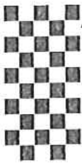

SEGAL

THE SEGAL COMPANY
2018 Powers Ferry Road SE Suite 850 Atlanta, GA 30339-7200
T 678.306.3100 F 678.306.3190 www.segalco.com

To: Shelly Murray **Fax:** 1-304-558-3970

Organization: State of West Virginia Department of Administration Purchasing Division

From: Kenneth C. Vieira

Pages (with cover): 67 **Date:** April 12, 2012

Recipient Phone: 304-558-8801 **cc:**

Re: RFQ INS12011 – Proposal for Actuarial Analysis and Consulting Services

Following is Segal's proposal for the above-referenced RFQ. Original will be sent overnight via FedEx to be delivered Friday, April 13, 2012.

Buyer: Shelly Murray

RFQ. No.: INS12011

Bid Opening Date: 4/12/2012

Bid Opening Time: 1:30 p.m.

RECEIVED
2012 APR 12 PM 12: 22
WV PURCHASING DIVISION

If you do not receive all the pages, please call Jean Humphries at 678-306-3115 as soon as possible.

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STATE OF WEST VIRGINIA

Proposal for Actuarial Analysis and Consulting Services

Request for Quotation #INS12011
April 12, 2012
1:30 p.m.

Submitted By:

The Segal Company
2018 Powers Ferry Road, Suite 850
Atlanta, Georgia 30339-7200
(678) 306-3100

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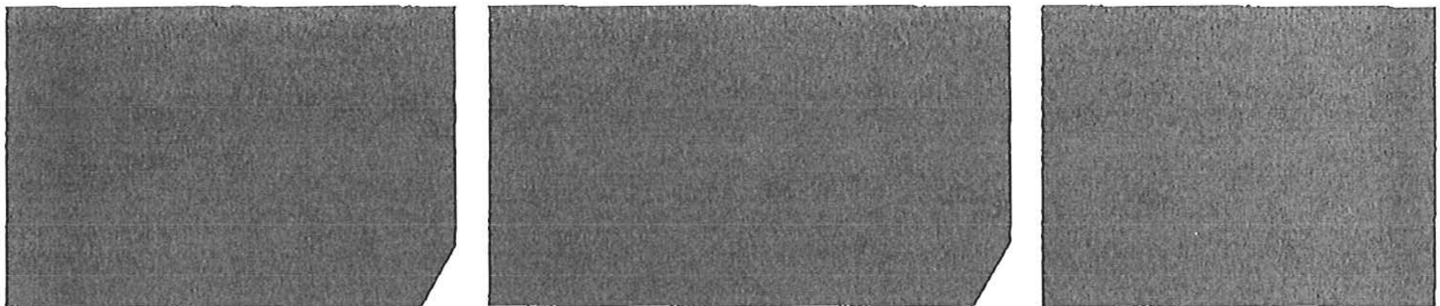

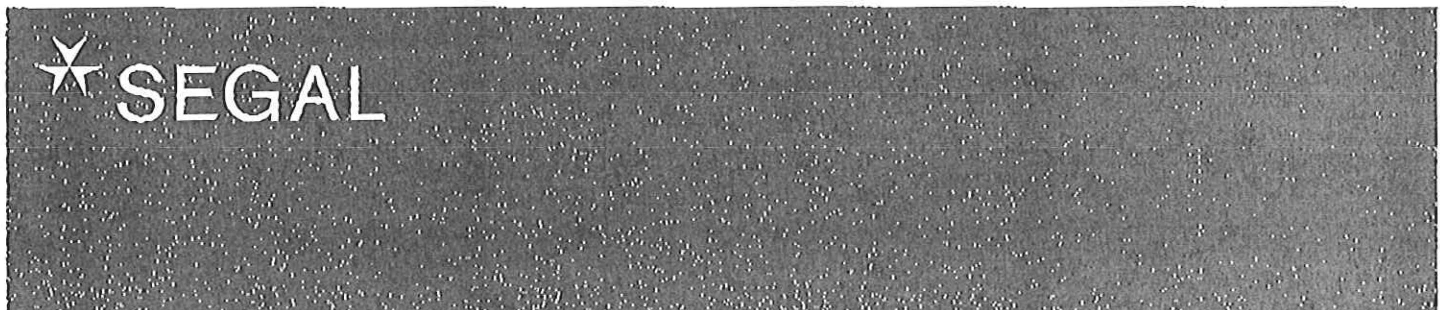

THE SEGAL COMPANY
2018 Powers Ferry Road SE Suite 850 Atlanta, GA 30339-7200
T 678.306.3100 F 678.306.3190 www.segalco.com

April 12, 2012

Shelly Murray, Buyer
State of West Virginia
Department of Administration
Purchasing Division
Building 15
2019 Washington Street, East
Charleston, WV 25305-0130

Re: Request for Quotation #INS12011 – Actuarial Analysis and Consulting Services

Dear Ms. Murray:

The Segal Company ("Segal") is pleased to submit this proposal to provide Actuarial Analysis and Consulting Services to the State of West Virginia, Offices of the Insurance Commissioner (the "OIC"), an agency of the West Virginia Department of Revenue.

We will assist the OIC in developing proposed Essential Health Benefits ("EHB") to be determined by the State of West Virginia, pursuant to the Patient Protection and Affordable Care Act and all supporting legislation. Segal will also provide, as requested, other analyses and management consulting services such as appearances before legislature, expert testimony, presentation of reports, etc.

Our proposed technical approach, team and experience are detailed in our response. We believe Segal is the most qualified firm to help the OIC in this challenging healthcare environment. Details and support for this can be found throughout our RFQ response, but below are key differentiators of our firm:

> **Commitment to the Public Sector:** For 70 years, Segal has provided actuarial and consulting services to public sector employers and governmental programs. The Public Sector is one of our three primary client markets. By focusing on the particular needs of public sector clients, Segal is able to bring specialized expertise and experience that other consulting firms, who cater primarily to private sector corporations, cannot offer.

> **Actuarial Talent:** Our firm was built on an actuarial foundation. Our proposed team includes four Fellows of the Society of Actuaries (FSA), with the available support and resources of over 150 credentialed actuaries. Our actuaries are the best in the industry, presenting at conferences and seminars and being quoted throughout various publications.

> **Depth of Resources:** We have also gone to great length to integrate our technical talent. Our actuaries work side by side with lawyers, clinicians, accountants, data analysts, benefit consultants, etc. Although OIC is primarily seeking actuarial support, our analysis will incorporate the particular expertise of each team member as it relates to Healthcare Reform. Your proposed Account Manager, **Ken Vieira, FSA, FCA, MAAA** has extensive experience in leading teams that service state-level plans and, as an actuary, is uniquely positioned to incorporate the entire team's input into the actuarial analysis, and will provide enormous value to OIC and the State of West Virginia.

