NYSHIP. In advance of the meeting, Buck works collaboratively with DCS and GOERS to set the agenda and ensure that the meeting will meet the two agencies' objectives.		
17.	Submit final written report	Buck will document our analysis of the final rate renewal in a report, **Buck's Final Report and Recommendations** . The report will comment on the appropriateness of the final rates – both insured and self-funded.	10/10	5
18.	Follow-up discussions with DCS and the vendors	Buck will be available, should the need arise, for any follow-up discussions with the vendors and DCS re: the premium rates. In some years (most recently, for the 2012 renewal), budget pressures have led to other state agencies requesting DCS negotiate specific terms and conditions with the Empire Plan vendors. Buck has worked with DCS in the past (and will continue to do so in the future) to present arguments for reduced rate requirements.	10/10-12/31	N/A

Resources to Complete Task 1

	# Hours for Each Contract Year				
Title	**1**	**2**	**3**	**4**	**5**
Principal	59	59	59	59	59
Lead Consultant	51	51	51	51	51
Consultant	54	54	54	54	54
Analyst	73	73	73	73	73
Total	**237**	**237**	**237**	**237**	**237**

Steps to Ensure We Complete Task 1 by the Due Dates

Buck is proud of having met all of its due dates – both for renewals, quarterly reports, and ad hoc projects – during the past 15 years. 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.

Buck is well versed in the timing of the renewal. We have established 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 collect this data electronically (usually via e-mail and secure websites) to save time and money. We independently project the four programs' experience over the course of the next 30 days, with Buck submitting a report to DCS no later than the 8/31 deadline.

We have a proven track record of meeting the deadline. Buck's staff is "self-starting"; the consultants assigned to the DCS account have performed the analyses before and by experience, know to begin the analysis soon after June ends. If data is not available, we pursue it diligently with the vendor in question to prevent delays. Harvey Sobel as Project Team Leader and Frank Svara Jr. and Scott Bush, as Project Managers check with their staff regularly to make sure Buck 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 are also 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.

Buck's Quality Assurance Process

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

- Buck has assigned seasoned consultants to Task 1 who understand the client, carrier renewals, and what is needed to complete the assignment. Harvey Sobel has worked on Task 1 for the past 15 years; Frank Svara Jr. for 11 years, and Scott Bush for six years.
- The best quality control is to do the assignment right in the first place. Over the past 15 years, Harvey and his team have 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, Buck 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.

B. Task #1 Deliverables:

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

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

(b) "Benefits Management Consultant Final Report and Recommendations".

Buck's Independent Experience Projections and Premium Requirements

The following is a comprehensive draft outline of our report. For ease of review, we assumed this report is for the 2014 renewal (and is being prepared in the summer of 2013):

Section 1: Introduction

Section 2: Hospital Program

- 2013 Estimated Financial Results
  - Development of Base Period Incurred Claims
  - Projected Trends for the 2nd Half of 2013
  - Comparison to Vendor's 2nd Quarter 2013 Projection
- Preliminary 2014 Renewal
  - 2014 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

- 2013 Estimated Financial Results
  - Development of Base Period Incurred Claims
  - Projected Trends for the 2nd Half of 2013
  - Comparison to Vendor's 2nd Quarter 2013 Projection
- Preliminary 2014 Renewal
  - 2014 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

- 2013 Estimated Financial Results
  - Development of Base Period Incurred Claims

- Projected Trends for the 2nd Half of 2013
- Comparison to Vendor's 2nd Quarter 2013 Projection

- Preliminary 2014 Renewal
  - 2014 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

- 2013 Estimated Financial Results
  - Development of Base Period Incurred Claims
  - Projected Trends for the 2nd Half of 2013
  - Comparison to Vendor's 2nd Quarter 2013 Projection
- Preliminary 2014 Renewal
  - 2014 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

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).

Buck's Final Report and Recommendations

The following is a comprehensive draft outline of our report:

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 Buck'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 Buck'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 Buck'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 Buck'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.

Task #2 – Quarterly Analysis

In regard to Task #2, at this part of its Technical Proposal, provide the information sought in A and B, below.

A. Task #2 Work Plan:

Submit a work plan which outlines the proposed process to be followed in order to deliver Task #2 Project Services as set forth in RFP **§3.01.2**. The outline should include a detailed description of the steps, factors, required staff resources (number of individuals per title and total number of hours per title) using the Position Titles set forth in RFP **§4.0.4** – Assumption #6 needed to successfully complete the Task. (Note: The projected total number of hours per Position Title per year as set forth in the Offeror's work plan must match the total number of hours per Position Title per year as set forth in the Offeror's **Exhibit R, Form 2** submission.) The Offeror should explain any added assumptions, including justification of those assumptions. Include a timeline (based on number of Business Days) of the major milestones and interim activities for completion of the Task and related activities.

In addition, the Offerors should:

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

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

The proposed work plan shall serve as the basis upon which the Contractor is to propose its Task #2 Not-to-Exceed Amount as set forth in the Offeror's Financial Proposal.

Buck's Task 2 Work Plan

The following is our work plan, which is based upon the timing that has emerged based on Buck having performed Task 2 for the past 15 years. 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 **Buck'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	Buck 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, Buck will estimate claims incurred through the end of the quarter being analyzed. To calculate claims incurred, Buck 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	Buck 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	Buck 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 Buck's **National Health Care Trend Survey** – a survey of over 75 insurers and health plan administrators.	2/10	5
6.	Project claim experience	Using the trend factors, Buck 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	Buck 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 Buck's manual rate software, which is a pricing tool based on industry experience.	2/10	5

	Activity	Description	Due Date	Business Days
8.	Analyze and project retention	Buck 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	Buck will combine the results of the previous activities to develop Buck's independent premium rate requirements and projected financial results for the next 2 years. We will present our analysis to DCS in our report, **Buck's Review of Empire Plan Carriers' Quarterly Reports** (see outline below).	2/14	3

Resources to Complete Task 2

1st Quarter:

	# Hours for Each Contract Year				
Title	**1**	**2**	**3**	**4**	**5**
Principal	11	11	11	11	11
Lead Consultant	21	21	21	21	21
Consultant	26	26	26	26	26
Analyst	68	68	68	68	68
Total	**126**	**126**	**126**	**126**	**126**

4th Quarter:

	# Hours for Each Contract Year				
Title	**1**	**2**	**3**	**4**	**5**
Principal	12	12	12	12	12
Lead Consultant	28	28	28	28	28
Consultant	38	38	38	38	38
Analyst	80	80	80	80	80
Total	**158**	**158**	**158**	**158**	**158**

Total:

	# Hours for Each Contract Year				
Title	**1**	**2**	**3**	**4**	**5**
Principal	23	23	23	23	23
Lead Consultant	49	49	49	49	49
Consultant	64	64	64	64	64
Analyst	148	148	148	148	148
Total	**284**	**284**	**284**	**284**	**284**

Steps to Ensure We Complete Task 2 by the Due Dates

Buck is proud of having met all of its due dates – both for renewals, quarterly reports, and ad hoc projects – during the past 15 years. 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.

Buck is well versed in the timing of the quarterly reports. We have established 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 collect this data electronically (usually via e-mail and secure websites) to save time and money. We independently project the four programs' experience over the course of the next 30 days, with Buck submitting a report to DCS no later than 45 days after the end of the quarter under review.

We've not had any problems meeting the deadline; Buck's staff is "self-starting;" the consultants assigned to the DCS account have performed the quarterly analyses before and know to begin the analysis soon after the quarter ends. If data is not available, we pursue it with the vendor in question to make sure we're not held up. Harvey Sobel as Project Team Leader and Frank Svara Jr. and Scott Bush, as Project Managers check with their staff regularly to make sure Buck stays on schedule. They also work with each staff member to make sure vacations are scheduled to ensure that the project continues while the staff member is out. Harvey and his team are also 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.

Buck's Quality Assurance Process

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

- Buck has assigned seasoned consultants to Task 2 who understand the client, carrier renewals, and what is needed to complete the assignment. Harvey Sobel has worked on Task 1 for the past 15 years, Frank Svara Jr. for 11 years and Scott Bush for six years.

- The best quality control is to do the assignment right in the first place. Over the past 15 years, Harvey and his team have engineered the Task 2 work flow and spreadsheets to make weed out problem areas and ensure that results are complete and accurate.
- In addition to these two important steps, Buck 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.

B. Task #2 Deliverables:

Provide a comprehensive outline of the information to be provided in the "Benefits Management Consultant Review of Empire Plan Carriers' Quarterly Reports" for each of the Empire Plan carriers, and a justification for 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 12/31/2013 quarterly, which estimates results for 2013, for 2014 (for whose rates are already known) and for 2015 (for whose rates are not known):

Section 1: Introduction

Section 2: Hospital Program

- 2013 Estimated Financial Results
  Development of Base Period Incurred Claims
  Projected Trends for 2013
- Projected 2014 Financial Results
  2014 Trends (By Type of Service – Utilization vs. Unit Cost)
  Comparison to Vendor's Renewal
- Projected 2015 Renewal
  2015 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

- 2013 Estimated Financial Results
  Development of Base Period Incurred Claims
  Projected Trends for 2013
- Projected 2014 Financial Results
  2014 Trends (By Type of Service – Utilization vs. Unit Cost)

Comparison to Vendor's Renewal

- Projected 2015 Renewal
  2015 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

- 2013 Estimated Financial Results
  Development of Base Period Incurred Claims
  Projected Trends for 2013
- Projected 2010 Financial Results
  2014 Trends (By Type of Service – Utilization vs. Unit Cost)
  Comparison to Vendor's Renewal
- Projected 2015 Renewal
  2015 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

- 2013 Estimated Financial Results
  Development of Base Period Incurred Claims
  Projected Trends for 2013
- Projected 2014 Financial Results
  2014 Trends (By Type of Service – Utilization vs. Unit Cost)
  Comparison to Vendor's Renewal
- Projected 2015 Renewal
  2015 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).

Task #3 – GASB 45 Valuation

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

A. GASB 45 Prior Experience:

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

Buck's Prior Experience

Buck 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, Buck 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, re: 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, Buck 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, Buck 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

Buck performed the State's next two GASB 45 valuations, in 2008 and 2010 respectively. As part of the 2010 valuation, Buck 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, Buck 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)

Buck is in the process of developing recommended actuarial assumptions for the fourth valuation, as of 4/1/2012. The new valuation will reflect savings anticipated 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, Buck has met all deadlines and not paid any performance penalties.

In addition to performing the GASB 45 valuation for New York State, Buck 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)
- State of Maryland
- New Jersey (Housing and Mortgage Finance Agency, Health Care Facilities Financing Authority, Economic Development Authority, Education Facilities Authority)
- New York Power Authority
- State of Tennessee
- Vermont (State Employees and Teachers)

Buck 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 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 methods of determining appropriate discount rate for partially prefunded plan
- 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, Buck has assisted numerous local government employers calculate its GASB 45 obligations. In New York State alone, Buck has assisted the following entities:

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

B. Task #3 Work Plan:

Submit two work plans which outline the proposed process to be followed in order to deliver Task #3 Project Services as set forth in RFP **§3.01.3**. The first work plan should clearly identify the steps related to the actuarial valuation component of the Task (i.e., Valuation) and the second work plan should clearly identify the steps related to the annual trending component (i.e., Year Two Roll Forward). The outline(s) should include a detailed description of the steps, factors, required staff resources (number of individuals per title and total number of hours per title) using the Position Titles set forth in RFP **§4.04** – Assumption #6 needed to successfully complete the Task. (Note: The projected total number of hours per Position Title per year as set forth in the Offeror's work plan must match the total number of hours per Position Title per year as set forth in the Offeror's **Exhibit R, Fo rm 3** submission.) The Offeror should explain any added assumptions, including justification of those assumptions. Include a projected timeline (based on number of Business Days) of the major milestones and interim activities for completion of the Task and related activities.

In addition, the Offerors should:

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

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

Given the variability of tasks which may be required from year to year and the effort required due to factors outside the Parties immediate control, on an annual basis, the Parties will, using the Contractor's work plan(s) as a template and the Contractor's Fixed Hourly Rates as set forth

in its Financial Proposal, negotiate Task #3 task order work plans detailing the projected effort, deliverables and a Total Projected Cost amount to undertake and complete the task.

Buck's Task 3 Work Plan

The following are two work plans: one for the actuarial valuation and a second for the annual trending (i.e., Roll Forward). Both work plans are based upon the timing that has emerged based on Buck having performed these valuations for the 4/1/06 and 4/1/08 valuations (and Roll Forwards).

The work plan for the 2014 actuarial valuation (as of 4/1/14) is as follows. Similar work plans would apply for future actuarial valuations.

	Activity	Description	Due Date	Business Days
1.	Kickoff meeting	Buck 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	Buck will send a data request to DCS (and/or the Empire Plan carriers/administrators) requesting: ▪ Plan changes ▪ Claims and enrollment data for NYS, SUNY and PE retirees covered under the Empire Plan ▪ 2014 NYSHIP premium rates and retiree contributions for NYS and SUNY retirees ▪ Financial terms for the EGWP ▪ DCS' analysis of vestee and COBRA premium vs. claim experience ▪ 4/1/14 census data for NYS and SUNY actives, retirees and COBRA qualified beneficiaries in NYSHIP (in HMOs as well as in the Empire Plan) ▪ Actual pay-as-you-go costs for the most recently completed fiscal years Buck will also request valuation reports, including actuarial	2/15	12

	Activity	Description	Due Date	Business Days
		assumptions and any experience studies, from the New York State Teachers Retirement System and the New York State & Local Retirement Systems. Buck will request that OSC provide us with its calculation of the Short Term Investment Pool (STIP) rate, which is a 15-year average used by OSC in preparing the State's financial statements.		
3.	Plan changes	DCS will provide Buck with information re: proposed and/or ratified plan changes. DCS will also provide Buck with terms and conditions of the 2014 Prescription Drug Program, which will have been marketed.	3/1	20
4.	Collect data for underwriting	DCS (and/or the Empire Plan carriers) will provide Buck with claim and enrollment data for the past three years ending February 2014. Data will distinguish between non-Medicare vs. Medicare eligible covered persons. DCS will also provide current NYSHIP premium rates and retiree contributions.	3/20	30
5.	Collect data for actuarial assumptions	DCS will provide Buck with premium and claim data for vestees vs. COBRA qualified beneficiaries for 2012 and 2013.	3/31	40
6.	Collect census data	DCS will provide Buck with census data for NYS and SUNY actives, retirees and COBRA qualified beneficiaries in NYSHIP (in HMOs as well as in the Empire Plan) as of 4/1/12. 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.	4/10	45
7.	Underwriting	Using the claim and enrollment data provided by DCS, Buck will develop per capita costs for the Empire Plan for non-Medicare vs. Medicare eligible participants separately for the four Empire Plan programs. Buck will estimate 2013 claims incurred using our proprietary UCL software tool, which is a flexible Excel-based program that analyzes	4/31	35

	Activity	Description	Due Date	Business Days
		historical claim payment patters. (UCL stands for Unpaid Claim Liability.) Buck 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 3/31/15). Buck will also price the impact of changes in the benefit design, such as copays and deductibles. Depending upon the nature of the change, Buck will project the financial impact using Empire Plan experience, coupled with Buck's manual rating software tool (which is based on industry experience).		
8.	Actuarial assumptions - demographics	Buck 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 covered under one of these retirement systems.) Based on that review, Buck will determine the mortality, retirement, disability and termination assumptions to be used in the valuation. Buck 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.	5/15	40
9.	Actuarial assumptions – economic	Buck 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, OSC's STIP rate, 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.	5/15	40

	Activity	Description	Due Date	Business Days
10.	Draft actuarial assumptions report	Buck will document our recommended actuarial assumptions in a draft report.	5/31	12
11.	Comments on draft assumptions report	DCS (and other state agencies affected by the valuation, such as OSC, DOB and SUNY) will provide Buck with commentary on the draft actuarial assumptions report.	6/15	12
12.	Finalize actuarial assumptions report	Buck will release our final actuarial assumptions report after discussions with and commentary by DCS.	6/30	12
13.	Modify ProVal software to reflect 4/1/14 experience	ProVal is the software program that Buck uses to value the OPEB obligation. The software projects costs by life and discounts the costs to obtain the various required GASB 45 figures. As a first step in the valuation, Buck will modify the 4/1/12 valuation coding to reflect updated per capita costs and other similar changes that are considered part of actuarial experience gain/loss. The actuarial cost method selected requires that Buck identify the gain (or loss) since the last valuation attributable to the change in actuarial assumptions or benefit changes (as opposed to experience gains/losses). After modifying ProVal, we test the logic using “test lives” (i.e., sample lives) to see that the software is valuing each life as intended.	7/15	20
14.	Run ProVal Baseline Valuation	Buck will run ProVal to generate Baseline 4/1/14 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	7/30	12

	Activity	Description	Due Date	Business Days
		projected results from the previous valuation.		
15.	Modify ProVal software to reflect 4/1/14 plan provisions and assumption changes	ProVal software will be further modified to reflect revisions in actuarial assumptions, eligibility and plan design as described in our actuarial assumptions report. These changes can be relatively straightforward, such as reflecting revisions in discount rate provided by the State. Alternatively, benefit changes could result in much more complexity for this stage. For example, the State is expected to implement an EGWP effective 1/1/13. This change will require Buck modify our software logic to properly value the savings. 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.	8/15	12
16.	Run ProVal Final Valuation	In order to do that, Buck will run the 4/1/14 population through ProVal, but after considering the 4/1/14 changes in actuarial assumptions and plan provisions.	8/30	12
17.	Calculate GASB 45 results	Buck will use the valuation results to calculate the GASB 45 financial results – the ARC, Net OPEB Cost and estimated Net OPEB Obligation.	9/15	12
18.	Draft valuation results report	Buck will document our valuation results in a draft report, which will be simultaneously reviewed by two qualified actuaries with specific expertise under Buck's peer review policy, Class E.	9/30	12
19.	Comments on draft valuation report	DCS (and other state agencies affected by the valuation, such as OSC, DOB and SUNY) will provide Buck with commentary on the draft valuation report.	10/15	12
20.	Finalize valuation report	Buck will release our final actuarial valuation report after discussions with and commentary by DCS.	10/31	12

	Activity	Description	Due Date	Business Days
21.	PA and PE actuarial assumptions reports	Buck will provide DCS with a modified versions of the actuarial assumption report – one for PAs and another for PEs. While Buck can provide these reports earlier (i.e., shortly after 6/15), it is desirable to release the report once the valuation report has been released, as actuarial assumptions could change.	11/15	12

The work plan for the 2013 Year Two Roll Forward report follows. Similar work plans would apply for future roll forward reports.