> **Experience in West Virginia:** It cannot be understated that knowing a marketplace and political environment gives valuable insight. Segal has been retained numerous times to work with the West Virginia State Senate and House of Delegates as they deliberate how to address health benefit program and budget issues with the West Virginia Public Employees Insurance Agency (PEIA). We have helped the Joint Finance Committee review how the annual costs are determined and how those costs are included in the state budget. In addition, we conducted an extensive survey of health benefits for 15 other states and presented results to the Joint Legislative Committee to identify the relative value of the benefits and premium subsidies.

We are currently completing work under two contracts with the West Virginia Public Employees Insurance Agency (PEIA) consulting on Wellness and Pharmacy issues. Both contracts include the development, release and analysis of RFPs.

> **Commitment to Innovation:** We believe our role as consultant is to provide technical assistance and to add value to the management of the program. We will identify emerging issues and propose innovative solutions to assist the OIC in meeting its operational challenges. Our lawyers are on the forefront of reform and have an integral role with respect to analysis of pending legislation.

Segal would be privileged to be retained as consultant to the OIC. We bring a useful balance of technical depth and strategic sense to this project and are confident that our recommendations will help the State address the future of its healthcare programs. We have provided our signed receipt of Addendum 1 received on 3/28/2012 at the end of our proposal.

Should you or other reviewing staff have questions about the materials contained in this proposal, please do not hesitate to contact me at 678-306-3152. We would welcome the opportunity to meet with representatives of the OIC to answer any questions or to discuss our experience and qualifications in greater detail.

Sincerely,

Kenneth C. Vieira
Senior Vice President

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Our Understanding

To understand the projects listed in this RFQ, broad knowledge of the Patient Protection and Affordable Care Act ("ACA") and specific knowledge of provisions regarding essential health benefits are required.

Summary of Essential Health Benefits Bulletin

ACA generally requires health insurance issuers in the individual and small group market to cover "essential health benefits" In 2014. In an effort to begin developing the regulatory regime for implementing these statutory provisions, on December 16, 2011, the Center for Consumer Information and Insurance Oversight ("CCIIO") at the Department of Health and Human Resources ("HHS") issued the Essential Health Benefits Bulletin (the "Bulletin"). The Bulletin previews the regulatory approach that CCIIO intends to follow as it defines essential health benefits. Then, in February 2012, HHS released the following, additional guidance: (1) Frequently Asked Questions ("FAQs") that further explain the Bulletin's proposed process, and (2) the Actuarial Value and Cost-Sharing Reductions Bulletin ("the AV Bulletin"), which provides information and solicits comments on the proposed regulatory approach for defining the actuarial value for plans that are required to offer essential health benefits.

This brief summary of the Bulletin and related FAQs describes which types of plans must cover the essential health benefits, and outlines HHS's current proposal regarding how essential health benefits will be defined.

Background

Insured, non-grandfathered plans in the individual and small group market, including Qualified Health Plans ("QHPs") offered through an ACA State Health Insurance Exchange ("Exchange"), will be required to offer essential health benefits beginning in 2014. The essential health benefits must include items and services in the following general categories:

- Ambulatory patient services;
- Emergency services;
- Hospitalization;
- Maternity and newborn care;
- Mental health and substance use disorder services, including behavioral health treatment;
- Prescription drugs;
- Rehabilitative and habilitative services;
- Laboratory services;
- Preventive and wellness services and chronic disease management; and
- Pediatric services, including oral and vision care.

Self-insured group health plans, health insurance offered in the large group market and grandfathered plans are not required to cover the essential health benefits. But, the definition of essential health benefits is relevant to these plans because they are currently prohibited from placing lifetime dollar limits on essential health benefits. Additionally, these plans currently may

only impose "restricted" annual dollar limits on essential health benefits, and starting in 2014, annual dollar limits on essential health benefits also will be prohibited.

Benchmark Proposal

The Bulletin does not define a uniform, national set of essential health benefits. Rather, it proposes that, at least for 2014 and 2015, essential health benefits be defined on a state-by-state basis through the use of state-selected benchmark plans that are subject to certain conditions and parameters. For 2014-2015, states must choose a benchmark plan from four benchmark plan types:

(1) the largest plan by enrollment in any of the three largest small group insurance products in the state's small group market. HHS has released an illustrative list of the largest three small group products in each state, based on data collected by healthcare.gov, the web portal created by the ACA. HHS intends to provide an updated list based on data gathered from the first quarter of 2012.

(2) any of the largest three state employee benefit plans by enrollment;

(3) any of the largest three national Federal Employees Health Benefit Program ("FEHBP") plans by enrollment. HHS has released a list of the largest three nationally available FEHBP plans; or

(4) the largest commercial, non-Medicaid HMOs in the state.

If a state does not choose a benchmark plan, by default, its benchmark will be the largest plan by enrollment in the largest product in the state's small group market.

Benchmark plans must include services in all of the 10 statutorily-required categories. However, CCIIO acknowledges that certain benchmark plans will not cover benefits in each of the 10 required categories. If that occurs, the state will have to "supplement" its benchmark plan to cover any missing category of benefits by referencing another benchmark plan that includes coverage in that missing category. For example, if a benchmark plan offers newborn care but not maternity services, the benchmark plan will have to be supplemented to cover maternity services.

In addition, the Bulletin and related FAQs have provided limited information about certain benefits.

- CCIIO's research found that many insurance plans do not include benefits for habilitative services, pediatric oral services and pediatric vision services. As such, special rules are under consideration with regard to those categories:
  - As a transitional approach for habilitative services, CCIIO is considering either requiring (1) that habilitative services be offered at parity with rehabilitative services; or, (2) that each plan would decide what habilitative services to cover and report that coverage to HHS for evaluation pending further definition.
  - For pediatric oral care, the State would supplement its benchmark plan with benefits from either the Federal Employee Dental and Vision Insurance Program (FEDVIP) dental plan with the largest national enrollment, or the State's CHIP program.

- For pediatric vision care, the State would supplement its benchmark plan using the FEDVIP vision plan with the highest enrollment.

➢ CCIIO intends to propose that non-medically necessary orthodontic benefits are not essential health benefits.

➢ The parity requirements under the Mental Health Parity and Addiction Equity Act will apply in the context of essential health benefits.

➢ Preventive services required to be provided by a non-grandfathered group health plan will be considered essential health benefits.

The Bulletin proposes that each state should select the 2014-2015 benchmark plan during the third quarter of 2012.

State Benefit Mandates and State Transitional Relief

The ACA requires states to pay (to the individual or to the health plan on behalf of the individual) for the additional costs of any state-mandated benefits above the essential health benefits. ACA § 1311(d)(3)(B). However, the four benchmark plan types, with the possible exception of the FEHBP option, likely already include any state mandated benefits. Under the Bulletin's proposed approach, states that chose a benchmark plan for 2014-2015 that includes the mandated benefits would likely not be subject to any additional costs. However, if a state were to choose a benchmark that did not cover some or all of the state benefit mandates, the state would be required to cover the cost of any state-mandated additional benefits. As a result, states have an incentive to choose a plan that already includes coverage of the state benefit mandates. HHS intends to develop, by 2016, a process through which some state-mandated benefits may be excluded from the state EHB package.

Benefit Flexibility

The Bulletin indicates a desire by HHS to provide some flexibility in benefit design. Specifically, the Bulletin proposes that a health plan or issuer would only be required to offer benefits that are "substantially equal" to the state benchmark plan. Health plans would be able to adjust benefits, including both the specific services covered and any quantitative limits provided they continue to offer coverage for all 10 statutory EHB categories. Stated another way, the benchmark plan would provide plans and issuers with a frame of reference for the 10 categories.

CCIIO intends that the substantially equal equivalency standard will be met as long as the substitutions for benefits within the 10 categories are actuarially equivalent based on the standards in the federal CHIP regulations. In addition, the plans will need to be substantially equal to the benchmark plan with regard to the scope of benefits offered and any limits on those benefits. The FAQs explain that, for example, if the benchmark plan covers up to 20 physical therapy visits and 10 occupational therapy visits, a QHP could replace these benefits with up to 10 physical therapy visits and 20 occupational therapy visits, as long as the designs were actuarially equivalent and other criteria were met.

The application of the CHIP actuarial standard in the context of the ACA, where plans must already conform to actuarial levels (i.e., bronze, silver, gold, and platinum), will likely require

more explanation from CCIIO to ensure that health plans are able to conform both individual benefits, under the EHB construct, and overall actuarial value of the plan. ***Calculation of***

Actuarial Value.

As noted above, in February 2012, HHS issued the AV Bulletin, which provides information and solicits comments about the proposed regulatory approach to defining the actuarial value of QHPs and other non-grandfathered coverage in the individual and small group markets. The AV Bulletin also addresses cost-sharing reductions for lower-income individuals. As with the Bulletin, the AV Bulletin sets forth the regulatory approach that HHS is considering, but it is not final guidance.

As explained in the AV Bulletin, the actuarial value of a health plan that offers the essential health benefits is the measure of the percentage of expected health care costs that the health plan will cover. For example, a plan with a 80% actuarial value is expected to pay, on average 80% of a *standard population's* expected medical costs for the essential health benefits, and the remaining 20% is expected to be paid, on average, by the individuals covered by the plan in the form of deductibles, copayments and coinsurance.

The ACA requires issuers offering plans inside and outside of the Exchange in the individual and small group markets to assign their plans distinct metal tiers based on the actuarial value of the benefits – bronze (60%), silver (70%), gold (80%) or platinum (90%). The purpose of calculating the actuarial value on this metal basis is to provide consumers with a standardized mechanism by which to compare QHPs (and other non-grandfathered plans in the individual and small group markets) on the basis of their cost-sharing features. However, to implement the metal tiers system set out in the ACA, HHS needs to provide guidance about how to define a *standard population* and how to calculate the actuarial value of the plans offered.

With regard to defining the standard population, the AV Bulletin proposes that HHS will establish a national standard population using a single set of data and assumptions for its population, utilization and health care pricing that will be based on claims for a standard population weighted for the expected market enrollment. However, HHS also will provide states with an option to develop their own state standard populations based on state claims data. States that chose not to supply their own standard population will be permitted to modify the national standard population using adjustors, such as demographic adjustments, in accordance with sound actuarial practices.

For purposes of calculating the actuarial value, HHS proposes to create a publicly available actuarial value calculator. Using this calculator, plans should be able to input their plan design, and the calculator should be able to provide the actuarial value of the plan. However, HHS recognizes that there will be certain, more complex plan designs that the calculator will not be able to accommodate, such as plans with two co-insurance rates or multi-tier networks with substantial use expected in the higher price tiers. In those cases, actuarial assistance would be required.

The AV Bulletin also proposes how issuers may effectuate the requirement to reduce cost sharing on essential health benefits for individuals with household incomes at 250% or less of the Federal Poverty Level ("FPL") who enroll in a silver tier (70%) QHP through the Exchange.[1]

The AV Bulletin assumes that an individual's eligibility for cost-sharing reductions will be determined when the individual applies for Exchange coverage. HHS proposes that individuals who are eligible for cost-sharing reductions will be offered variations of the silver tier QHP that reflect their cost-sharing level based on their household income. In particular, those with household incomes between 200 and 250% of FPL will be covered by a silver plan variation with a 73% actuarial value, those with household incomes between 150 and 200% of the FPL will be covered by a silver plan variation with 87% actuarial value, and those with household incomes between 100 and 150% of the FPL will be covered by a silver plan variation with 94% actuarial value. In addition, each of these categories of individuals will have an out-of-pocket limit no greater than an amount set out in an annual federal notice. The QHP issuers will be required to submit to the Exchange for approval each standard silver plan, including the three silver plan variations described in this paragraph.

Under the AV Bulletin's proposal, the federal government will make monthly advance payments to the issuers for the estimated amount necessary to cover the reduced cost-sharing amounts. Those advanced payments will be reconciled at the end of the calendar year to reflect the actual cost-sharing reduction amounts.

<u>OIC Need Specified in RFQ</u>

We understand that the Insurance Commissioner needs assistance in developing the proposed essential health benefits package for QHPs offered in West Virginia. As set forth above, Segal has a thorough understanding of ACA and, in particular, the essential benefits requirements, and therefore, is able and available to help the OIC meet these requirements. Details of our proposed services are set forth in the Scope of Services section at page 16.

These services may also include the preparation of written reports concerning actuarial matters as deemed necessary by the OIC. All work under the proposed contract will be under the direction of the Insurance Commissioner or his designee. Written reports and actuarial findings must be submitted initially in draft form in order that any necessary changes may be discussed and agreed upon before final acceptance.

Our firm is qualified to best meet the needs of OIC and have detailed our approach, team and experience over the next few sections.

---

[1]While ACA required cost-sharing reductions be available for individual with household incomes at or below 400% of the FPL, the Bulletin indicates this assistance will only be available for those at or below 250% of FPL

Firm Information & Project Team

Firm Information

The Segal Company was founded in 1939 and has been providing benefit consulting to our clients for over 70 years. Segal is independent and privately owned by our officers and employees.