	Activity	Description	Due Date	Business Days
1.	Collect data	Buck will collect actual pay-as-you-go costs for the most recently completed fiscal years from DCS. We will also collect the SUNY and New York State financial statement footnotes on OPEB benefits.	4/15	12
2.	Calculate roll forward	Buck will roll forward the 4/1/12 valuation results to the start of each State agency's fiscal year to calculate the ARC, Actuarial Accrued Liability and other required GASB 45 results.	5/1	12
3.	Peer Review	The calculations will be subject to peer review by an actuary not involved with preparation of the work in accordance with Buck's peer review policy Class D.	5/8	5
4.	Roll forward letter	Buck will provide DCS with a letter that summarizes our roll forward calculations, including a summary of the actual results of the most recently completed fiscal years and the projected (rolled forward) results for the upcoming fiscal years.	5/15	7

The above work plans are 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
- Detailed gain and loss analysis
- 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, Buck and DCS would agree to a timetable for the project.

Resources to Complete Task 3

Assumptions Report:

	# Hours for Each Contract Year				
Title	**1**	**2**	**3**	**4**	**5**
Principal	0	20	0	20	0
Lead Consultant	0	75	0	75	0
Consultant	0	50	0	50	0
Analyst	0	20	0	20	0
Total	**0**	**165**	**0**	**165**	**0**

Valuation Report:

	# Hours for Each Contract Year				
Title	**1**	**2**	**3**	**4**	**5**
Principal	0	50	0	50	0
Lead Consultant	0	75	0	75	0
Consultant	0	75	0	75	0
Analyst	0	125	0	125	0
Total	**0**	**325**	**0**	**325**	**0**

Total for Assumptions & Val Report:

	# Hours for Each Contract Year				
Title	**1**	**2**	**3**	**4**	**5**
Principal	0	70	0	70	0
Lead Consultant	0	150	0	150	0
Consultant	0	125	0	125	0
Analyst	0	145	0	145	0
Total	**0**	**490**	**0**	**490**	**0**

Roll Forward:

	# Hours for Each Contract Year				
Title	**1**	**2**	**3**	**4**	**5**
Principal	10	0	10	0	10
Lead Consultant	15	0	15	0	15
Consultant	10	0	10	0	10
Analyst	5	0	5	0	5
Total	**40**	**0**	**40**	**0**	**40**

Steps to Ensure We Complete Task 3 by the Due Dates

As the incumbent actuary who has performed the valuation four times, Buck 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. Buck 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 two times previously, we understand many of the pitfalls in the process and have re-engineered the process to minimize these pitfalls.

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 Frank Svara Jr. (Lead Consultant), Matt Mayan (Consultant) and Danielle Epstein (Analyst). Robin Simon (Principal) will be the lead peer reviewer.
- Frank Svara Jr. worked on the 4/1/10 In addition, he has worked on Tasks 1 and 2 for the past 11 years and is extremely knowledgeable about NYSHIP and GASB 45 valuations.
- Matt Mayan has worked on both the 4/1/06, 4/1/08, 4/1/10 and 4/1/12 valuations. Their knowledge of NYSHIP, GASB 45 and the nuances of the data will ensure that the 4/1/14 and future valuations go smoothly.
- 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 Buck's Chief Health Actuary and an industry expert in GASB 45 valuations.
- Harvey Sobel has also worked on all four valuations, as well as the 1999 valuation.
- Buck 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 Buck 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, Frank Svara Jr. and Matt Mayan will be in frequent communication with the DCS Project Manager (currently Paul McKinney) to provide him with progress reports on the status of Task 3 relative to our work plan.
- Buck will be available for meetings and/or conference calls with DCS, DOB, OSC and SUNY to discuss the status of Task 3.

Buck's Quality Assurance Process

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

- Buck 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 Buck 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, Long Island Power Authority and Battery Park City Authority.
- The best quality control is to do the assignment right in the first place. Over the past four years, Harvey, Frank and the team have engineered the Task 3 work flow and

spreadsheets to make 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, Buck'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.

- Buck 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.

C. NYS/SUNY Deliverables:

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

NYS/SUNY GASB 45 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, Actuarial Accrued Liability and Annual Required Contribution for each of the 6 different groups for each of their respective fiscal years
4.	Accounting Information	Calculation of the Annual OPEB Cost 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
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

	Section	Description
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 45 Terms	Definition of terms used by GASB 45 and us in our report.
10.	Available Actuarial Cost Methods	Definition of the different actuarial cost methods permitted by GASB 45
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	

D. PE/PA Deliverables:

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

PE/PA Deliverables

Buck confirms that we will be able to modify the actuarial assumptions section of the NYS/SUNY valuation report. Buck 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.

Buck's modified reports will provide PEs and PAs with guidance intended to aid them in preparing their own GASB 45 valuations. Buck previously provided DCS with separate PE and PA reports and will be preparing the PE / PA reports associated with the 4/1/12 valuation by the end of 2012.

Task #4 – Ad Hoc Consulting Services

In regard to Task #4, at this part of its Technical Proposal, provide the information sought in A, B and C, below.

A. General:

Offerors should:

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

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

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

Given the variability of tasks/effort and resources from one Ad Hoc Project to another, on a Ad Hoc Project-to-Ad Hoc Project basis, the Parties will, depending upon the breadth and scope of services sought or the nature and or duration of a given Ad Hoc task to be undertaken, either pay the Contractor for the required Ad Hoc services on a time and material basis based on the Fixed Hourly Rates as set forth in the Contractor's Financial Proposal for actual hours worked or negotiate either an Ad Hoc Project Not-To-Exceed Total Cost or an Ad Hoc Project Total Projected Cost amount to undertake and complete each Ad Hoc Project. The negotiated amount will be based on the Contractor's proposed Ad Hoc Project work plan, as approved by the Department, and the Contractor's Fixed Hourly Rates as set forth in its Financial Proposal.

Reporting to DCS

During the past 15 years, Buck has 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 Buck 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 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 the past 15 years, we have 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, Pam Fetcho, Mary Frye, Marian Kennedy, Ron Kuiken, Paul McKinney, Mindy Beyer, Nancy Schroeder and Stephanie Zoufaly.

Steps to Ensure We Complete Task 4 by the Due Dates

As the incumbent actuary who has performed previous ad hoc projects, Buck 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.

Buck 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 Frank Svara Jr.
- 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.
- Buck 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.

Buck has used this approach successfully on a number of time-sensitive projects.

Buck's Quality Assurance Process

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

- Buck 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 has been able to transfer her knowledge to DCS.
- The best quality control is to do the assignment right in the first place. For example, over the past five years, Janet DenBleyker and Harvey Sobel have engineered the ad hoc Medicare Part D attestation work flow and spreadsheets to weed out problem areas and ensure that results are complete and accurate. Buck has performed GeoAccess matches numerous times for DCS and has been able to engineer the process to be more efficient.
- All Buck work products are subject to strict peer review standards as described in Appendix C. In general, most Buck work products are reviewed by a second actuary or consultant. Robin Simon, one of the DCS team members, is Buck's Chief Health Actuary and responsible for peer review.

B. Prior Ad Hoc Projects:

1) Prior Ad Hoc Projects:

Provide information regarding three (3) 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.) One of each of the following types of ad hoc projects should to be provided:

a. one (1) of which, in the opinion of the Offeror required a comprehensive analysis of an issue(s), and the results of the analysis were of an exigent nature to the client;

b. one (1) of which, in the opinion of the Offeror required a comprehensive analysis of an issue(s), and the results of the analysis were not of an exigent nature to the client; and

c. one (1) of which, in the opinion of the Offeror, the analysis required was of a limited nature, and the results of the analysis were of an exigent nature to the client.

The Offeror should complete and submit **Exhibit Q**, entitled "**Project Abstract**" for each of the three (3) examples providing, at a minimum, the following:

1. A description of the ad hoc project;
2. The name of the client for whom the undertaking was performed;
3. The name, title, telephone number and e-mail address of a contact at the client (For each client, the Offeror shall be solely responsible for providing contact names and phone numbers that are readily available to be contacted by NYS);
4. The reasons why the analysis needed to be performed was required to be comprehensive in nature, or not;
5. A explanation of what caused the undertaking to be exigent, or not;
6. The resources used to undertake the project (number and titles of analysts and man-hours expended per title) – (Note: the Offeror should use the Positions Titles set forth in RFP, **§4.04** – Assumption 6, below);
7. The project's timeline to complete the project, at a minimum, provided start and end dates;
8. A description of any change orders issued in regard to the project;
9. An explanation of any modifications/corrections required to secure clients approval of the final deliverable;
10. The initial projected cost of the project and the final cost of the project with an explanation as to any variance in the two amounts; and
11. A copy of the final deliverable(s) (e.g., report or documentation) resultant from the project, if permissible.

The following Projects Abstracts are provided in Exhibit Q:

- Strategic Health Options for State Government Client
- EGWP Analysis and Implementation for State Government Client
- Annual Benefit Maximum for Multi-Employer Plan

C. Sample Ad Hoc Task:

Below are two Sample Tasks. Offerors are required to provide the information sought in Items #1 and #2 regarding **either** Sample Task #1 or Sample Task #2 as set forth below, **BUT NOT BOTH.** The choice as to which Sample Task to address is left to each Offeror to choose. (Note: Item #2 also contains additional requirements as regards the Oral Presentation to be conducted by the Offeror.)

Sample Task #1:

The Contractor has been requested to provide a briefing to the Joint Labor Management Committee on the impact to NYSHIP, including participating employers, participating agencies and NYSHIP enrollees, and to NYSHIP and carrier systems, processes, premium rates associated with the transition to the ICD-10 coding system.

Sample Task #2:

The Contractor has been requested to provide a briefing to the Joint Labor Management Committee on the impact to NYSHIP, including participating employers, participating agencies and NYSHIP enrollees, and to NYSHIP and carrier systems, processes and premium rates associated with the NYS autism legislation.

Item #1 Position Paper:

Prepare a position paper that provides, at a summary level – preferably in bulleted format - the information sought in the Sample Task. The position paper should be no more than two (2) pages long, not including a separate Cover sheet that Offerors may, but are not required to provide.

Buck's position paper on Autism is provided in Appendix D.

Item #2 Oral Presentation:

At the Oral Presentation, the Offeror will be expected to give the aforementioned briefing to a group of evaluators (acting as the members of the Joint Labor Management Committee), during which the Offeror will be expected to present, amplify and expound upon the information, findings and recommendations contained in the Offeror's Sample Task position paper submitted in response to item #1.

At this part of its Technical Proposal, Offerors should submit the Power Point presentation slides that the Offeror will use in its presentation. At the Oral Presentation, Offerors will be expected to bring all equipment it intends to use in delivering its presentation (e.g., personal computer and/or audio/visual equipment) as such equipment will not be provided by the Department, however, a podium, chairs, tables, screen and a marker board will be available for the Offeror's use.

Offerors are advised that Offeror's presentation component of the Oral Presentation shall not exceed thirty (30) minutes in duration. Questions asked by Department staff after the Offeror

has completed it verbal presentation may extend this timeframe. The Oral Presentation may not be used by an Offeror to modify its Proposal.

Buck's PowerPoint presentation about Autism is provided in Appendix E.

EXHIBIT Q – Project Abstract

EXHIBIT Q Project Abstract

(Link **§4.03.5**) **Exhibit Q – Page 1 of 3**

Sample # 1

Project Title:	[redacted]
Indicate which type of sample this project represents:	[redacted]
Name of the Client for whom services were performed:	[redacted]
Client Contact Information:	
Contact's Name:	[redacted]
Contact's Title:	[redacted]
Phone Number:	[redacted]
Email Address:	[redacted]

Project Description: The Offeror should submit specific details concerning the project identified in satisfaction of the requirements in RFP **§4.03.5**. The required information should be provided as an attachment to this Abstract Form. Include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Project Description – Project Title _____".

[redacted]

Comprehensive Status: In the space provided below or as an attachment to this Abstract Form, indicate the reasons why the analysis needed to be performed was required to be comprehensive in nature, or not. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Comprehensive Status")

[redacted]

Sample#: 1

Project Title:	[redacted]

Exigency: In the space provided below or as an attachment to this Abstract Form, provide an explanation of what caused the undertaking to be exigent in nature, or not. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Exigency")

[redacted]

Resources: In the space provided below or as an attachment to this Abstract Form, detail the resources used to undertake the project (number and titles of analysts and man-hours expended per title) - (Note: the titles to be used should be the Positions Titles set forth in RFP **§4.04** – 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")

[redacted]

Timeline: 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")

Date [redacted]	Task
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

Project Title:	[redacted]
Change Orders: In the space provided below or as an attachment to this Abstract Form, provide a description of any change orders issued in regard to the project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Change Orders")	
[redacted]	
Modifications/Corrections: In the space provided below or as an attachment to this Abstract Form, provide an explanation of any modifications/corrections required to secure the client's approval of the final deliverable(s). (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Modifications/Corrections")	
[redacted]	
Cost: In the space provided below or as an attachment to this Abstract Form, indicate the initial projected cost of the project and the final cost of the project. Provide an explanation as to any variance in the two amounts. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Cost")	
[redacted]	
Sample Deliverable: As a separate attachment to this Abstract Form, provide a copy of the final deliverable(s) (e.g., report or documentation) resultant from the project, if permissible. If it is not permissible to release, indicate why and provide a general description of the final deliverable(s).Include the Sample # and Project Title on the attachment and entitle the document as "Sample Deliverable".	

Sample # 2

Project Title:	[redacted]
Indicate which type of sample this project represents:	[redacted]
Name of the Client for whom services were performed:	[redacted]
Client Contact Information:	
Contact's Name:	[redacted]
Contact's Title:	[redacted]
Phone Number:	[redacted]
Email Address:	[redacted]

Project Description: The Offeror should submit specific details concerning the project identified in satisfaction of the requirements in RFP **§4.03.5**. The required information should be provided as an attachment to this Abstract Form. Include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Project Description – Project Title _____".

[redacted]

Comprehensive Status: In the space provided below or as an attachment to this Abstract Form, indicate the reasons why the analysis needed to be performed was required to be comprehensive in nature, or not. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Comprehensive Status")

[redacted]

Exigency: In the space provided below or as an attachment to this Abstract Form, provide an explanation of what caused the undertaking to be exigent in nature, or not. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Exigency")

[redacted]

Sample#: 2

Project Title:	[redacted]

Resources: In the space provided below or as an attachment to this Abstract Form, detail the resources used to undertake the project (number and titles of analysts and man-hours expended per title) - (Note: the titles to be used should be the Positions Titles set forth in RFP **§4.04** – 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")

[redacted]

Timeline: 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")

[redacted]

Change Orders: In the space provided below or as an attachment to this Abstract Form, provide a description of any change orders issued in regard to the project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Change Orders")

[redacted]

Modifications/Corrections: In the space provided below or as an attachment to this Abstract Form, provide an explanation of any modifications/corrections required to secure the client's approval of the final deliverable(s). (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Modifications/Corrections")

[redacted]

Cost: In the space provided below or as an attachment to this Abstract Form, indicate the initial projected cost of the project and the final cost of the project. Provide an explanation as to any variance in the two amounts. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Cost")

[redacted]

Sample Deliverable: As a separate attachment to this Abstract Form, provide a copy of the final deliverable(s) (e.g., report or documentation) resultant from the project, if permissible. If it is not permissible to release, indicate why and provide a general description of the final deliverable(s).Include the Sample # and Project Title on the attachment and entitle the document as "Sample Deliverable".

[redacted]

[redacted]

[redacted]

Sample # 3

Project Title:	[redacted]
Indicate which type of sample this project represents:	[redacted]
Name of the Client for whom services were performed:	[redacted]
Client Contact Information:	
Contact's Name:	[redacted]
Contact's Title:	[redacted]
Phone Number:	[redacted]
Email Address:	[redacted]

Project Description: The Offeror should submit specific details concerning the project identified in satisfaction of the requirements in RFP **§4.03.5**. The required information should be provided as an attachment to this Abstract Form. Include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Project Description – Project Title _____".

[redacted]

Comprehensive Status: In the space provided below or as an attachment to this Abstract Form, indicate the reasons why the analysis needed to be performed was required to be comprehensive in nature, or not. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Comprehensive Status")

[redacted]

Exigency: In the space provided below or as an attachment to this Abstract Form, provide an explanation of what caused the undertaking to be exigent in nature, or not. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Exigency")

[redacted]

Sample#: 3

Project Title:	[redacted]
Resources: In the space provided below or as an attachment to this Abstract Form, detail the resources used to undertake the project (number and titles of analysts and man-hours expended per title) - (Note: the titles to be used should be the Positions Titles set forth in RFP **§4.04** – 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")	
[redacted]	
Timeline: 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")	
[redacted]	
Change Orders: In the space provided below or as an attachment to this Abstract Form, provide a description of any change orders issued in regard to the project. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Change Orders")	
[redacted]	
Modifications/Corrections: In the space provided below or as an attachment to this Abstract Form, provide an explanation of any modifications/corrections required to secure the client's approval of the final deliverable(s). (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Modifications/Corrections")	
[redacted]	
Cost: In the space provided below or as an attachment to this Abstract Form, indicate the initial projected cost of the project and the final cost of the project. Provide an explanation as to any variance in the two amounts. (If provided as an attachment, include the Sample # and Project Title on the attachment and entitle the document or that section of the document containing the required information as "Cost")	
[redacted]	
Sample Deliverable: As a separate attachment to this Abstract Form, provide a copy of the final deliverable(s) (e.g., report or documentation) resultant from the project, if permissible. If it is not permissible to release, indicate why and provide a general description of the final deliverable(s).Include the Sample # and Project Title on the attachment and entitle the document as "Sample Deliverable".	

Exhibit Q – Page 3 of 4

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

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[redacted]

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[redacted]	[redacted]
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[redacted]	[redacted]
[redacted]	[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

§4.03.6 Performance Guarantees

Buck's proposed performance guarantee responses including penalty fee amounts to be put at risk for non-performance are provided (below) in this part of Buck's Technical Proposal. Buck 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.

a. Turnaround Time Guarantees

Task #1 - Premium Rate Renewals: State your willingness to guarantee that the Contractor will support the Department during the Premium Renewal Negotiation Process and that the two required reports and other Task #1 deliverables will be provided in accordance with the requirements set forth in RFP **§3.01.1** provided that the required electronic data is received by the Contactor from all Carriers by July 15th of each renewal cycle and the Carrier renewals are received by no later than the first week in September. If the Contractor does not receive the data and/or renewals by the specified dates, different due dates shall be agreed upon in writing by the Parties and guaranteed by the Contractor. The Offeror must propose a penalty for failure to meet the above guarantee and the guarantee must be proposed in the following format:

"*For each twenty-four (24) hour period, or part thereof, that a Task #1 report or final deliverable is not pro vided to the Department by the rep ort(s)/deliverable(s)' due date, Buck Consultant s shall pay th e Departm ent $2,000 per day, until such tim e that the report(s)/deliver able(s) is provided to the Department. The aggregate t otal penalt y am ount shall not exceed the actu al 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 **§3.01.2**, 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 Carriers within 15 days of the close of the quarter, and the Carrier reports within 23 days of the close of the quarter. If the Contractor does not receive the data and/or Carrier reports by the specified dates, the due date shall be extended by one day for each day the data and/or Carrier reports are late. The Offeror must propose a penalty for failure to meet the above guarantee and the guaranteed must be proposed in the following format:

"*For each twenty-four (24) hour period, or part thereof, beyond a give n Quarterly Contractor Commentary Reports' d ue date that the final* Quarterly *Con tractor* Commentary *Re ports is not provided to the Department by the Contract or, Buck Consultants shall pay the Department $2,000 per day, until su ch time as the required final Quarterly Contractor Co mmentary 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 45 Valuation: State your willingness to guarantee that GASB 45 valuation services and the five (5) required reports will be provided in accordance with the requirement set forth in RFP **§3.01.3** 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 #3 task order negotiated by the Parties, as may be amended by a Department approved Change Order Request(s). The Offeror must propose a penalty for failure to meet the above guarantee and the guaranteed must be proposed in the following format:

"*For each twenty-four (24) hour period, or part thereof, beyond the due date for a given Task #3 report, as specified in the annual Task #3 task order negotiated by the Parties, as may be amended by a Department approved Change Order Request, is not provided to the Department by the Contractor, Buck Consultants shall pay the Department two 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 **§3.01.4**, 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, Buck Consultants shall pay the Department two 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."*

Appendix A. Buck'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. Buck'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.

Buck 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. We also assist plan sponsors in effectively responding to the new health care reform requirements under PPACA.

Buck 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:

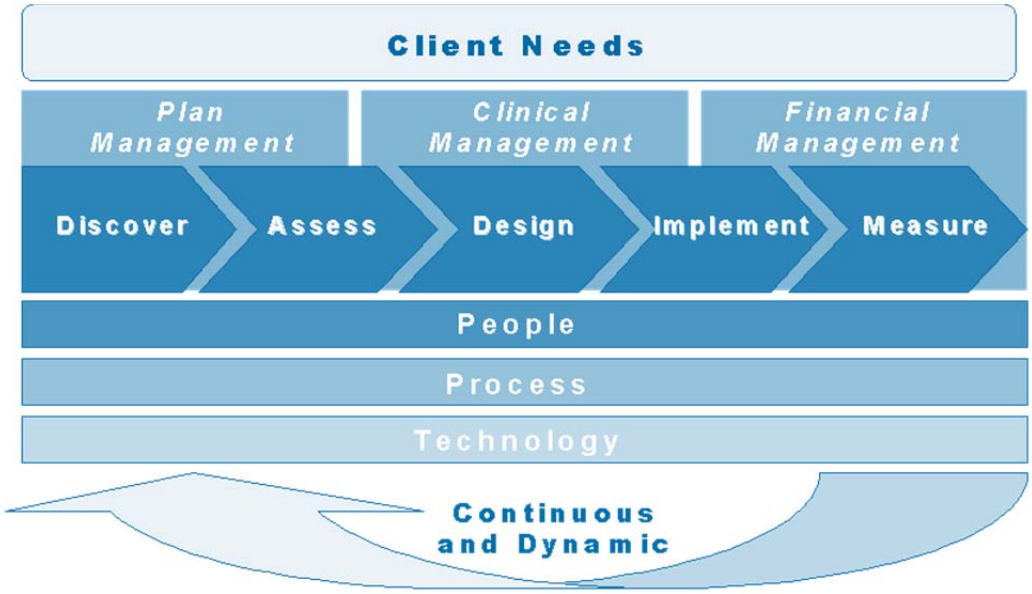
- Health and welfare plan management
- Health care data analytics and strategy development
- Cost management strategies
- Wellness initiatives
- Prescription drug strategies
- Employee contribution strategies
- Retiree drug subsidy compliance
- Preparation of actuarial valuations
- Health plan audits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

Buck has a rich history in providing valuable assistance in all aspects of health and productivity program administration for clients of all sizes. Buck 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.

Buck's H&P Service Model

Buck'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

Buck has extensive experience in designing, implementing and evaluating health and welfare benefits programs for employers. Buck 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.

Buck 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 — Buck'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. Buck 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.

Buck 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.

Consumer-Driven Hea lth Care Plan Design — We are the unmatched industry leader in designing, pricing, and communicating consumer-driven health plans. We have been quoted on consumer-driven plans in leading benefits publications such as Kiplinger's Personal Finance, Business Insurance, Minneapolis Star Tribune, HR Focus, Plan Sponsor, Managed Health Care, BNA Pension and Benefits Reporter, Inside Consumer-Directed Care, Consumer Driven Market Report, Physicians Financial News, WSJ Career Journal, CNET.com, Indiana Business Magazine, and Employee Benefit News. We have extensive experience in re-designing benefit plans to include meaningful cost participation while reducing financial barriers to the most efficacious care. From our perspective, successful implementation of consumer-driven health plans is dependent on a combination of incentives (plan design and cost sharing), infrastructure (wellness, care management) and information (education and coaching).

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 with DCS. Key information that Buck 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

Buck 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 Buck'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 Buck 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.

Buck'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.* Buck 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 pla n analysis and RFP developm ent*. After the initial meeting, Buck 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 de sired vendors*. Buck 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 que stionnaire.* Based on input from the initial planning meeting, and plan data, Buck 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 proprietary 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.* Buck's staff will respond to questions from prospective vendors if permitted by DCS' purchasing department. If purchasing coordinates the RFP question and answer process, Buck's consultants will assist DCS with vendor questions or requests.
- *Analyze proposal responses, bids, and financials.* Buck will assist DCS in its review of proposals for compliance with bid specifications and market competitiveness.
- *Identify each vendor's strengths and weaknesses.* Buck's evaluation will be based on measurement categories and weightings specific to DCS.
- *Provide a summary report and finalist recommendations.* Buck will summarize the evaluation data and prepare a final report for DCS.
- *Assist with finalist presentations and site visits.* Buck will arrange and facilitate finalist presentations and site visits (if desired).
- *Contract review and negotiation.* Buck 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, Buck 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 Buck 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. Buck 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, Buck 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).

Buck'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 Resourc es 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 Buck 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

Buck has extensive knowledge to support DCS in designing and delivering services, programs and systems to improve the health of its population. In fact, Buck 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.

Buck'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°™. 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°™ 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 Em ployees in Health Decision s* available at our Consumerism 360°™ microsite.

Buck'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.

Buck'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

Buck's approach to evaluating population heath 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.

Buck 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, Buck'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 Buck 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.

Buck 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.

Buck Consumerism Index™

Buck also has developed a best practice assessment tool for measuring the effectiveness of health management initiatives. The **Buck 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

Buck 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: Buck 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, Buck'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 Buck'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, Buck 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.

Buck, 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. Buck 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 Buck manual rate-pricing model, we determine the relative impact of plan design alternatives to consider prior to making any changes. Buck 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: Buck provides services to audit the performance of vendors, including claims audits. In vendor selection projects, Buck 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.

Buck 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. Buck 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.

Data Warehousing and Analytics

We are flexible in our approach in working with data in order to match the needs, resources and budgets of our clients to the data warehouse and reporting solution. We are happy to leverage existing data and reporting from carriers and vendor partners, or leverage data warehouse and data mining software. Each has its benefits and limitations, which we will be happy to discuss with you.

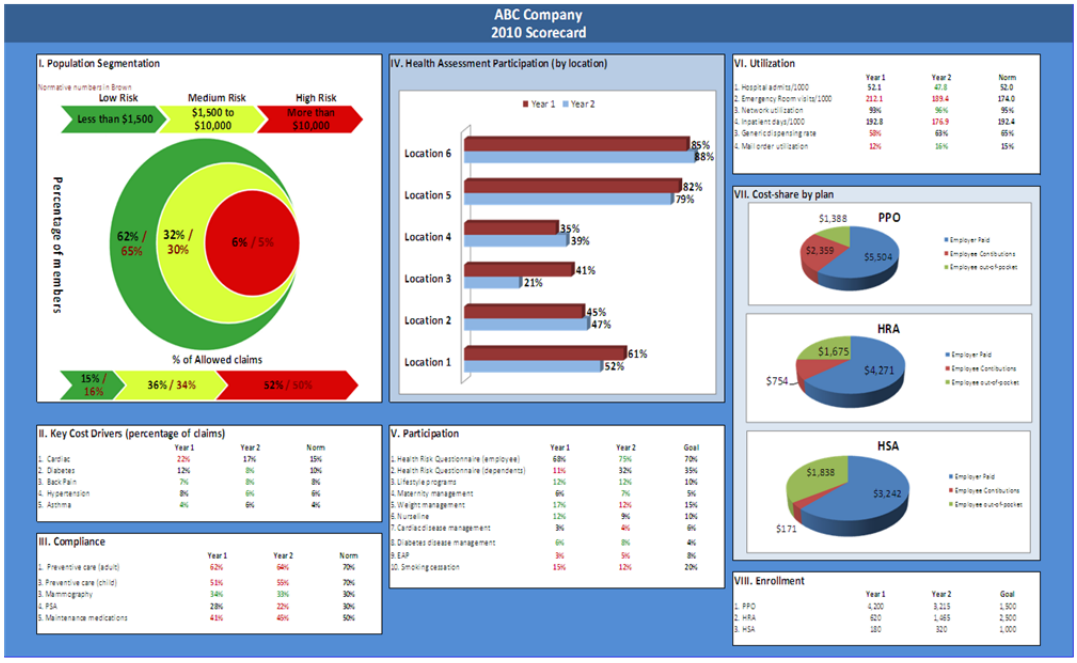
Regardless of the way in which we capture data, we focus on bringing data from its raw state to intelligence. We believe it is not enough to understand the data – you have to know what can be done to change it. The following list is designed to showcase the unique value that our distinctive data analysis can bring:

- **Clinical**: Clinical data provides prevalence of conditions and variance by geographical location/ covered population that lead to better targeted interventions. Clinical data also includes biometric data such as blood pressure, cholesterol levels and tobacco use. This data is not readily available in claims data, and there is distinct value in objective biometric data compared to self-reported data.
- **Utilization**: This data reflects the choices of your covered members and their health care professionals. From utilization of the emergency room for non-urgent conditions, to rate of back surgeries versus less invasive alternatives, it is important to benchmark the intensity of services, high performance network provider use and utilization of targeted programs including on-site clinics and fitness centers, EAP services and so on. Utilization knowledge, combined with greater plan-member financial responsibility and quality metrics, can be leveraged to improve engagement and outcomes.
- **Adherence**: Analysis of adherence to evidenced based medicine, including preventive care, chronic disease guidelines and medication management can be effective in identifying needs and opportunities. For example, while a client may have a relatively high rate of diabetics per 1000, if the majority is adherent to evidenced based medicine, this could impact the selection of a disease management vendor and customized performance guarantees. And note, adherence to evidence based medicine in the

absence clinical data indicating cholesterol, glucose and A1c management to within normal limits leaves a self-funded plan at financial risk.

- **Operational**: Proper plan administration and operating procedures are vital. In addition to usual measures, we recommend including disability, safety and service levels.
- **Financial**: Measuring actual vs. budgeted cost per service, network performance, cost per member type, cost per location/geography, cost share (member out-of-pocket, member premium share, plan premium share) and the actual financial impact of changes in other behavioral metrics, such as utilization or adherence, is critical.
- **Humanistic:** This data includes perceptions such as satisfaction, plan sponsor outreach, cultural impressions and other metrics of value to the organization.

Each of these data elements will ultimately be integrated into an overall dashboard (a sample dashboard follows). This allows DCS to track current state, goals and success over time. Having the methodology and metrics in place to track success ensures that programs are modified if not meeting objectives.



Cost Projections and Risk Analysis

The quality of our actuarial consulting services is paramount. Presenting accurate financial, actuarial and consulting deliverables on which business decisions are based is essential to our clients. We have a formalized peer review processes that enables our clients to rely on the information and analysis that we provide.

We believe the primary responsibility of an actuary is to convey the current and projected financial position of the plan in an authoritative, understandable, and useful manner. In addition, as part of the financial advisory responsibility, the actuary must advise its client of any significant trends in the benefits industry—corporate or governmental—that could cause the client to re-examine its policies and procedures concerning the financing and delivery of member benefits.

Our actuarial analyses and projections provide you with a means of keeping in touch with the dynamics of its plans—participant characteristics, contribution patterns and assets, and the benefits that generate liabilities—and how those dynamics relate among plans and to the sponsor's overall financial and human resources objectives. Our actuaries view annual actuarial services, including cost and utilization analyses, rate setting, and design assistance and projections, as more than required, routine exercises. We believe that actuarial analysis should provide our clients with pertinent information that goes beyond the mere calculation of the current year's costs and liabilities.

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 Buck 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, Buck 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 proc essing 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 disable d 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. Buck'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 43/45: We recognize that GASB 43/45 are recent requirements 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. Over the past several years, NYS has completed a comprehensive assessment of its obligations. Our GASB 43/45 support will include strategy, design, analysis and implementation support.