Our company's sole business is consulting and actuarial work for all phases of employee benefits, compensation and human resources. Working with hundreds of public sector clients at the state, local and federal levels gives us the depth and breadth of experience to help clients make their decisions in the broader context of what other jurisdictions are doing. We focus our energy and creativity on ways to serve clients better by providing value based consulting.

Having an objective consulting approach means we have no stake in providing answers tied to products or pre-packaged solutions. While we draw on the resources and knowledge of the entire firm in our consulting assignments, our advice and guidance is tailored to the particular needs and circumstances of each client. By investing our resources and developing our expertise based on the current and emerging needs of our clients, we have a long track record of creating durable, innovative and flexible solutions.

Segal's experience with large public sector clients includes all areas of the Plan's scope of services. We have included a list of our clients in the "Segal Clients: State Governments and Statewide Retirement Systems".

The company is headquartered in New York City and has 22 offices throughout the United States and Canada. Our offices are located in: Atlanta, Boston, Calgary, Chicago, Cleveland, Denver, Detroit, Glendale, Hartford, Houston, Los Angeles, Minneapolis, Montreal, New Orleans, New York, Philadelphia, Phoenix, Princeton, Raleigh, San Francisco, Toronto, and Washington, DC.

Segal is privately held and is owned by its officers and employees. Segal is an independent organization with no ties to any financial, insurance or other companies. Our only interest is in providing unbiased solutions to our clients' benefits concerns and needs.

Segal Range of Services

Segal is an independent benefits, compensation and human resource consulting firm, providing professional services in the following major areas:

- **Health Benefits Actuarial and Consulting Services** for life and health benefit plans include the design of medical, dental, prescription drug and vision benefits plans; assistance in the selection and quality evaluation of insurers and managed care organizations; and projections of benefit plan costs. Other services include evaluation and formulation of provider reimbursement systems; design and implementation of managed disability, health promotion and employee assistance programs; the application of healthcare cost management techniques; long-term care studies; hospital and medical claims and utilization review audits;

collection and analysis of cost utilization data; consultation regarding the creation and management of healthcare coalitions; design and selection of disease management programs; design, selection and implementation of retiree health plan strategies and vendors; and the development of centers of excellence programs.

- **Human Resources Consulting Services** provide strategic analysis of an organization's human resources objectives and practices; assist in aligning goals and HR strategy; examine and report on whether outsourcing is appropriate; assist with the vendor selection process; and support the implementation process.

- **Compensation Consulting Services** encompass customized program design and the implementation of administration of total compensation programs. This includes job classification and evaluation studies, compensation surveys and databases, as well as reward system design.

- **Actuarial Services** include the design of defined benefit and defined contribution plans, the preparation and review of actuarial valuations, the valuation of retiree health plan liabilities and obligations, long-term disability plans and other health programs. Segal's actuarial reports pinpoint significant findings, present available options, explore alternatives, measure assumptions and highlight changes and trends. Our professional actuarial staff includes Fellows and Associates of the Society of Actuaries, Members of the American Academy of Actuaries, Fellows and Members of the Conference of Consulting Actuaries, Enrolled Actuaries and Fellows of the Canadian Institute of Actuaries.

- **Administration and Technology Consulting** helps clients define the use of technology in managing human resources information by evaluating the existing human resources technology environment and defining users' functional and technical requirements. Our consulting team offers practical alternatives to improve a plan's current procedures utilizing either outsourcing vendors or available technology. Internet and Intranet applications for benefits communications are also offered. Segal provides implementation oversight and manages vendor identification, evaluation and selection. We provide health benefit claim audits through our national audit teams, which are part of this practice.

- **Organizational Performance Measurement Services** use employee and customer loyalty measurement systems to design competency models and competency-based performance management systems, develop business cases for implementing change and create focused recruitment/retention goals for critical roles in the organization.

- **Work/Life Benefits Consulting Services** include facilitating discussion on work/life issues and assisting with planning and program design that aligns work/life incentives with an employer's business culture and goals. Consultants analyze, measure and monitor work/life programs, assess employee needs and preferences, and prepare cost/benefit analyses. Other work/life consulting services include assisting with vendor searches, developing paid time-off programs and flexible work arrangement strategies, and designing managers' training programs on work/life balance and flexibility.

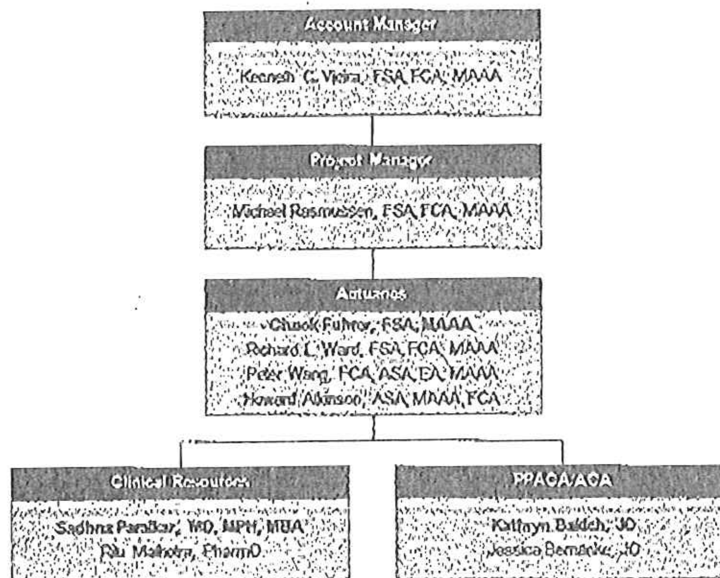
- **Employee Communications Services** include the strategic planning of the use of communications to help plan sponsors achieve their benefits goals. Consultants work with

clients to develop materials for a wide range of benefit programs and produce online and print brochures, posters, payroll stuffers, video and slide presentations, individualized benefit statements, comprehensive employee handbooks and individual summary plan descriptions, as well as computer interactive communications. The staff also conducts seminars, focus groups and training for meeting presenters.

- **Compliance Services** include the review of plan documents, plan enrollment information and participant correspondence for compliance with Internal Revenue Code and Department of Labor provisions and regulations, internal and external consistency and the provision of clear rules and guidelines for plan operation. In addition, Segal offers a separate service – ***Crosscheck***™ – that provides specially trained experts to conduct an operational review of a client's administrative procedures to help a client and its legal counsel determine whether plan operations are meeting legal and regulatory requirements, and are consistent with what the plan promises.