Medicare D Attestation Report: Buck will provide DCS with an actuarial attestation under the CMS guidelines to qualify for the Federal Retiree Drug Subsidy. As a part of this analysis we will take the following steps:

- Buck will collect data from both DCS and its pharmacy benefit manager. Data collected will include detailed pharmacy claims data for NYSHIP, retiree contributions, retiree census data and pharmacy plan designs for Medicare eligible retirees.
- We will perform the gross cost test, based on the comparison of NYSHIP's plan design to the Medicare Part D plan design.
- Pharmacy costs net of retiree contributions will be developed under both NYSHIP's plans and Medicare Part D to determine the results of the net cost test.
- Buck will attest to the equivalence of NYSHIP's plans online.
- We will present a report to DCS outlining the results of the actuarial attestation along with all assumptions and methodologies used.

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.

Absence Management

To deliver value to our clients, we focus on using Absence & Productivity Solutions subject matter experts to deliver action-focused consulting and who exclusively focus on time off program consulting. A well-run time off program is a balance of three key elements: program design, administration and case management. Often, an employer's program may have strength in one or two of these areas, but seldom in all three. The first step in managing the time off program is an assessment of these key elements and identification of redesign or vendor redeployment needs.

Communications

Buck'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.

Buck'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 Buck communication consultants.

Buck'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.

Buck 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 Buck Client Material

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The Magazine of WorldatWork©

How to Manage Pharmacy Benefits Plans

In a Rapidly Changing Pharmaceutical Landscape

By Robert W. Kalman, Buck Consultants

An effective pharmacy benefits plan includes four key strategy areas.

Pharmacy benefits plans in the employer marketplace have the potential to play an important role in positively affecting the health and well-being of their plan participants. Designed and used appropriately, pharmacy benefits can provide cost-effective and efficient treatment. In addition, these plans can help reduce absenteeism and, in turn, improve worker productivity. If not managed appropriately, they can represent a constantly growing drain on employer financial resources that undermines the return on investment of an employer's entire health-care benefits program.

Decisions to implement cost-effective pharmacy benefits plans need to be made within the context of the rapidly changing pharmaceutical landscape,

including the following major developments that are under way:

- Ongoing consolidation of the pharmacy benefits manager (PBM) marketplace, which has created a "buyer's market" of PBM services for employers
- Recent expiration of blockbuster brand drug patents and expected patent expirations during the next four years, which present major savings opportunities through increased use of low-cost generic drugs
- Emergence of specialty (biotechnology) drugs as a major cost driver of pharmacy benefits plans
- Poor drug adherence by patients with chronic diseases can result in expensive hospital care, higher medical and disability plan costs, and increased absenteeism.

This article discusses pragmatic strategies to help employers manage their pharmacy benefits plans effectively by capitalizing on opportunities created by the rapidly changing pharmaceutical landscape. These strategies focus on four key areas:

- Plan design
- Clinical programs
- PBM pricing
- Specialty drug cost, usage and clinical patient management.

Plan Design

Today, employers that have designed their pharmacy plans to encourage generic drug use are achieving generic dispensing rates (GDRs) of 75 percent or more, and will likely exceed 80 percent over the next two or three years. (GDR is the percent of total drugs dispensed as generics during a specified time period.) Three years ago, these rates were in the 60 percent to 65 percent range.

As pharmacy plan costs have risen and the economy has deteriorated, many employers have made significant changes in their pharmacy benefits plan designs. Two key plan design trends have emerged during the past five years, which were validated in the findings of Buck Consultants' "2011 Prescription Drug Benefit Survey Report:"

1 | A shift from two-tier to three-tier cost sharing to incent plan participants to use lower-cost generic drugs and formulary brand drugs.

2 | A shift from flat-dollar co-pays to co-insurance to minimize cost shifting to the employer plan as drug costs rise.

Strategic Decision Point

Employers need to set employee cost-sharing policy based on their plans' specific claim and usage experience, in addition to industry-specific benchmarks and internal company considerations, such as corporate budgets, benefits philosophy and objectives. This requires employers to evaluate their current employee cost sharing empirically to determine:

- The appropriate approach going forward (i.e., flat-dollar vs. co-insurance)
- The percentage of pharmacy plan costs that employees/retirees and their dependents should pay for generic, formulary brand and nonformulary brand drugs.

This approach enables employers to structure their plan designs based on specific plan participant cost-sharing targets and facilitate budgeting pharmacy benefits plan costs more precisely for the upcoming year.

Employers that have designed their pharmacy plans to encourage generic drug use are achieving generic dispensing rates of 75 percent or more.

Clinical Management Programs for Traditional (Nonspecialty) Drug Therapy

Sound clinical programs are critical to managing pharmacy benefits costs effectively by helping to minimize unnecessary drug use and waste. The overriding objective of clinical programs is to ensure that members receive the right drug for the right condition at the right dose at the right time.

Key elements of a clinical program strategy:

- Mandatory generic substitution of patent-expired brand drugs
- Prior authorizations (PAs) for drugs in selected classes
- Quantity limits on certain drugs to meet FDA guidelines for safety and to minimize fraud and abuse
- Step therapy to require a participant who has not previously used a drug in specific drug classes (e.g., cholesterol-lowering drugs) to try a less expensive therapeutic alternative before using a more costly brand drug
- Exclusion of certain drug classes with over-the-counter (OTC) versions
- Programs to improve member drug adherence that can lead to improved health and lower

medical plan costs and mitigation of disease complications.

PBM Pricing

Today's employer marketplace is a buyer's market for PBM services because of the ongoing consolidation of the PBM marketplace. PBMs currently cover more than 220 million lives under their plans. The only way a PBM can generate significantly more revenue in the employer marketplace is to take away business from another PBM, usually through competitive bidding, or acquire another PBM, as several PBMs have done during the past five years.

For more information on this topic, log on to www.worldatwork.org/workspan.

Plan consolidation presents important savings opportunities for employers by enabling them to leverage their plans' usage and drug spend to negotiate improved financial terms in a shrinking PBM marketplace. Just three years ago, there were few opportunities for employers with 10,000 or fewer covered lives to negotiate with the PBMs. Today, the intense competition among the PBMs for employer business has resulted in greater opportunity for these employers to negotiate financial and nonfinancial terms with the PBMs.

For larger employers, PBM competitive bidding and follow-up negotiations have enabled them to achieve even greater savings than they could achieve previously. As a result, virtually all financial and nonfinancial terms are negotiable.

The key to successful negotiations with the PBMs is to retain knowledgeable consultants or other advisors who have in-depth understanding of the economics of the PBM marketplace, how the PBMs make money, the nuanced language that is contained in their contracts with employers, and pricing benchmarks for employers of comparable size and in the same industry. For example, some PBMs offer high-dollar guaranteed rebates (e.g., $20 guaranteed rebate per brand drug dispensed at retail and $60 or more at mail order). However, in a footnote to these guarantees or under the pricing assumptions listed elsewhere in the PBM's proposal or contract, the PBM may state that such high-dollar guaranteed rebates assume the plan will have an average days' supply at retail of 30 and 90 at mail order. If the average days' supply is less than these levels, the guaranteed dollar rebates would be prorated downward. In reality, these are impossible thresholds to meet. Such "stealth" pricing terms need to be identified and eliminated from a PBM's pricing offer for employers to achieve optimal contract savings.

Strategic decisions that impact PBM pricing include:

- **Broad vs. narrower retail pharmacy networks.** Where member access is not compromised, employers have an opportunity to achieve additional price savings by moving to a narrower network.
- **Appropriate drug channel management — retail, mail order or specialty pharmacy.** Acute, maintenance and specialty drugs need to be dispensed in the appropriate channel to achieve optimal pricing and savings.
- **Plan design.** PBM pricing is directly related to a plan's member cost-share structure, with optimum pricing achieved with a three-tier cost-share structure that has appropriate cost-share differentials between retail and mail order generic, formulary brand and nonformulary brand drugs.

Specialty Drugs

There are more than 700 specialty drugs in development, targeted to treat a range of cancers, as well as common chronic diseases, including diabetes, neurological conditions and cardiovascular disease. It is expected that eight out of 10 new drugs approved by the FDA during the next five years will be specialty drugs, according to reports from Express Scripts and Medco Health Solutions.

These drugs currently average more than $2,000 per 30-day supply. The cost of some of these drugs exceeds $100,000 per year. Today, specialty drugs represent 15 percent or more of an employer's annual drug costs, according to reports from CVS Caremark, Express Scripts and Medco Health Solutions. Annual specialty drug trend — the rate of increase in specialty drug cost measured on a per-member-per-month basis — exceeded 17 percent in 2010, compared with annual trend for traditional (nonspecialty) drugs of less than 4 percent.

Because of the robust developmental pipeline of specialty drugs, estimates from Medco Health Solutions show that by 2015 specialty drugs could represent 47 percent of annual employer drug costs provided through the medical and pharmacy plans combined (see Figure 1). Typically, 50 percent or more of an employer's specialty drugs cost is generated by the medical plan. Over the next three years, two-thirds of

Figure 1 | **Breakdown of Annual Drug Spend: 2010 vs. 2015**

	2010 (actual)	2015 (estimated)	% Point Difference
Traditional Drugs	76%	53%	-23
Specialty Drugs Through Medical Plan	14%	26%	+12
Specialty Drugs Through Pharmacy Plan	12%	21%	+9

Source: Express Scripts Book of Business; Express Scripts analysis of the Thomson Reuters MarketScan Scripts Commercial Database.

The key to managing specialty drug costs is to implement

a strategy that includes proactive patient management to help members manage their conditions.

annual pharmacy benefits trend will be attributed to specialty drugs, driven by drugs to treat rheumatoid arthritis and other autoimmune disorders, multiple sclerosis and cancer, according to reports from Express Scripts and Medco Health Solutions.

Clearly, specialty drugs will be a major cost driver for employer plans going forward. Buck's "2011 Prescription Drug Survey Report" shows that 33 percent of respondents replied that they do not know the cost of specialty drugs in their plans, and 25 percent thought their specialty drug costs represented less than 5 percent of their pharmacy plan costs.

Strategic Decision Point

Employers need to understand the magnitude and immediacy of the specialty drug cost issue and develop a comprehensive strategy now to manage their rapidly rising specialty drug costs. Otherwise, they will find that their pharmacy plans will soon be unaffordable.

Two key elements of a specialty drug strategy to consider are:

- Carve out self-injectable and orally administered specialty drugs from both the medical and pharmacy plans for dispensing through a specialty pharmacy
- Implement proactive clinical management programs through the specialty pharmacy.

Employers use different approaches to plan design for specialty drugs. Many have applied retail co-pays for traditional generic, formulary brand and nonformulary brand drugs to specialty drugs. Others have added a fourth tier with higher flat-dollar co-pays or applied co-insurance to specialty drugs.

The cost of specialty drugs is very high. Above a certain participant cost-share threshold, many specialty patients may not be able to afford these drugs and will stop using them, according to a 2006 Express Scripts study. These patients also use multiple traditional drug therapies for the same condition or related conditions, which presents an added financial barrier for them.

Driving up member cost share for these drugs is counterproductive. If patients stop taking specialty drugs, their condition will likely worsen and will require expensive hospitalizations, which, in turn, will drive up employer medical plan costs. The key to managing specialty drug costs is to implement a strategy that includes proactive patient management to help members manage their conditions and drug side effects, and ensure appropriate use of these drugs for the right condition at the right time and at the right dose.

Conclusion

Pharmacy benefits plans have the potential to play an important role in the health and well-being of plan participants if these plans are designed appropriately. Otherwise, they can be a growing drain on employer budgets.

To have a positive impact on the health and well-being of participants, employers need to develop a strategy that actively manages the pharmacy benefit so that members have access to quality drug therapy and, at the same time, the plan ensures drug safety, eliminates waste and achieves appropriate usage. Key elements of this strategy include:

- Plan design that provides financial incentives for members to use low-cost generic drugs and formulary brand drugs
- Clinical coverage rules, such as prior authorization and step therapy, to ensure appropriate usage
- Identification of members with high-cost chronic conditions who have poor drug adherence and client-specific PBM or other vendor programs to help improve drug compliance
- Drug channel management to ensure that acute-care, maintenance and specialty drugs are dispensed through the most cost-effective and efficient pharmacy delivery channel — retail, mail order or specialty pharmacy
- Aggressive negotiation of financial and nonfinancial contract terms to capitalize on today's buyer's market for PBM services
- Specialty drug carve-out and proactive clinical management programs to ensure optimum pricing, appropriate usage and avoidance of high-cost hospitalizations that drive up medical plan costs.

Marketplace forces at play create challenges for plan sponsors to manage their pharmacy benefits plans effectively. These forces also present savings opportunities for employers, provided realistic strategies are developed and implemented effectively. ws

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resources plus

For more information, books and education related to this topic, log on to **www.worldatwork.org** and use any or all of these keywords:

- Pharmacy benefit plans
- Prescription drug costs
- Specialty drugs.

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For your information

Volume 35 | Issue 28 | May 15, 2012

IRS Guidance Addresses Determination of Minimum Value for Employer-Sponsored Plans

The Internal Revenue Service (IRS) issued a Notice in which it sets out several proposed approaches to determining whether an employer-sponsored plan provides "minimum value" under the Patient Protection and Affordable Care Act (PPACA). Beginning in 2014, an employer plan's ability to meet the minimum value threshold may affect whether an individual qualifies for subsidies under an exchange plan and whether an employer will be subject to the "shared responsibility" penalty.

Background

Beginning in 2014, if an employer does not offer health coverage that has an actuarial value of at least 60% ("minimum value"), its employees who enroll in an exchange plan may be eligible to receive a federal premium subsidy or qualify for reduced cost sharing. In addition, under PPACA's "shared responsibility" provisions, the employer could be subject to a $3,000 penalty for each full-time employee who receives subsidized exchange coverage.

On February 24, 2012, the Department of Health and Human Services (HHS) issued guidance that described the approach HHS was considering to determining the actuarial value of individual and small-group plans. (See our March 9, 2012 For Your Information.) However, this guidance did not address how actuarial value would be determined for employer-sponsored self-insured plans and insured large-group plans. On April 26, 2012, the IRS released Notice 2012-31, which describes some possible approaches to determining whether an employer plan provides minimum value. Comments must be submitted by June 11, 2012.

Notice 2012-31

Notice 2012-31 states that although the rules for determining minimum value will generally be consistent with the earlier HHS guidance on actuarial value, they will be modified to reflect differences in benefits offered and populations covered under insured large-employer plans and self-funded plans. The determination of minimum value will also reflect the fact that these plans are not required to offer essential health benefits. (See our December 22, 2011 For Your Information.)

INSIGHT

Basing minimum value on benefits generally offered in the large-employer market, which entails recognizing that those plans do not have to offer essential health benefits, is an important distinction that will help large-employer plans meet the minimum value threshold.

The Notice states that employer-sponsored plans will be able to use one of several tests, and it solicits comments on three possible options for determining whether an employer-sponsored self-insured plan or insured large-group plan meets the minimum value threshold. These options are the minimum value calculator, design-based safe harbor checklists, and actuarial certification.

Minimum Value (MV) Calculator

Under this option, employer-sponsored plans would enter cost-sharing information into a publicly available MV calculator, which would be developed by HHS and the Department of the Treasury. The claims data underlying the MV calculator would be based on the benefits typically covered by self-insured employer plans, which, as noted above, are not required to cover essential health benefits under health care reform.

The Notice anticipates that the employer-sponsored plan would input a limited set of information on the benefits provided under the plan, including deductibles, coinsurance, copayments, and out-of-pocket maximums for four core categories of benefits:

- Physician and mid-level practitioner care
- Hospital and emergency room services
- Pharmacy benefits
- Laboratory and imaging services.

Information about annual employer contributions to a health savings account (HSA) or amounts available under a health reimbursement account (HRA) could also be input for consideration in determining value.

INSIGHT

The guidance asks for comments on any other benefits (such as wellness benefits) that should be reflected in the calculation of minimum value.

Design-Based Safe Harbor Checklists

This option would provide multiple safe harbor checklists that employer-sponsored plans could then compare against their coverage. If a plan's terms are at least as generous as those on one of the safe

harbor checklists, the plan would be treated as having met the minimum value threshold. This approach would allow an employer-sponsored plan to determine if it provides minimum value without using the MV calculator or using the actuarial certification option.

Actuarial Certification

Plans with nonstandard plan design features (for example, plans that impose limits on any of the four core benefit categories, such as limits on the number of physician visits or length of hospital stays) might not be able to use the MV calculator or the safe harbor checklists. Under the actuarial certification option, the employer-sponsored plan could engage a certified actuary to either:

- Make appropriate adjustments to the minimum value determined using the MV calculator, or
- Determine the plan's actuarial value without the use of the MV calculator.

The Notice asks for comments on what types of nonstandard plan design features might still permit use of the MV calculator.