Project Team

Segal has assembled a senior team of actuaries, lawyers and clinicians who are very familiar the provision of ACA and West Virginia.



Key members of our actuarial and consulting team include:

Senior Management Team

Kenneth C. Vieira, FSA, FCA, MAAA, Segal's Co-East Region Public Sector Market Leader will serve as your overall Account Manager. He has extensive experience in consulting on a wide range of topics for governments, employers and healthcare providers. He has been working with public employers for more than 20 years. His most recent work includes actuarial certification on

a number of State Medicaid programs. He recently served as the Account Manager and Lead Actuary for TennCare, the Georgia State Health Benefit Plan and the North Carolina State Health Plan, a role he filled for the last 17 years.

Michael Rasmussen, FSA, MAAA is in our Atlanta office and will serve as the Project Lead. Mike is uniquely qualified for this project, working with a number of state insurance departments. Prior to rejoining Segal, Mike spent 15 years consulting to various HMO's, Blue Cross Blue Shield Plans, commercial carriers, government entities, and large employers on a wide range of group and individual health products. Mike has significant experience pricing and reserving group and individual medical products, group dental and prescription drug products, group life and disability products, and senior products. Mike has also done pricing, reserving, and experience studies for Medicaid or State Plans working at different times for either the state or the insurance carrier.

Chuck Fuhrer, FSA, MAAA, is a Vice President in our Washington DC office. Chuck is considered to be an expert on health plan rate setting credibility. He will work side by side with Mike. Chuck has done a number of State filings, most recently with Blue Cross & Blue Shield of the National Capitol Area filing policies and rates with the MD, VA, and DC Departments of Insurance. Chuck has met numerous times with insurance departments throughout the normal the rate approval process. Chuck published "Some Applications of Credibility Theory to Group Insurance" (Transactions of the Society of Actuaries) that dealt with the credibility of group health insurance experience in projecting plan expenses, and he is now working on updating that study (Intercompany Credibility Study (HP135) – The data collected for the Medical Large Claims Experience Study (HP123) will be analyzed to estimate the parameters of credibility formulas for health insurance.

Actuarial Strength

We have three other actuaries assigned to help support your account. As needed these three will provide valuable support and insight on your account. Each actuary brings their unique expertise.

Richard Ward, FSA, FCA, MAAA, is a Senior Vice President in our Atlanta office. Richard has a broad range of experience in the design, administration and funding of public employee and retiree benefit plans. He has been working with public employers since 1995. His experience includes budget forecasting and planning, IBNR reserve calculations, underwriting and rate setting, development of employee and retiree contribution strategies, price tags and credits for flexible benefit plans, implementation and ongoing management of "consumer" health plans, retiree health strategies and the implementation and ongoing management of innovative health management strategies. His current and recent clients include the states of Tennessee, Kentucky , Georgia, Virginia and North Carolina. For these clients he has lead in the development of long term strategies that account for the impact of the ACA.

Howard Atkinson, Jr., ASA, MAAA, FCA is a Vice President in our Washington DC office. He is an expert in many phases of the analysis of healthcare benefits and financing. These include experience analyses, cost projections, pricing plan provisions, group insurance rating, risk analysis, plan design, reserve calculations, and pricing and negotiating provider reimbursement levels. His experience ranges from working with indemnity to managed care

plans in the corporate, public sector, and multiemployer markets and encompasses capitation rate setting for Medicaid and Medicare plans. He has provided actuarial expertise to clients including the States of New Hampshire and Delaware as well as the Pennsylvania Public School Employees' Retirement System Health Options Program.

Peter Wang, FCA, ASA, EA, MAAA is an Assistant Actuary in our Atlanta office.. Mr. Wang provides a wide range of actuarial support for health and related consulting services to clients. He specializes in funding, cash flow analysis, reserving and marketing analysis. He recently complete filings for SOP 92-6 valuations and GASB OPEB valuations. Currently, his clients include a variety of public and quasi-public entities, including: Birmingham Water Works Board (AL), the City of Atlanta, the City of Marietta, Capital Metro Transit Authority (TX), DeKalb County and the Memphis Area Transit Authority (TN).

ACA Expertise

Given the nature of this assignment, it would likely require the advice of our key compliance experts. Both of our team members are considered experts in their field and are frequent presenters. These two will be committed to helping OIC and our Segal team understand the nuances of ACA:

Kathryn Bakich, JD is our National Health Compliance Practice Leader and is in our Washington, D.C. office. Ms. Bakich is one of the country's leading experts on employer sponsored health coverage. She specializes in providing research and analysis on federal laws and regulations affecting health coverage, including: ERISA, Medicare, HIPAA, COBRA, the Newborns' and Mothers' Health Protection Act, the Mental Health Parity Act, and the Women's Health and Cancer Rights Act.

Ms. Bakich is a recognized expert on the Patient Protection and Affordable Care Act passed in 2010. She speaks regularly about the law, helps plan sponsors understand its short and long term effects on their plans, and assists clients with preparing comments on the legislation for submission to regulatory Departments (Treasury, Labor, and Health & Human Services).

Jessica Bernanke, JD, works directly with Ms. Bakich and is a Senior Compliance Specialist located in our Washington, DC office. Ms. Bernanke specializes in research and analysis on federal laws and regulations affecting health coverage, including ERISA, the Affordable Care Act (also known as Health Care Reform), HIPAA, COBRA and the Mental Health Parity Act. Ms. Bernanke works with the national staff of the Health and Compliance Practices to disseminate health plan compliance information and updates to staff in regards to applicable federal laws.

Clinical Resources

This project may require some clinical expertise as we dig into the details. If questions arise, we will get input from our Medical Director and Pharmacy Director:

Sadhna Paralkar, MD, MPH, MBA is our Medical Director and is in San Francisco. Dr. Paralkar's areas of expertise include health care informatics, medical management program design, clinical operations, benefit plan design and network management strategies to optimize

health improvement while containing costs, and evaluation and implementation of disease management and wellness programs based on evidence based medicine (EBM) protocols.

Ritu Malhotra, PharmD is Segal's Pharmacy Director and works from our Chicago office. Dr. Malhotra provides clinical consulting, analysis, support and strategic direction for clients nationally. She has extensive experience with the integration of clinical expertise in multiple managed care settings.

Other Subject Matter Experts

Segal has a wide array of consulting talents. We have included only our most senior actuarial, compliance and clinical resource on your project team. As other disciplines or skills are needed, we can draw from our entire staff. We have on staff experts in a wide range of topics, including Pharmacy, Wellness, Consumer Directed Health, Retiree Health, legal/compliance, Long Term Care, audits of dependent eligibility, communications, process reviews and audits, and the development of effective care management strategies.