Treatment of HSAs and HRAs

Under all three options, annual employer contributions to an HSA linked to a high-deductible health plan (HDHP) and amounts available through an HRA that is integrated with a group health plan would be taken into account in determining whether the underlying plan provides minimum value. The approach to doing this would be similar to that proposed by HHS in its earlier guidance on actuarial value. (See our March 9, 2012 For Your Information.) Under this approach, the calculation would assume that the employer HSA contribution or the amount first available under the HRA for a year would be used by the employee to pay for cost-sharing under the linked group health plan. Only a portion of employer contributions to an HSA or HRA for a year might be taken into account. Employer contributions would be adjusted to provide the same credit in the minimum value as "the same amount of first-dollar insurance coverage."

INSIGHT

The IRS guidance does not provide any further clarification on how the employer contributions to an HSA or HRA would be adjusted. If the full value is not reflected, a plan could fail to meet the minimum value threshold.

Conclusion

Notice 2012-31 offers several approaches that employer plans could use to determine whether they meet the minimum value threshold. The approaches should help ease employer compliance efforts in making this determination. However, employers that offer HDHPs with HSAs or HRAs will be less likely to meet the minimum value threshold if full credit is not provided for employer contributions.

Buck has prepared a Health Care Reform Timeline and Health Care Reform Comparison in Brief that provide an overview of the health care reform requirements, reflecting current guidance.

Buck Can Help

- Evaluate the implications of minimum value for employer plans
- Review strategies for HDHPs linked to HSAs and/or HRAs

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For your information

Volume 35 | Issue 25 | May 9, 2012

IRS Issues Proposed Regulations on the Comparative Effectiveness Fee

The Internal Revenue Service (IRS) issued proposed regulations that provide rules regarding how the comparative effectiveness fee created by the Patient Protection and Affordable Care Act (PPACA) should be calculated and paid. Health insurers and sponsors of self-insured group health plans with calendar-year policy or plan years will be required to pay the fee for 2012 by July 31, 2013.

Background

PPACA created the Patient-Centered Outcomes Research Institute (PCORI), which is charged with promoting research to evaluate and compare the health outcomes and clinical effectiveness, risks and benefits of medical treatments, services, procedures and drugs. PCORI is to be funded in part by fees assessed on health insurers and sponsors of self-insured group health plans. This fee is commonly referred to as the "comparative effectiveness fee" or "PCORI fee".

The PCORI fee will first be assessed with respect to plan or policy years ending after September 30, 2012 (i.e., ending between October 1, 2012 and September 30, 2013). The fee will be equal to $1.00 times the average number of covered lives (employees and dependents) for the first plan or policy year ending on or after October 1, 2012. The fee will be equal to $2.00 times the average number of covered lives for policy or plan years ending after September 30, 2013. For plan or policy years beginning on or after October 1, 2013, the fee will be indexed to increases in National Health Expenditures. The fee will not be assessed for plan years ending after September 30, 2019, which means that for a calendar-year plan, the last year of assessment is the 2018 plan year.

If a group health plan is insured, the health insurer is responsible for calculating and paying the fee. If the plan is self-insured, the plan sponsor is responsible.

In the spring of 2011, the IRS issued Notice 2011-36, which requested comments on how the PCORI fee should be calculated and paid. On April 17, 2012, the Internal Revenue Service (IRS) published proposed regulations concerning the application of this fee. Comments on the proposed regulations are due by July 16, 2012. Although the regulations address the similar requirements for both health insurers and employer-sponsored plans, this *FYI* focuses on the requirements for employer-sponsored self-insured group health plans.

The Proposed Regulations

The proposed regulations provide guidance on a number of issues pertaining to the calculation and assessment of the fee.

Plans Subject to the Fee

The fee is imposed with respect to lives covered under an "applicable self-insured health plan." Generally an "applicable self-insured health plan" is a plan that provides accident and health coverage, other than through insurance and that is established or maintained by a plan sponsor for the benefit of its employees, former employees, members, former members or other eligible individuals. The preamble to the proposed regulations notes that the term includes retiree-only plans and health reimbursement arrangements (HRAs). The term also includes self-insured governmental plans, multiemployer plans, multiple employer welfare arrangements (MEWAs), voluntary employee beneficiary associations (VEBAs) and plans maintained by a rural electric cooperative or rural cooperative association. Certain governmental programs such as Medicare, Medicaid, and CHIP are exempt from paying the fees.

The proposed regulations clarify that the following benefits are not subject to the fee:

- Excepted benefits, including limited-scope dental and vision plans, onsite medical clinics, accident-only or disability-only plans and most flexible spending accounts (FSAs)
- Health savings accounts
- Employee assistance, disease management, and wellness programs that do not provide significant benefits for medical care or treatment
- Expatriate plans that primarily cover employees living and working outside the United States
- Stop loss coverage.

Rules for Multiple Self-Insured Arrangements

The proposed regulations permit multiple self-insured health arrangements to be treated as a single applicable self-insured health plan if they are established and maintained by the same plan sponsor and have the same plan year. For example, if a plan sponsor has one self-insured arrangement for medical benefits and another self-insured arrangement for prescription drug benefits, and both arrangements have the same plan year, they would be treated as a single applicable self-insured plan and thus subject to a single fee. Similarly, a self-insured high-deductible health plan (HDHP) integrated with an HRA would be treated as a single applicable self-insured plan and also subject to a single fee. However, if the HDHP is insured, the health insurer would be assessed the fee with respect to the HDHP and the plan sponsor would be assessed the fee with respect to the HRA.

INSIGHT

Plan sponsors had been concerned that they could be subject to multiple fees. The rule limiting the application of the fee in plans with multiple self-insured arrangements is thus a very favorable development for plan sponsors.

Determining the Number of Covered Lives

The proposed regulations provide plan sponsors with three alternatives for determining the average number of lives covered for a plan year. The same approach does not have to be used each year, nor does the same approach have to be used for each plan.

Actual Count Method: The average number of lives covered under the plan for a plan year is determined by taking the sum of the number of lives covered under the plan for each day of the plan year and then dividing it by the number of days in the plan year.

Snapshot Method: The average number of lives covered under the plan for a plan year is determined by totaling the number of lives covered by the plan on one date during each quarter and then dividing that sum by four. Under this method the plan sponsor has two alternatives for counting lives:

- Snapshot Factor Method: The number of participants with self-only coverage plus 2.35 times the number of participants with coverage other than self-only.
- Snapshot Count Method: The actual number of lives covered on each date.

A plan sponsor could elect to base the determination on more than one date in quarter, provided an equal number of dates are used. In that event, the denominator would be the total number of dates used.

Form 5500 Method: The average number of lives is determined on the basis of information in ERISA Form 5500 filings. For plans that provide coverage to employees and dependents, the number of lives is the sum of the number of participants on the Form 5500 at the beginning and at the end of the plan year. For plans that only provide self-only coverage, the number of lives is the sum of the number of participants at the beginning and at the end of the plan year, divided by two.

INSIGHT

The Snapshot and Form 5500 methods are particularly practical methods for most plan sponsors to determine the fee, particularly because the actual number of covered dependents does not have to be tracked.

Special rule for health FSAs and HRAs. The proposed regulations provide that if the only applicable self-insured plan maintained by a plan sponsor is a health FSA or HRA subject to the PCORI fee, the plan sponsor may treat each participant's health FSA or HRA as covering a single covered life. Thus,

even though the health FSA or HRA may be used to reimburse expenses incurred by spouses or dependents, it does not have to be counted in determining the fee.

Who Is the Plan Sponsor?

The proposed regulations state that the following entities are considered to be the plan sponsor for purposes of reporting and paying the fee:

- The employer, in the case of a single-employer plan
- The employee organization, in the case of a plan established or maintained by that organization
- In the case of a multiemployer plan, MEWA or VEBA, the association, committee, joint board of trustees, or similar group that represents the parties that establish or maintain the plan
- The cooperative or association that establishes or maintains a plan by a rural electric cooperative.

The proposed regulations provide that a single plan maintained by more than one employer (even if the employers are related) or by more than one employee organization will be treated as a plan that is maintained by two or more employers or organizations. In that case, the plan sponsor responsible for reporting and paying the PCORI fee will generally be the entity identified as the plan sponsor in the plan documents under which the plan is operated or that is designated in the document. The designation must be made and consented to no later than the deadline for paying the PCORI fee for the plan year, and the entity designated as the plan sponsor must be one of the employers or other entities maintaining the plan. If the plan sponsor is not identified or designated in the plan document, each entity that is maintaining the plan must report and pay the PCORI fee with respect to its own employees or members.

INSIGHT

Related employers that provide coverage to their employees through a single plan may want to designate a plan sponsor if they want to consolidate the filing and pay the PCORI fee.

Transition Rule

Because the fee will apply with respect to plan years that have already begun, the guidance provides a special transition rule. For plan years starting before July 11, 2012 and ending after October 1, 2012, the plan sponsor may determine the average number of covered lives using any reasonable method.

Reporting and Payment

The PCORI fee falls under the excise tax provisions of the Internal Revenue Code. The proposed regulations state that although plan sponsors will file the Form 720 (Quarterly Federal Excise Tax Return Form) to pay and report their PCORI fees, they will only have to do so once each year (instead

of quarterly). The preamble to the proposed regulations states that third parties will not be permitted to report or pay the fees on behalf of plan sponsors.

The proposed regulations provide that plan sponsors must report and pay the PCORI fee for a plan year by July 31 of the calendar year that immediately follows the year in which the plan year ended. Thus, for plans with plan years that began between October 1, 2011 and December 31, 2011, or for calendar-year plans, the first PCORI fees must be paid by July 31, 2013. Plans with plan years that begin after January 1, 2012 but prior to October 1, 2012 will not have to report and pay the PCORI fee until July 31, 2014.

Conclusion

The proposed regulations provide very practical alternatives for determining the number of covered lives for the purpose of determining the PCORI fee. Plan sponsors should review the options available for determining the fee to determine the most effective approach for their plans. The first fees will be due by July 31, 2013 for calendar-year plans.

Buck prepared a Health Care Reform Timeline and Health Care Reform Comparison in Brief that provide an overview of the health care reform requirements, reflecting current guidance.

Buck Can Help

- Determine which employer-sponsored plans are subject to the fee
- Determine the most effective approach to determining the fee

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For your information

Volume 34 | Issue 100 | December 22, 2011

HHS Issues Bulletin on Definition of Essential Health Benefits

On December 16, 2011, HHS released a bulletin that describes its suggested regulatory approach for defining an essential health benefit (EHBs). The bulletin only addresses how EHBs would be defined for individual plans and employer plans in the small group market, and it does not discuss how EHBs would be defined for large employer plans.

Background

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively PPACA), requires that all non-grandfathered health plans in the individual and small group markets cover EHBs beginning January 1, 2014. This requirement applies to coverage both inside and outside of the exchanges. A small employer is defined as an employer that employed on average no more than 100 employees in the preceding calendar year.

PPACA defines EHBs to include items and services within the following ten benefit categories:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorders, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventative and wellness services and chronic disease management
- Pediatric services, including oral and vision care

PPACA requires that the Department of Health and Human Services (HHS) ensures that the scope of EHBs are equal to the scope of benefits provided under a "typical" employer plan. PPACA requires the

Department of Labor to conduct a survey of employer-sponsored coverage to determine benefits typically covered by employers.

Large employer plans, whether insured or self-funded, are not required to cover EHBs. However, because these plans are prohibited from imposing annual or lifetime dollar limits on EHBs, knowing what items and services constitute EHBs is very important to them.

INSIGHT

The definition of EHBs will determine whether a large employer plan can impose annual or lifetime dollar limits on treatment of conditions such as autism, bariatric surgery, and in-vitro fertilization.

HHS Bulletin on EHBs

On December 16, 2011, HHS released a bulletin that describes a suggested regulatory approach for defining EHBs. The bulletin describes the suggested approach that HHS may propose in future regulations.

Rather than set a national standard for EHBs, HHS would permit each state to choose a benchmark plan. The services covered by the selected plan and any limits imposed by that plan would, in effect, define EHBs for that state. In selecting the benchmark plan, a state would be able to choose one of the following options:

- The largest plan of any of the three largest small group plans, by enrollment, in the state,
- Any one of the three largest state employee health plans by enrollment,
- Any one of the three largest federal employee health plan options by enrollment, or
- The largest HMO plan offered in the state's commercial market by enrollment.

The benchmark plan must include coverage for all ten of PPACA's statutory categories of benefits. To the extent that the benchmark plan fails to cover any of those categories of benefits, those categories must be covered based on the benefits provided under another of the benchmark options.

The HHS bulletin only addresses what items and services are considered EHBs, and it does not discuss cost sharing under the plan, actuarial value, or the definition of "minimum essential coverage." Future guidance will address these issues. Importantly, what will be considered EHBs for purposes of the prohibition on annual or lifetime dollar limits also was not discussed in the HHS bulletin.

INSIGHT

A state-by-state definition of EHBs is impractical for large employer plans that may have employees in many different states. In the absence of clear guidance on what constitute EHBs for purposes of annual or lifetime dollar limits, it appears that plans will still have to rely on the Agencies' representation that they will take into account a "good faith effort" to comply with a reasonable interpretation of the term. (See our July 2, 2010 For Your Information.)

The deadline for comments on the HHS bulletin is January 31, 2012.

Conclusion

With the lack of guidance on the definition of EHBs for large employer plans, employers should continue to make a "good faith effort" to comply with the prohibition on annual and lifetime dollar limitations on EHBs. Buck's consultants can assist with that review.

Buck Can Help

- Review current compliance with the prohibition on annual and lifetime dollar limits on EHBs
- Draft comments to the HHS bulletin
- Keep you advised of new developments related to the definition of EHBs

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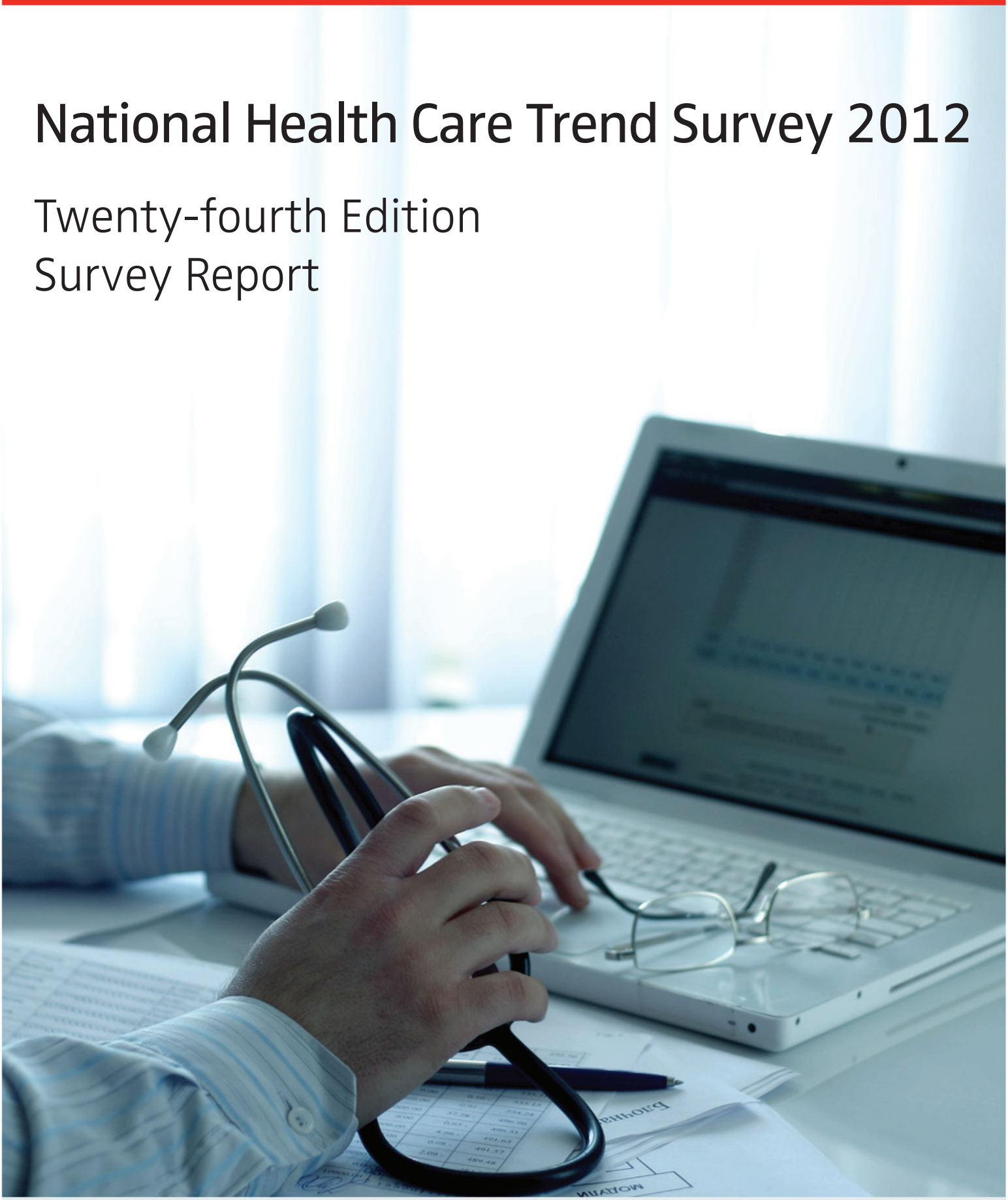
National Health Care Trend Survey 2012

Twenty-fourth Edition
Survey Report



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INTRODUCTION

This is Buck Consultants' twenty-fourth **National Health Care Trend Survey**, in which we analyze the trend factors used by health insurers and third-party administrators to project employers' future health care costs.

One hundred and twenty-nine insurers and/or administrators responded to our survey request in September 2011. Participants provided us with a set of the annual trend factors they are currently using to project employers' health care costs for 2012. The number of covered lives for each coverage reported by respondents to this trend survey is shown in the table below:

Type of Service	Number of Covered Lives
Medical	104 million
Medicare Supplement	5 million
Prescription Drugs	209 million
Dental	37 million
Vision	71 million

Participants provided us with different factors by coverage - medical, prescription drug, dental, and vision care. In general, the trend factors provide for increases resulting from:

- Inflation,
- Utilization of services,
- Technology (e.g., new services),
- Addition of new programs,
- Changes in the mix and intensity of services, and
- Mandated benefits.

Throughout this report, the weighted average trend rates are weighted by the reported number of covered lives for medical, Medicare supplement, prescription drug, dental, and vision coverage. The reported number of covered lives, for each type of coverage, represents employees plus dependents for commercial business only, including insured and ASO business, effective July 2011.

CONTACT
Please direct any questions or requests for special analyses to Buck Consultants' survey support team at 800.887.0509 or hrsurveys@buckconsultants.com.

Buck Consultants is interested in your comments about this survey. Please let us know if there are any important issues you would like to be added in the next release.

QUALIFICATIONS TO THE REPORT

Trend Factors

The trend factors shown in this report reflect insurers' projected rates of increase in health care costs. The final premium rate increase requested by an insurer will also reflect:

- Changes in the insurer's administrative expenses and risk changes;
- Changes in benefit design;
- Changes in business strategy (for example, desire to increase market share);
- Changes in any explicit margins for conservatism;
- Recovery of any prior period losses; and
- Potential impact from Health Care Reform legislation.

Therefore, employers could see premium rate increases that differ from the health care trend factors summarized in this report.

Please note that the graphs in the report only contain data from 2005 to 2012. Historical trends (from 1999) are included in the appendix.

SUMMARY OF SURVEY RESULTS

The following table summarizes the weighted average trend factors for each type of coverage for the 2012 Survey:

	Weighted Average Annual Trend	n
Medical (Excluding Rx)		
PPO	9.9%	135
POS	9.9%	129
HMO	9.9%	125
High Deductible Consumer Driven (with $1500 deductible & Rx)	9.9%	68
Medicare Supplement (with Rx coverage)	6.1%	21
Medicare Supplement (without Rx coverage)	5.8%	42
Prescription Drug		
PBM	4.6%	9
Health Insurers	9.6%	71
Dental		
Reasonable & Customary (100/80/50)	6.3%	21
Scheduled	4.4%	8
Dental PPO	5.6%	34
Dental HMO	4.9%	39
Vision		
Reasonable & Customary	3.0%	31
Scheduled	2.0%	37

Note: Throughout the report, the weighted average trend rates are weighted by the reported number of covered lives for medical, Medicare supplement, prescription drug, dental, and vision coverages. The reported number of covered lives, for each type of coverage, represents employees plus dependents for commercial business only, including self-funding, as of July 2011.

MEDICAL

Health insurers and administrators reported medical trend factors tightly packed at about 9.9 percent. This is more than a full percentage point lower than the previous survey.

The reduction may reflect decreases in spending/utilization, due to the lingering effects of the economic downturn, increased focus on wellness and preventive care, or a combination of those and other factors. Another factor may be removal of "loads" added to previous survey trends used by some insurers to account for the impact of health care reform benefit changes mandated for 2011. Now that those changes are part of the ongoing benefit design, insurers using loads in that manner would remove them to project 2012 claims.

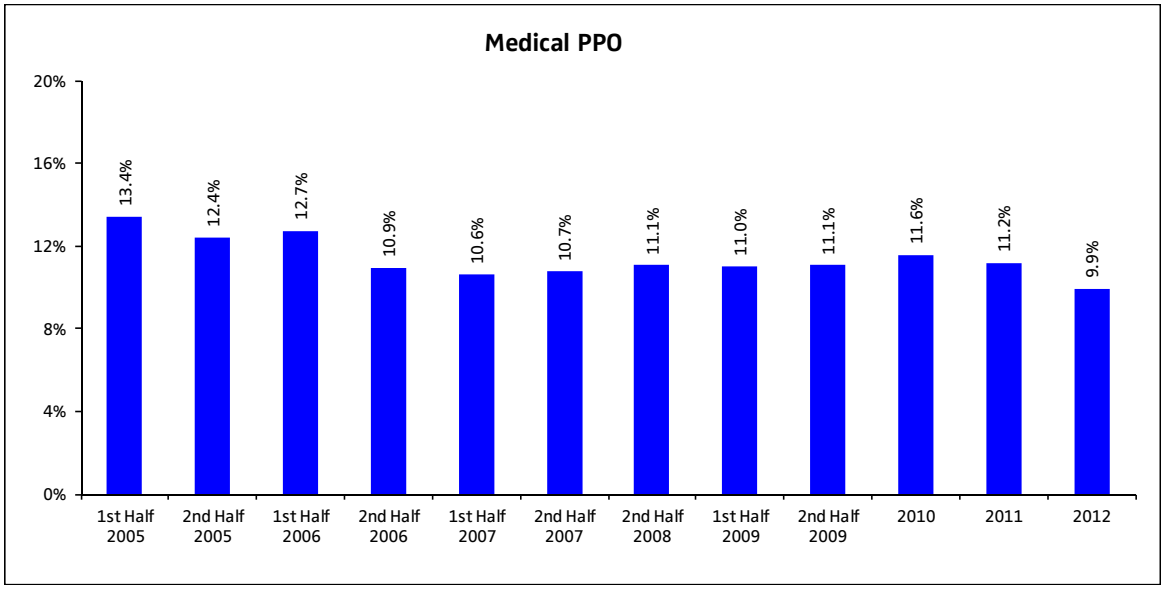
Weighted average trends did not vary significantly by plan type as they have in many of the previous surveys. This may reflect that insurers no longer consider the type of network (PPO, POS, HMO, or High Deductible Health Plan) to be a significant factor in forecasted claims trend.

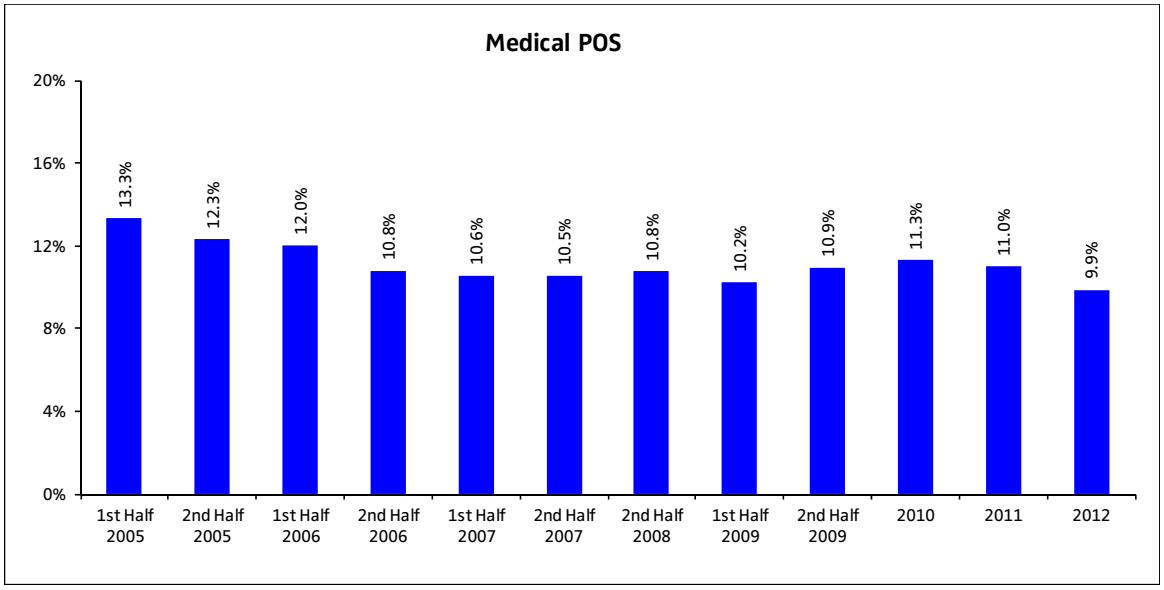
The trend factors still remain higher than inflation. Some of the reasons for this occurring are as follows:

- Health care is subject to increases in utilization of services. A source of these increases is the development of new diagnostic tests and treatments.
- Advances in medical technology and treatments continue. While technology may ultimately be the key to containing health care cost increases, research and development costs often result in higher initial costs for these services.
- Another source of higher utilization of health care services is the practice of ordering more diagnostic tests and procedures than is warranted by a patient's condition. This is referred to as practicing "defensive medicine." It is used in an attempt to avoid potential frivolous malpractice suits.
- Continued increases in medical malpractice premiums are causing providers to increase their fees and they pass their cost increases to the ultimate payors of health care services.
- Medicare and Medicaid continue to limit reimbursement to providers, placing providers under pressure to shift unreimbursed costs to their commercial patients, a major source of cost increases in the industry.
- State and Federal governments continue to mandate coverage of certain benefits such as expanded mental health benefits, prosthetic parity, etc.
- Providers are under increased regulatory scrutiny (*e.g.*, complying with the privacy rules), which increases their administrative costs resulting in increases in their fees and negotiated rates.
- Providers - particularly hospitals - have consolidated into hospital systems, giving them greater bargaining leverage with managed care organizations. As a result, these providers have been able to negotiate higher fees.
- Physicians willing to drop out of critical provider networks have been successful in negotiating higher fees with the managed care organizations.

The trend factor for plans that supplement Medicare, at about 5-7 percent, is lower than for plans covering active employees. The lower trends are a result of the ability of Medicare to limit reimbursement to participating providers, which "spills over" to Medicare supplement plans.

MEDICAL TRENDS





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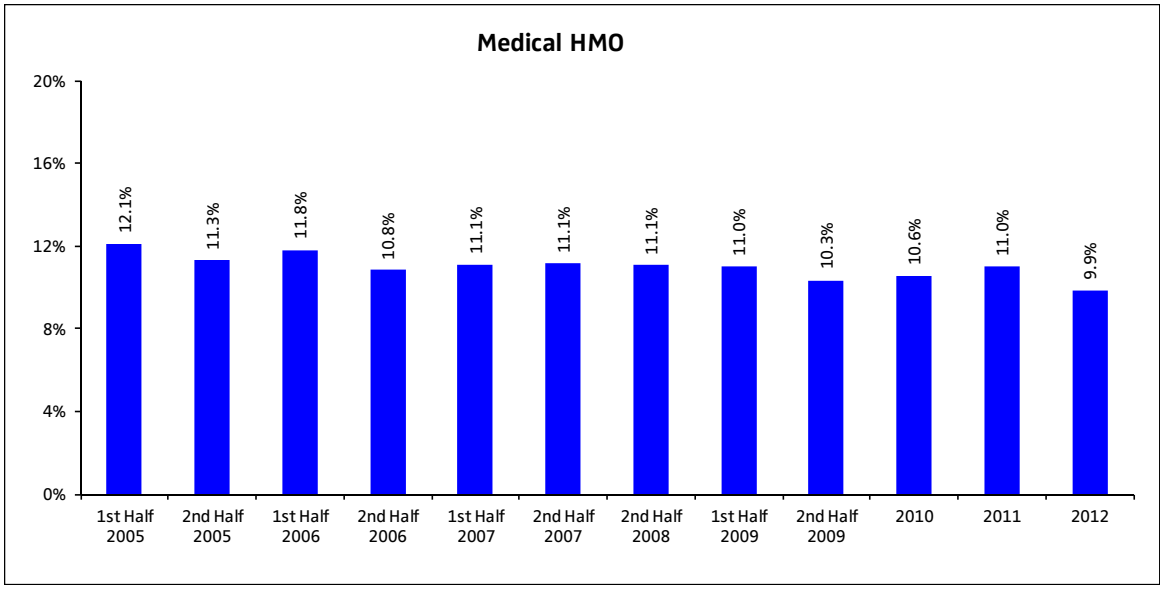

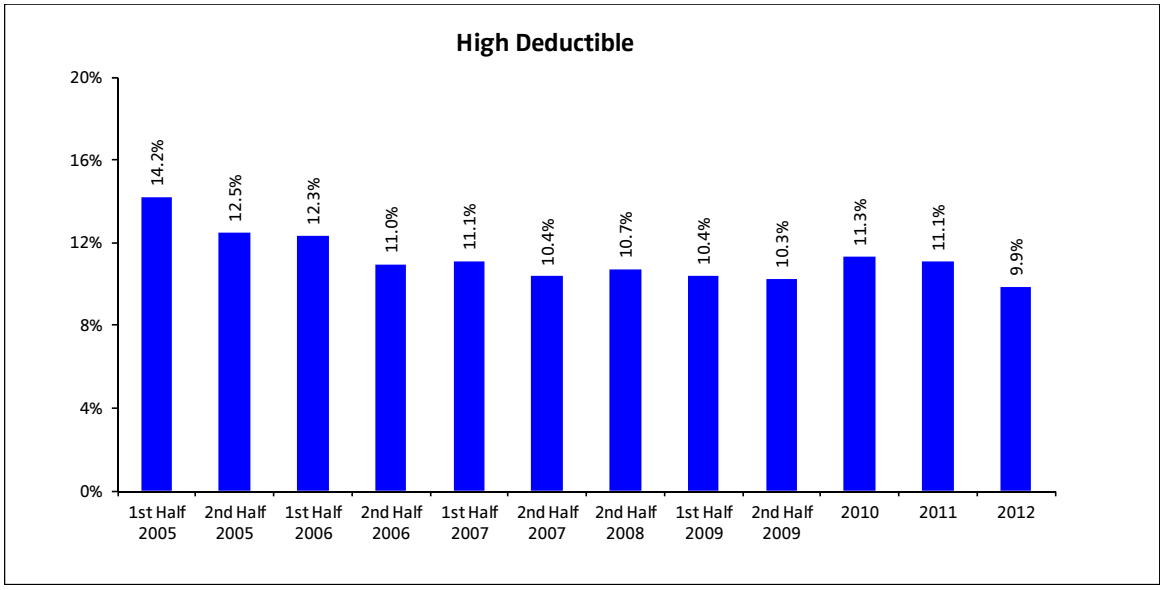

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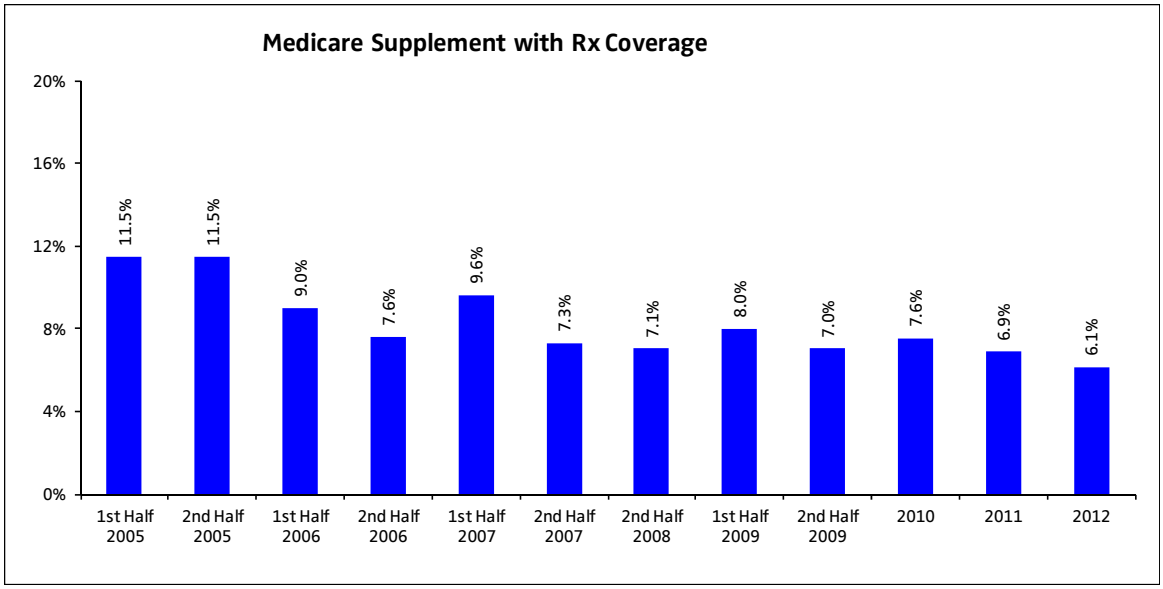
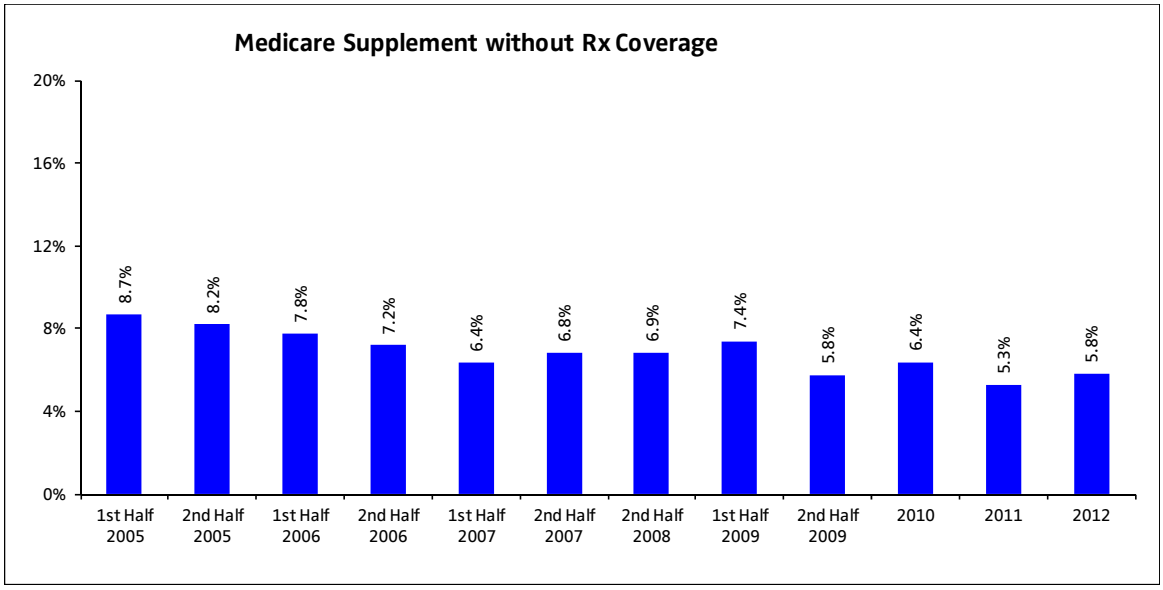