Resumes for all OIC team members are provided in the **Segal Team Resumes** section of our proposal.

Responding firms should include the following information with their bid proposal submittal. The West Virginia Offices of the Insurance Commissioner reserves the right to request this and any additional information at any time during the bid evaluation process prior to their recommendation of award notification to the West Virginia Purchasing Division.

(a) Name and address of the firm submitting the quotation along with the federal employer identification number of the vendor.

The Segal Company ("Segal") is a privately held corporation and is owned by its officers and employees.

The OIC will be serviced out of our Atlanta and Washington D.C. offices. Mr. Ken Vieira will be assigned as the Account Manager and Mr. Michael Rasmussen will be assigned as Project Manager. Both Mr. Vieira and Mr. Rasmussen will know at all times where we are in the various projects and assignments.

The contact information for the Atlanta Office, where both Mr. Vieira and Mr. Rasmussen are located:

Kenneth C. Vieira, FSA, FCA, MAAA
Senior Vice President and Actuary
The Segal Company (Eastern States), Inc.
2018 Powers Ferry Road, Suite 850
Atlanta, GA 30339
(678) 306-3154 (Phone)
(678) 306-3190 (Fax)
kvieira@segalco.com

Michael Rasmussen, FSA, MAAA
Vice President and Actuary
The Segal Company (Eastern States), Inc.
2018 Powers Ferry Road, Suite 850
Atlanta, GA 30339
(678) 306-3132 (Phone)
(678) 306-3190 (Fax)
mrasmussen@segalco.com

Segal's Federal Tax ID Number is 13-1835864.

(b) Date of registration to do business in the State of West Virginia.

The Segal Company (Eastern States), Inc. "Application for Certificate of Authority" was authorized on August 28, 2003. We have an attached a copy of our certificate in **Section: West Virginia Business License.**

Qualified Actuarial Firm

Any actuarial firm submitting a quotation under this procurement shall meet or exceed the minimum qualification set for in this RFQ. Those quotations not meeting the mandatory specifications will be eliminated. Any actuarial firm submitting a quotation under this procurement shall meet or exceed the minimum qualifications as follows:

One or more members assigned to this contract must be a Fellow of the Society of Actuaries (FSA) and/or a Member of the American Academy of Actuaries (MAAA).

The Segal Actuarial Team includes six of our most qualified actuaries to assist OIC. Four are Fellows of the Society of Actuaries (FSA) and two are Associates of the Society of Actuaries (ASA). All six are Members of the American Academy of Actuaries (MAAA).

Credentialed Actuary	Society of Actuaries	American Academy of Actuaries
Kenneth C. Vieira, FSA, FCA, MAAA	Fellow	Member
Michael L. Rasmussen, FSA, MAAA	Fellow	Member
Chuck Fuhrer, FSA, MAAA	Fellow	Member
Richard Ward, FSA, FCA, MAAA	Fellow	Member
Howard Atkinson, Jr., ASA, MAAA, FCA	Associate	Member
Peter Wang, FCA, ASA, EA, MAAA	Associate	Member

All Members assigned to this contract must have at least five (5) years of experience with life and health products.

All members of the OIC team have over (5) years of experience with life and health products.

Credentialed Actuary	Years of Experience Life & Health Products
Kenneth C. Vieira, FSA, FCA, MAAA	21 Years
Michael L. Rasmussen, FSA, MAAA	22 Years
Chuck Fuhrer, FSA, MAAA	35 Years
Richard Ward, FSA, MAAA, FCA,	17 Years
Howard Atkinson, Jr., ASA, MAAA, FCA	12 Years
Peter Wang, FCA, ASA, EA, MAAA	11 Years

All Members assigned to this contract must have at least five (5) years of experience specifically with pricing major medical health insurance products.

All members of the OIC team have at least five (5) years of experience with pricing major medical health insurance products.

Credentialed Actuary	Years of Experience Pricing MM Health Products
Kenneth C. Vieira, FSA, FCA, MAAA	21 Years
Michael L. Rasmussen, FSA, MAAA	22 Years
Chuck Fuhrer, FSA, MAAA	35 Years
Richard Ward, FSA, MAAA, FCA,	17 Years
Howard Atkinson, Jr., ASA, MAAA, FCA	12 Years
Peter Wang, FCA, ASA, EA, MAAA	11 Years

All Members assigned to this contract must be knowledgeable of Actuarial Standard of Practice No. 8.

Our Segal actuaries are required to have proficiency in all applicable Actuarial Standards of Practice (ASOP). All assigned members of the team are knowledgeable and experienced with ASOP No. 8 – Regulatory Filing for Health Plan Entities.

One or more members to be assigned to this contract must be experienced in providing rate review services to state insurance regulators.

Two of our actuaries directly meet these requirements. Michael Rasmussen has worked with the Kentucky DOI and Chuck Fuhrer has worked with DOIs in Maryland, Virginia and Washington, D.C. Our other actuaries have done similar types of actuarial rate work, but not specifically with state insurance regulators.

The firm shall have no conflict of interest with regard to any carrier that is actively writing individual or group life and health products in the West Virginia market.

Segal does not have a conflict of interest with the State in regards to any carrier that is actively writing individual or group life and health products in the West Virginia market. Segal is an independent organization with no ties to any financial, insurance, or other companies and is incorporated in New York.

Segal Clients: State Governments and Statewide Retirement Systems

Segal serves many public sector clients at all levels from local jurisdictions to states to the federal government. The following are selected current and recent clients:

State of Delaware

Government of the District of Columbia

State of Florida

State of Hawaii

State of Illinois

State of Maryland Comptroller

State of Maryland Department of Budget & Management

State of New Hampshire

State of North Carolina

State of Tennessee

State of West Virginia

State of Wyoming

Arizona State Retirement Systems

California State Teachers' Retirement System

District of Columbia Retirement Board

Georgia Municipal Employees' Retirement System

Illinois Municipal Retirement Fund

Illinois Teachers' Retirement System

Maryland Supplemental Retirement Plans

Michigan Office of Retirement Systems

Missouri Local Government Employees Retirement System

Ohio Public Employees Retirement System

Ohio School Employees Retirement System

Pennsylvania Public School Employees' Retirement System – Health Options Program

Georgia Municipal Employee Benefits System

Illinois Teachers' Retirement System

Minnesota State Retirement Systems

Nevada Public Employees' Retirement System

North Dakota Public Employees Retirement System

North Dakota Teachers Fund for Retirement

Ohio Public Employees' Retirement System

Rhode Island Employees' Retirement System

Texas Municipal Retirement System

University of California Retirement System

Wisconsin Retirement System

Scope of Services

The firm awarded the contract as a result of this RFQ will assist the Insurance Commissioner in developing proposed EHB for Qualified Health Plans [QHP] through analysis of the projected costs of alternative benefits offered in the ten specific plans on which a state's benchmark may be based; the cost to the state of state-mandated benefits that exceed the EHB; and actuarially-equivalent benefit Substitutions. Determining the actuarial value of specific QHP and minimum employer-sponsored coverage will also be required. Work will be subject to continued issuance of federal guidance.

We will assist the Insurance Commissioner in developing the proposed essential health benefits for Qualified Health Plans (QHPs) that may be offered through the Exchange, as well as non-grandfathered individual and small group market plans offered outside of the Exchange. This process will include:

- Identifying and analyzing the potential benchmark options to determine their projected costs and the benefits they will offer to consumers;
- Identifying and analyzing any supplemental benefits that may need to be offered if possible benchmark plans are missing any of the 10 benefit categories;
- Determining the cost to the State of any state-mandated benefits that may exceed the essential health benefits, including a review of the possible West Virginia benchmark plans to determine which of those plans incorporate any state mandates;
- Analyzing potential actuarially-equivalent benefit substitutions to assist the Insurance Commissioner with understanding what alternative benefits plans or issuers may offer in QHPs;
- Assisting with establishing the mechanism necessary to calculate the actuarial value of the QHPs offered on the Exchange, as well as other insurance plans offered in the individual and small group markets. This assistance will include helping to:
  - Establish West Virginia's "standard population" for calculation purposes,
  - Use the calculator established by HHS, as well as provide any actuarial services related to plans that include design features that are not accounted for in the HHS calculator, and
  - Set up the parameters for the silver tier variations that are required for cost-sharing reductions for lower income individuals;
- As relevant federal guidance continues to issue, determining the actuarial value of minimum employer-sponsored coverage; and
- Continuing to monitor and integrate into our analysis additional federal guidance, including accounting for any changes made to the current Bulletin and AV Bulletin.

As needed, Segal will provide other management consulting services and perform special reviews and/or analysis of health-related products to the OIC. These additional services may

include analysis of the costs of newly-proposed state-mandated benefits, appearances by the actuary's personnel before judicial, legislative, and executive bodies, or others, to respond to questions of an actuarial nature or to give reports.

These services may also include the preparation of written reports concerning actuarial matters as deemed necessary by the OIC. All work under the proposed contract will be under the direction of the Insurance Commissioner or his designee. Written reports and actuarial findings must be submitted initially in draft form in order that any necessary changes may be discussed and agreed upon before final acceptance.

Our firm is qualified to best meet the needs of OIC and have detailed our approach, team and experience over the next few sections.

The actuarial firm may provide other management consulting services and perform special reviews and/or analysis of health-related products to the OIC. These additional services may include analysis of the costs of newly-proposed state-mandated benefits, appearances by the actuary's personnel before judicial, legislative, and executive bodies, or others, to respond to questions of an actuarial nature or to give reports.

Financial Impact of Legislation

Segal will provide timely financial impact estimates of any planned statutory amendments, as requested by the OIC. Segal understands the pressures that can unfold during each Legislative session and we will complete each requested analysis within the required timeframe. In addition, we will assist the OIC in identifying potential statutory changes, operational improvements and design improvements. Below are the steps we would typically perform for this type of analysis:

- Review and discuss with the OIC staff each bill introduced during the legislative session to clarify our understanding of the proposed changes and to set the assumptions to use in conducting the analysis. We will determine the short and long term fiscal impact, as well as any impact on the the OPEB liability and GASB 43/45 disclosures for each bill.

- Highlight any other relevant policy or technical issues that emerge from the actuarial analysis of the legislation, including any issues that could affect implementation of the legislation.

- Provide results from each analysis either orally by telephone or in writing by electronic mail, as agreed upon in advance with staff; respond to any questions that staff have about the methods used or the results generated by the analysis.

- Review and comment on draft fiscal notes produced by OIC's staff to ensure that they accurately convey the results of the actuarial analyses.

- Re-analyze any legislation that is amended during the legislative process to provide updated pension liability and employer cost estimates.

Appearances by the actuary's personnel before judicial, legislative, and executive bodies

We regularly support our clients' staff both in the preparation for and presentation to their respective boards and oversight committees. In addition to presenting report particulars, we

support our clients in presenting strategic options and initiatives showing the impact on all aspects of their program – financial, administrative, operational.

In some instances, we lead the presentation and facilitate the discussion. In others, we may co-present with staff, or just be on hand to respond to audience Q&As, as staff leads the presentation. We are flexible in the role we fill and take the approach that our role is to support OIC staff in whatever capacity is appropriate.

These services may also include the preparation of written reports concerning actuarial matters as deemed necessary by the OIC. All work under the proposed contract will be under the direction of the Insurance Commissioner or his designee. Written reports and actuarial findings must be submitted initially in draft form in order that any necessary changes may be discussed and agreed upon before final acceptance.

Segal will meet regularly with the OIC to discuss your developing needs and to identify any projects that will help quantify or improve the situations. When a project need is identified, we will discuss the specific scope the OIC has in mind, prepare a proposed work plan letter or memo including a suggested hours and dollars budget, and then be ready to begin the project upon the OIC's approval. Once the project is initiated, we will provide full and periodic updates project status and progress made.

Where we have regular update meetings scheduled, we will use a portion of those meetings to provide updates on various open projects and review draft reports or sections of the reports as they become available. We believe in full transparency with our clients and will discuss all the assumptions and techniques utilized. In addition to the regularly planned meetings, Segal will be available on a continuing basis for meetings with the OIC, including immediate consultations using "meet me there" telephone conferences, on-site meetings and web-based meeting software.

Segal understands the collaborative and iterative process involved in developing the final report that outlines our findings, methods, assumptions and data used. OIC will ultimately "own" these results and the reports will be public once the draft process is completed and the report is final. Our consultants and actuaries have the experience required to work with OIC staff to ensure that staff fully understand the results and findings and that all issues are properly vetted during the draft stage of the process. We have the experience to work appropriately through this process. You Segal team has extensive experience with similar projects in North Carolina, Georgia, Kentucky and Tennessee.

Bid Amount

The amount of the bid submitted by each potential vendor shall be a fixed hourly rate for services rendered. This rate shall be the same regardless of which partner or member performs the services and shall be sufficient to cover any and all incidental expenses. Out-of-pocket travel expenses shall be billed in accordance with the State of West Virginia's Travel Rules as prescribed by the Travel Management Unit, Purchasing Division.

Vendor Cost: $250 *PER HOUR*

Exceptions to General Terms & Conditions

GENERAL TERMS & CONDITIONS
REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.