PRESCRIPTION DRUG

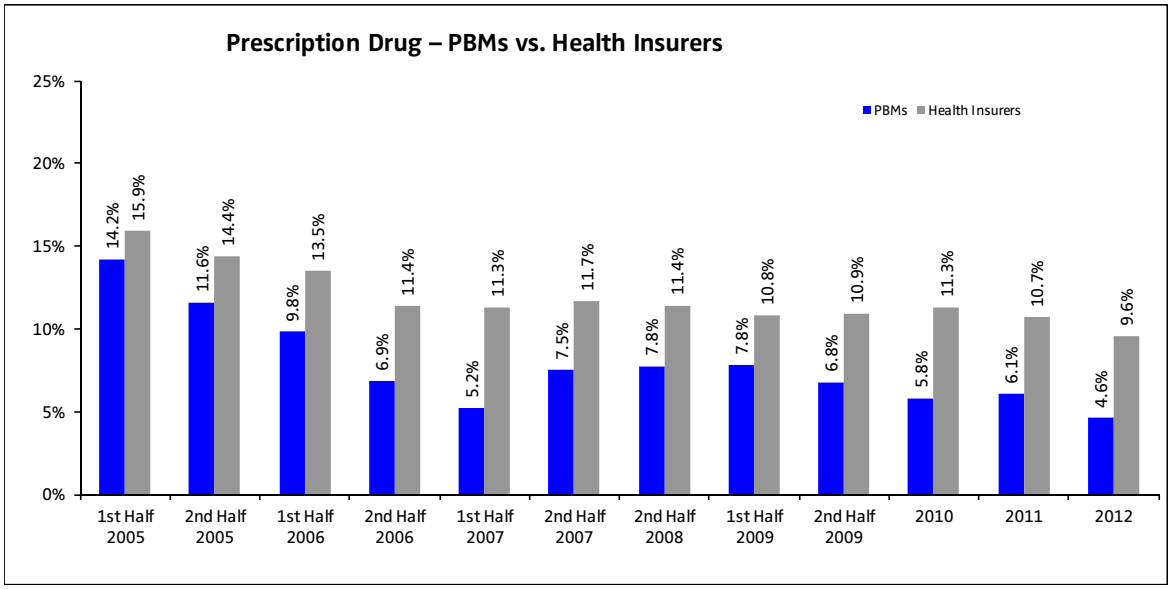
The weighted average prescription drug trend reported by health insurers was 9.6 percent, which is 1.1 percent lower than was reported in the prior survey. Pharmacy Benefit Managers (PBMs), who generally do not take any underwriting risk, reported a weighted average trend factor of 4.6 percent -- or less than half the factor reported by health insurers.

In addition to the reasons cited in the medical section, the continued shift to generic drug utilization is a significant factor in the reduced drug trends. The generic utilization shift is driven by both plan design incentives and patent expiration of key drugs, such as Lipitor.

The trend factors still remain higher than inflation, for many of the same reasons cited in the medical section. Additional reasons unique to prescription drugs include the following:

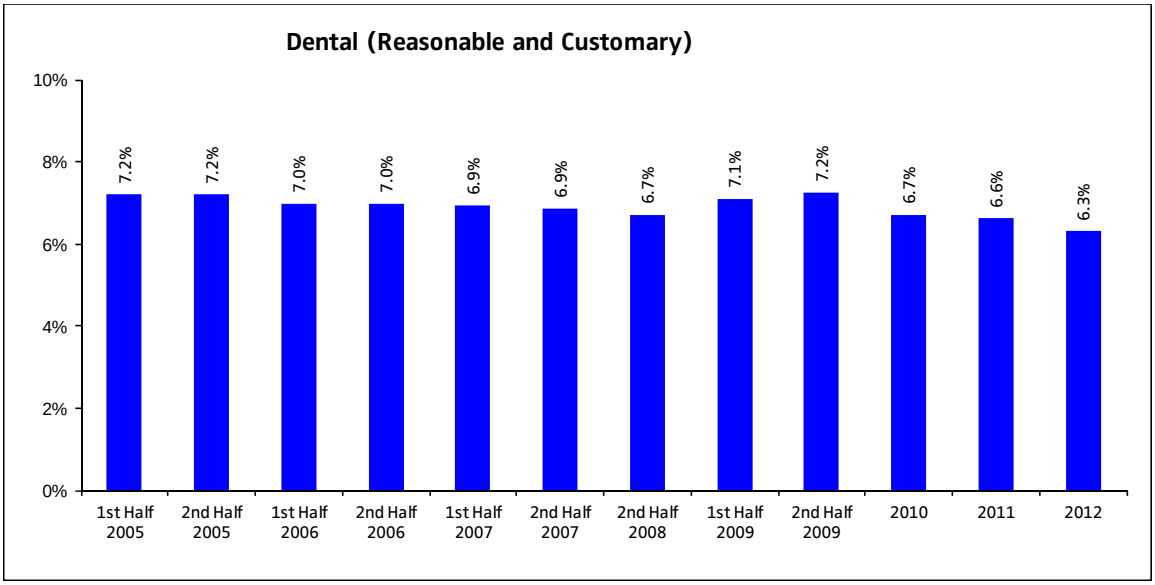
- The increase in number and usage of pharmaceutical products that improve the quality of life and/or enhance lifestyles.
- Aggressive marketing campaigns directed towards consumers are designed to motivate consumers to demand prescriptions for specific drugs.
- Increase in the usage of high-cost biotech drugs.
- Drug manufacturers establishing drug prices to help them recover their costs for research and development expenses, as well as to maintain or improve their profit margins.
- Drug manufacturers increasing prices to recoup the pharmacy tax by health care reform legislation.

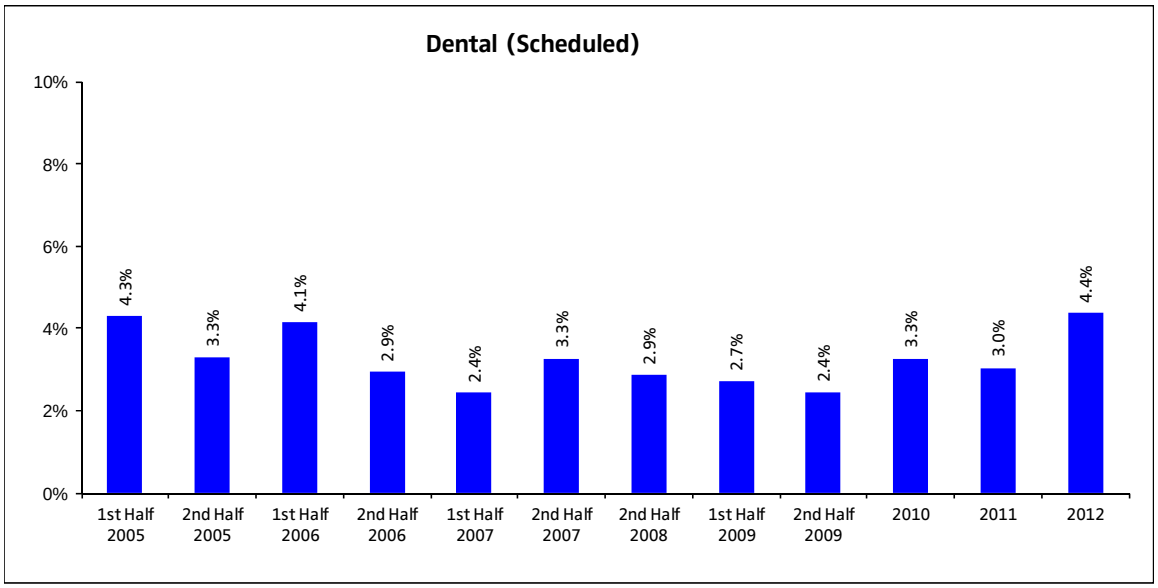
PRESCRIPTION DRUG TRENDS



Note: No data for 2nd half 2009 for PBMs, the data point was interpolated

DENTAL TRENDS





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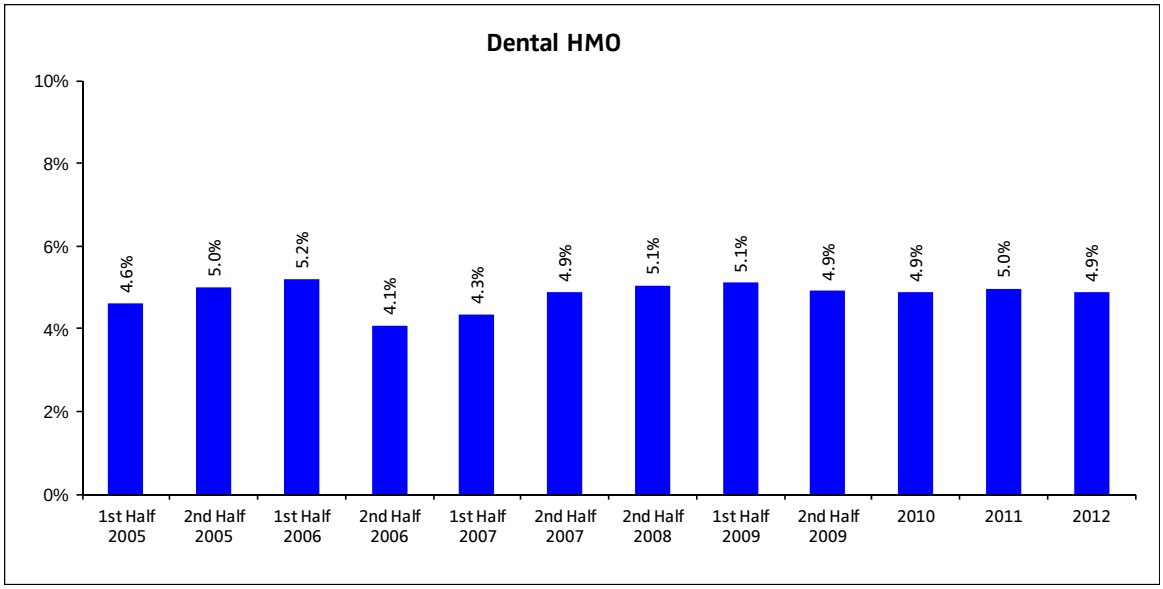
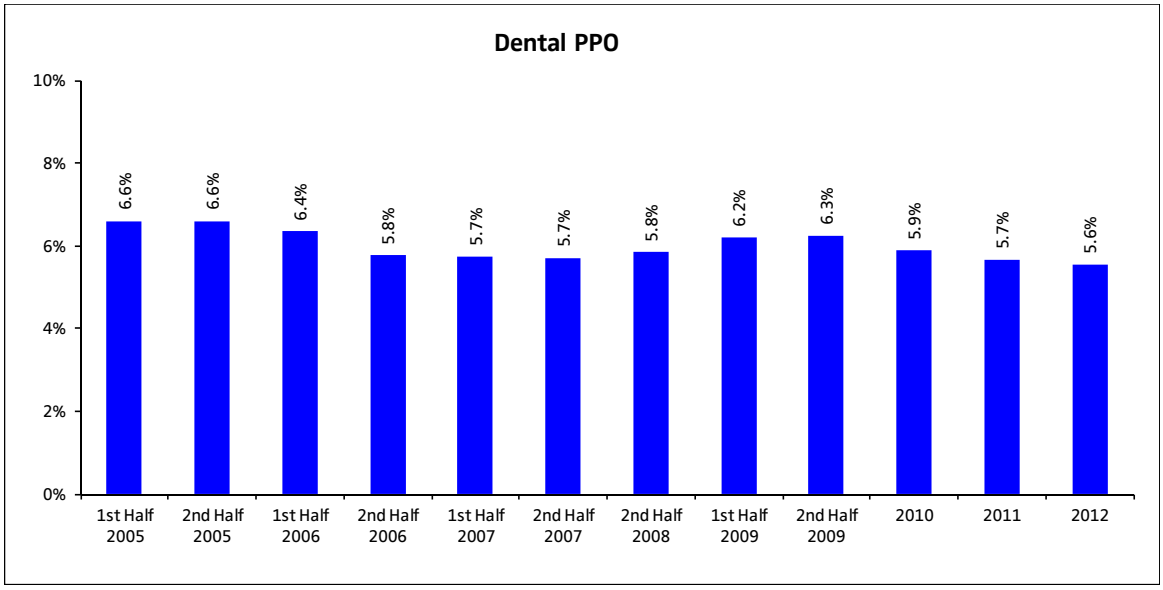
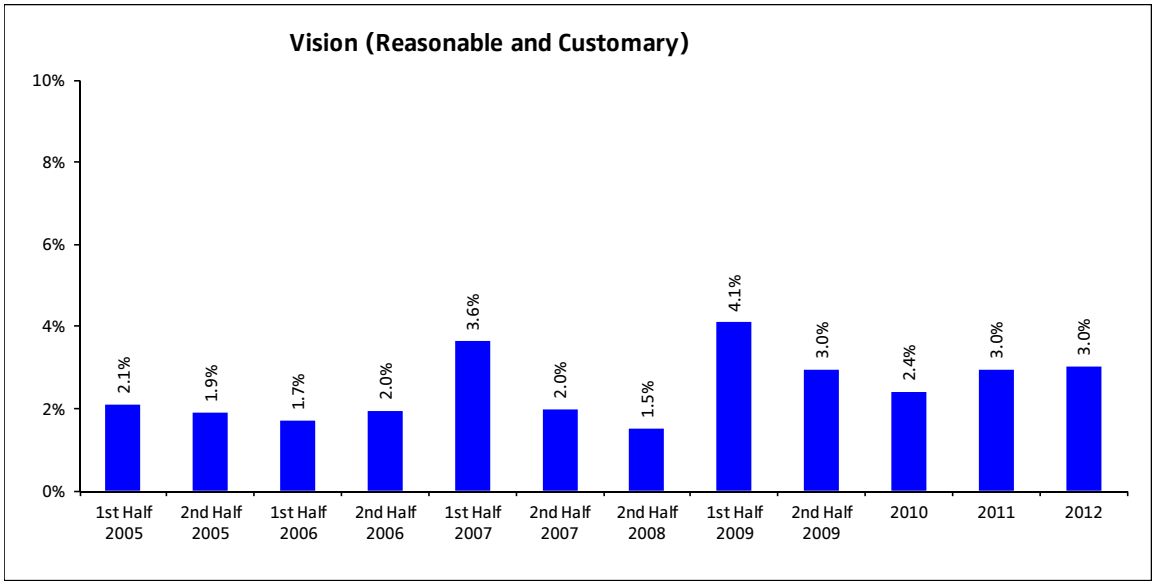
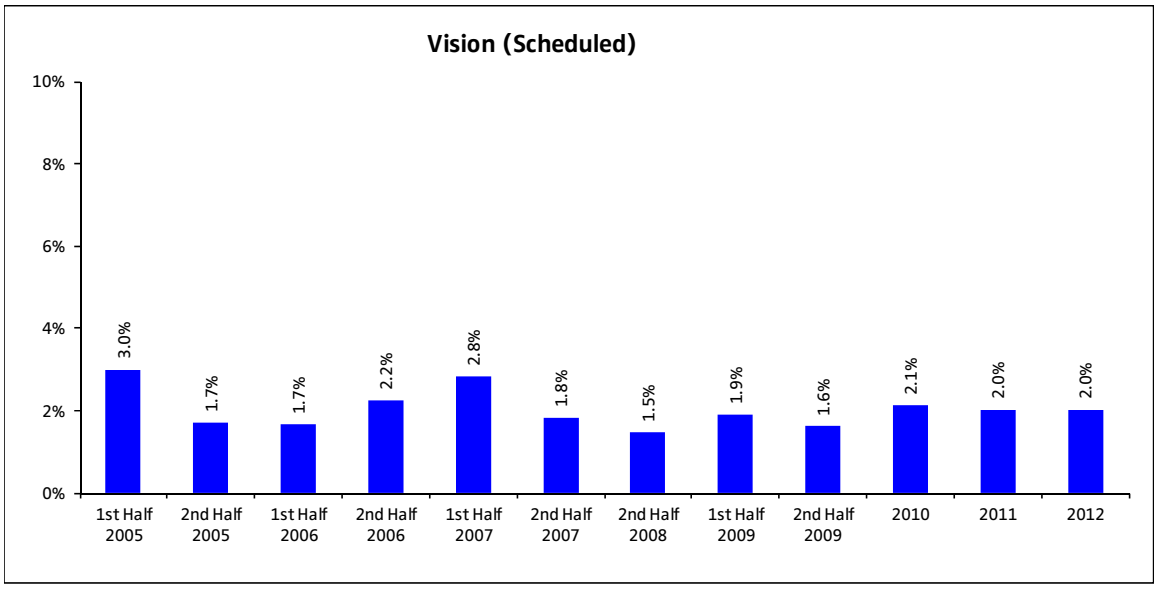




VISION TRENDS





ABOUT BUCK CONSULTANTS

Organizations succeed when their people succeed. At Buck, we love to find answers to tough challenges that impact your people. We work in the areas of employee benefits strategy, human resource operations, programs, performance, and talent strategy. Learn more and talk with us at www.buckconsultants.com.

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- Washington, D.C.
- Willemstad

About Buck Surveys

We conduct a range of HR and compensation surveys that provide quality data that you can rely on to make decisions critical to your success.

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Appendix C: Quality Assurance and Peer Review Policy

Buck has a long-standing tradition for the highest standards for quality processes and procedures. Quality embeds everything that Buck 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 weekly technical meetings.
- Buck has two chief actuaries: one for Retirement (Doug German) and one for Health and Productivity (Robin Simon). The two chief actuaries have jointly 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.
- Our company maintains a Global Professional Services Committee, which provides leadership and guidance and ensures that the quality of professional services provided by our organization is of the highest order.
- Buck's policy on quality assurance and peer review, adopted by Buck's senior management, requires each practice develop its own quality assurance and peer review guidelines. Our two largest practices, Retirement and Health and Productivity, adopted peer review guidelines based on the then current version of Buck'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

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

Buck's National Peer Review Is Unparalleled

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

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 Buck to provide a better work product and to provide our clients with another perspective.

Buck pioneered the practice of peer review in the valuation process, and our National Peer Review Quality Assurance Department (formerly Central Review) is a standard for the industry. Buck 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 Retirement and Health and Productivity practices in effect as of the date of this proposal. These guidelines, originally based on Buck'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 simultaneous consideration of suggested changes by management of both practices, due to coordination between the two Chief Actuaries.

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

Benefits of Peer Review	
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

Buck's Professional Actuarial Standards Group 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 236, 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:

- Designating the Review Class for the work based on these guidelines
- Locating the appropriate reviewer
- Delivering to that reviewer any materials necessary to complete the peer review (plan documents, 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 Buck's National Quality Assurance/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 Buck'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 be Review Class C and hence reviewed by a Senior Consultant.

It is the primary responsibility of the reviewer to assure 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 Buck 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 Buck'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 email sent by the reviewer or a written summary signed by the reviewer. This documentation should be maintained with the Buck 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, delivery may take a little extra time. 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 Buck's Chief Actuaries.

Peer review as practiced at Buck 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 common sense, 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 Buck will require peer review. Peer review within Buck is not required if one of Buck's actuaries is reviewing the material of a qualified actuary from another firm. The exemption from internal Buck 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.

If the creation of material is a collaborative (non-adversarial) process between a qualified Buck actuary and a qualified actuary from another firm, there may be no need for an internal Buck review. However, the amount of internal review required for a project should be determined by a Director or Principal level actuary qualified to issue the opinion, with specific expertise in the particular type of assignment.

Actuarial Audit Program

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

Following are excerpts from the Buck Health and Productivity and the Retirement line of business peer review policies, and the table of required levels of peer review.

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

Review Class	A	B	C	D	E
Description	• Simple letter • No recommendations • No calculations	• Straightforward calculations or correspondence	• Analysis or commentary • Simple recommendations or conclusions	• Substantial analysis • Numerous routine calculations with significant financial implications	• Significant non-routine work
Examples	• FYI letters • Data requests (not for the initial Buck valuation)	• Routine benefit calculations (assuming template previously reviewed at higher level) • Form 5500, SSA, PBGC-1 filings (non-actuarial material) • Routine benefit statements (assuming set up previously reviewed at higher level) • Response to auditor requests (assumes values in response previously reviewed)	• Simple plan changes* • Informal cost estimates* • Healthcare vendor selection • Experience analysis* • Rate setting/ underwriting • Complex benefit calculations	• Actuarial valuation results (funding or expense)* • Attestation of Actuarial Equivalence under Medicare Part D* • Pension plan terminations • Recommendation of new actuarial assumptions • H&W benefit design changes • Claim audits and analysis • Discrimination testing (initial	• Mergers, acquisitions and divestitures • Major plan design • Numerous participants rely on calculations (e.g., early retirement windows) • Litigation calculations and testimony • High-profile public work (e.g., major governmental plans) • Initial Actuarial Valuation for GASB 43/45

Review Class	A	B	C	D	E
				version only H&P) • IBNR reserves* • LTD claim reserves*	• Asset/liability forecasting
Review Standard	• Proofread • Verify any citations	• Check math and formulas • Check program logic	• 2nd Opinion review of correspondence	• Review of procedures. assumptions and report	• Review to ensure best possible advice
Minimum Reviewer	• Any co-worker	• Consultant level, or Associate with 2 years of experience and Director approval	• Senior Consultant level	• Director level not involved in preparation of the work	• Director with specific expertise

* Review of actuarial work for items designated by an asterisk may be obtained from Retirement Quality Assurance/Health 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

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

- *Buck Consultants University (BCU)*: BCU provides a comprehensive training curriculum for all Buck 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. Buck's consultants are able to advise our clients about current events and the implications for their plans in a timely fashion.
- *Weekly 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 Buck 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 Buck'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: Autism Paper

Impact of Autism Mandate on NYSHIP

New York Autism Insurance Reform Law:

- Effective for state-regulated health plans issued or renewed on or after November 1, 2012; January 1, 2013 for NYSHIP.
- Provides coverage for Applied Behavior Analysis (ABA) provided or supervised by Board Certified Behavior Analysts up to $45,000/year; that limit will increase annually based on increases in the medical consumer price index.[1]
- New York's Autism Statute prohibits a health maintenance organization (HMO) or insurer from excluding coverage for the diagnosis and treatment of medical conditions (such as testing for autism symptoms and treating autism) otherwise covered by a policy.[2]

Other Legal Considerations:

- Ensure that current coverage is in compliance with the following mandates:

Timothy's Law	Patient Protection and Affordable Care Act	Mental Health Parity
✓ Requires that large-group policies treat certain mental illnesses as they would physical illnesses and injury. ✓ Requires care for mental, nervous or emotional disorders be no less than 30 days of inpatient care and 20 visits of outpatient care/yr.[3]	✓ Treatment of autism would NOT be considered an essential health benefit. ✓ Rehabilitative services and behavior health treatment are included in the list of essential health benefits under Section 1302 of PPACA.	✓ Dollar, age and duration limits cannot be more restrictive than those that apply to all medical/surgical benefits in the same category.

Impact on Processes:

1. Continue to impose visit limits on various therapies and nursing services because they fall within the definition of "essential health benefits" only if similar limits are imposed on other medical/surgical benefits in the same category. Otherwise, to comply with Mental Health Parity, these limits cannot be imposed (assuming the plan treats Autism as a mental health disorder).
2. Consider modifying the existing NYS EAP program to provide Applied Behavior Analysis (ABA) in their benefit offering on a statewide basis.
   - Covered members to use physical, speech and occupational therapies under their medical coverage
   - Deploy prior authorization services as EAP is outside of the regulations of Mental Health Parity and Health Care Reform
   - Provide coverage up to $30,000 in 2013 and reassess for 2014

Financial Impact:

- Per the Centers for Disease Control; as many as one of every 88 eight-year-old children in the United States has been diagnosed with autism (up from 1 /150 in 2002)
- Cost of a Sample ABA Program:

Consultant	Mid-level Supervisor (lead therapist)	Line Therapists
3-6 hours per month	6 hours per week	40 hours per week
$100-$150/ hour	$30-$60/hour	$10-$20/hour
6 hours x $150 = 900/month	6 hours x $60 = $360/week	40 hours x $20 = $800/week
$900 x 12 months = $10,800/year	$360/week x 52 weeks = $18,720/year	$800/week x 52 weeks = $41,600/year
Annual Total = $71,120		

- Calculation of 2013 Added Premium:

Prevalence	Children prevalence rate			0.6%
	% seeking treatment			33%
	case rate			0.20%
Cost Per Case		**Estimated % of Cases**	**Average Cost Per Case**	**Average Benefit**
	Mild	50%	$5,000	$5,000
	Moderate	16%	33,000	33,000
	Severe	34%	71,120	45,000
		100%	31,961	23,080
Cost / Child Per Year				$45.70
Cost / Child Per Month				3.81
Covered Children	Empire Plan			306,000
	HMOs			39,000
	Total			345,000
2013 Added Premium	Empire Plan			$13,983,710
	HMOs			1,782,238
	Total			15,765,948

- Ultimate cost to Empire Plan based on claim experience (due to agreement with insurer)
- Cost expected to increase significantly as more autistic children "use" the new benefit
- Could refine cost analysis by analyzing claims data to determine the number of unique individuals who filed a medical claim in 2011 with a primary or secondary diagnosis of Autism
    - Individuals with Autism would certainly have a claim during the plan year due to the nature of their disease, therefore; we feel confident this analysis would be a true representation of covered members who had Autism in 2011.
- Proposed changes in the definition of autism (for the fifth edition of the **Diagnostic and Statistical Manual of Mental Disorders**) would sharply reduce the skyrocketing rate at which the disorder is diagnosed and might make it harder for many people who would no longer meet the criteria to get health, educational and social services, a new analysis suggests:[4]

Indirect Costs	
Income loss (both patient and family), caregiver productivity loss	$39,000 - $130,000
Medical Costs	
MD visits, Rx, Therapies	$67,000 - $72,000
Total Costs	
Annual	$106,000 - $202,000

http://www.nytimes.com/2010/01/23/health/23patient.html?ref=health
http://www.hsph.harvard.edu/news/press-releases/2006-releases/press04252006.html

1 http://www.autismvotes.org/site/c.frKNI3PCImE/b.4444871/k.D0BD/New_York.htm
2 http://autismparenthood.com/autism-symptoms-in-children-and-toddlers/u-s-health-plans-now-must-cover-autism-screening/
3 http://en.wikipedia.org/wiki/Timothy's_Law
4 http://www.apbahome.net/news.php?nid=55

Appendix E: Autism Oral Presentation

Agenda

- The Autism Mandate
- Other Legal Considerations
- Impact on NYSHIP Processes
- Impact on NYSHIP Premium
- Q&A

Autism Law

- Effective for state-regulated health plans issued or renewed on or after November 1, 2012
  - 1/1/13 for NYSHIP
  - Technically not required if Empire MHSA Program self funds
- Provides coverage for Applied Behavior Analysis (ABA) provided or supervised by Board Certified Behavior Analysts
  - Up to $45,000/year
  - Limit increases annually based on increases in the medical consumer price index
- Prohibits a health maintenance organization (HMO) or insurer from excluding coverage for the diagnosis and treatment of medical conditions (such as testing for autism symptoms and treating autism) otherwise covered by a policy
- NYS joins 29 other states with autism ABA mandates

Other Legal Considerations

- **Timothy's Law**
  - Requires that large-group policies treat certain mental illnesses as they would physical illnesses and injury
  - Requires care for mental, nervous or emotional disorders be no less than 30 days of inpatient care & 20 visits of outpatient care/year
- **Patient Protection and Affordable Care Act**
  - Treatment of autism NOT considered an essential health benefit
  - Rehabilitative services and behavior health treatment are included in the list of essential health benefits under Section 1302 of PPACA
- **Federal Mental Health Parity**
  - Dollar, age and duration limits cannot be more restrictive than those that apply to all medical/surgical benefits in the same category

Impact on NYSHIP Processes

- Plan can continue to impose visit limits on various therapies and nursing services because they fall within the definition of "essential health benefits" only if similar limits are imposed on other medical/surgical benefits in the same category
- Consider modifying the existing NYS EAP program to provide Applied Behavior Analysis (ABA) in their benefit offering on a statewide basis
  - Covered members to use physical, speech and occupational therapies under their medical coverage
  - Deploy prior authorization services as EAP is outside of the regulations of Mental Health Parity and Health Care Reform
  - Provide coverage up to $30,000 in 2013 and reassess for 2014

Financial Impact

- Per the Centers for Disease Control, as many as one of every 88 eight-year-old children in the United States has been diagnosed with autism (up from 1 /150 in 2002)
- Cost of a Sample ABA Program:

Consultant	Mid-level Supervisor (lead therapist)	Line Therapists
3-6 hours per month	6 hours per week	40 hours per week
$100-$150/ hour	$30-$60/hour	$10-$20/hour
6 hours x $150 = 900/month	6 hours x $60 = $360/week	40 hours x $20 = $800/week
$900 x 12 months = $10,800/year	$360/week x 52 weeks = $18,720/year	$800/week x 52 weeks = $41,600/year
Annual Total = $71,120		

Impact on 2013 Premium

Prevalence	**Children prevalence rate**			**0.6%**
	% seeking treatment			**33%**
	case rate			**0.20%**
Cost Per Case		**Estimated % of Cases**	**Average Cost Per Case**	**Average Benefit**
	Mild	**50%**	**$5,000**	**$5,000**
	Moderate	**16%**	**33,000**	**33,000**
	Severe	**34%**	**71,120**	**45,000**
		100%	**31,961**	**23,080**
Cost Per Child Per Year				**$45.70**
Cost Per Child Per Month				**3.81**
Covered Children	**Empire Plan**			**306,000**
	HMOs			**39,000**
	Total			**345,000**
2013 Added Premium	**Empire Plan**			**$13,983,710**
	HMOs			**1,782,238**
	Total			**15,765,948**

Premium vs. Cost

- Could analyze number of unique individuals who filed a medical claim in 2011 with a primary or secondary diagnosis of Autism
- Ultimate cost to Empire Plan based on claim experience (due to agreement with insurer)
- Cost expected to increase significantly as more autistic children “use” the new benefit

Impact on 2015 Premium

Prevalence	**Children prevalence rate**			**0.6%**
	% seeking treatment			**50%**
	case rate			**0.30%**
Cost Per Case		**Estimated % of Cases**	**Average Cost Per Case**	**Average Benefit**
	Mild	**55%**	**$5,408**	**$5,408**
	Moderate	**21%**	**35,693**	**35,693**
	Severe	**24%**	**76,923**	**48,672**
		100%	**28,932**	**22,151**
Cost Per Child Per Year				**$66.45**
Cost Per Child Per Month				**5.54**
Covered Children	**Empire Plan**			**306,000**
	HMOs			**39,000**
	Total			**345,000**
2015 Added Premium	**Empire Plan**			**$20,334,772**
	HMOs			**2,591,687**
	Total			**22,926,459**
	% Increase (vs. 2013)			**45%**

Changes to Definition of Autism

- For the fifth edition of the **Diagnostic and Statistical Manual of Mental Disorders**
- Would sharply reduce the skyrocketing rate at which the disorder is diagnosed
- Might make it harder for many people who would no longer meet the criteria to get health, educational and social services

Q&A

Appendix F: Project Abstract – Sample #2 Client Deliverable

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