2. The State may accept or reject in part, or in whole, any bid.

3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required $125 fee.

4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.

5. Payment may only be made after the delivery and acceptance of goods or services.

6. Interest may be paid for late payment in accordance with the *West Virginia Code.*

7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code.*

8. The State of West Virginia is exempt from federal and state taxes and will not payor reimburse such taxes.

9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.

10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.

11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.

12. BANKRUPTCY: In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.

13. HIPAA BUSINESS ASSOCIATE ADDENDUM: The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.html and is hereby made part of the agreement provided that the Agency meets the definition of a Cover Entity (45 CFR § 160.103) and will be disclosing Protected Health Information (45 CFR §160.1 03) to the vendor.

14. CONFIDENTIALITY: The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in

    http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf.

15. LICENSING: Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.

16. ANTITRUST: In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.

I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or Fraud. I · further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

Exceptions to Confidentiality and Information Security Accountability Requirements

The Segal Company's General Counsel has reviewed the Confidentiality and Information Security Accountability Requirements and requests the following changes and amendments as itemized below. Additions to the text are shown in underlined red type and deletions are shown in ~~red type with strikethrough~~. We would be glad to discuss our requested revisions with you to reach a mutually agreeable contract.

1.0 INTRODUCTION

The Executive Branch has adopted privacy and information security policies to protect confidential and personally identifiable information (hereinafter all referred to as Confidential Information). This Notice sets forth the Vendor's responsibilities for safeguarding this information.

2.0 DEFINITIONS

2.1 **Breach** shall mean the acquisition, access, use or disclosure of Confidential Information which compromises the security or privacy of such information.

2.2 **Confidential Information**, shall include, but is not limited to, trade secrets, personally identifiable information, protected health information, financial numbers, driver's license numbers, State ID numbers, social security numbers, employee home addresses, employee marital status, employee maiden name, etc.

2.3 **Security Incident** means any known successful ~~or unsuccessful~~ attempt by an authorized or unauthorized individual to inappropriately use, disclose, modify, access, or destroy any information.

3.0 BACKGROUND

Agencies maintain Confidential Information, including, but not limited to, trade secrets, personally identifiable information, protected health information, financial information, financial account numbers, credit card numbers, debit card numbers, driver's license numbers, State ID numbers, social security numbers, employee home addresses, etc. Federal laws, including, but not limited to, the Health Insurance Portability and Accountability Act, the Privacy Act of 1974, Fair Credit Reporting Act and State laws require that certain information be safeguarded. In some situations, Agencies delegate, through contract provisions, functions to vendors that involve the vendor's collection, use and/or disclosure of Confidential Information, WV State government must take appropriate steps to ensure its compliance with those laws and desires to protect its citizens and employees' privacy, and therefore, must require hat is vendors also obey those laws.

4.0 POLICY

4.1 All vendors for the Executive Branch of West Virginia State government shall sign both the RFP or RFQ, as applicable, and the Purchase Order which contain the confidentiality statement, incident response accountability acknowledgement, and adopt this policy by reference.

4.2 Vendors must contact the Privacy Officer of the Agency with which they are contracting to obtain Agency-specific privacy policies, procedures and rules, when applicable.

4.3 For vendors' information, Agencies generally require at least the following minimum standards of care in the handling of their Confidential Information:

4.3.1 Confidential Information shall only be used or disclosed for the purposes designated in the underlying contract and at no time shall it be disclosed or used for a personal, non-work or non-contract related reason, unless specifically authorized in writing by the Agency.

4.3.2 In all circumstances, vendors shall have no ownership rights or interests in any data or information, including Confidential Information. All data collected by the vendor on behalf of the Agency, or received by the vendor from the Agency, is owned by the Agency. There are no exceptions to this provision.

4.3.3 In no circumstance shall a vendor use Confidential Information, or data, in any way detrimental to the Agency or to any individual whose records reside in the vendor's control. This prohibition shall not be construed to curtail a vendor's whistleblower rights under Federal and State law. If, in the process of making a good faith report under the provisions of W. Va. Code §6C-1-1 et seq. or the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), (Pub. L. No. 104-191) as amended by the American Recovery and Reinvestment Act of 2009 (Pub. L. No 111-5) (the "HITECH Act"), any associated regulations and the Federal regulations published at 45 CFR parts 160 and 164 (sometimes collectively referred to as "HIPAA") or any other relevant whistleblower law, a vendor finds it necessary to disclose. Confidential Information to an appropriate authority in accordance with those statutes, the disclosure will not be treated as a breach of the Agency's security, privacy or confidentiality policies, as long as the confidential nature of the information is explicitly conveyed to the authorized recipient.

4.3.4 The State may periodically monitor and/or audit use of the information systems and other record-keeping systems at a vendor location or a State location in an effort to ensure compliance with this policy. In addition, the State may audit, and require strengthening of, vendor policies and/or practices as they impact security of State data within the vendor's possession.

4.3.5 Any collection, use or disclosure of information that is determined by the Agency to be contrary to the confidentiality statement, law or Agency policy may result in termination of the underlying contract.

4.3.6 The confidentiality and incident response accountability statement contained with the RFP or RFQ, as applicable, and the Purchase Order shall survive termination of the underlying contract.

4.4 If there is an incident that involves theft, loss, or compromise of State Confidential Information, the following reporting and/or actions must be taken by the vendor, on its own behalf, or on behalf of its subcontractor:

4.4.1 If the event involves a theft, or is incidental to another crime, appropriate law enforcement officials shall be notified and a police report generated to document the circumstances of the crime, with a goal to establish whether the crime involved a motive to obtain the sensitive data. A copy of the police report will be forwarded in accordance with 4.4.2.3.

4.4.2 Notification of Breach.

4.4.2.1 Upon the discovery of Breach of security of Confidential Information, if the Confidential Information was, or is reasonably believed to have been, acquired by an unauthorized person, the vendor shall notify the individuals identified in 4.4.2.3 ~~immediately~~ promptly by telephone call plus e-mail, web form or fax; or

~~4.4.2.2 Within 24 hours by e-mail or fax of any suspected Security Incident, intrusion or unauthorized use or disclosure of Confidential Information, in violation of the underlying contract and this Notice of potential loss of confidential data affecting the underlying contract.~~

4.4.2.3 Notification required by the above two sections shall be provided to:

(1) the Agency contract manager whose contact information may be found at www.state.wv.us/admin/purchase/vrc/agencyli.htm and,
(2) unless otherwise directed by the Agency in writing, the Office of Technology at incident@wv.gov

4.4.2.4 The vendor shall immediately investigate such actual ~~or suspected~~ Security Incident, Breach, or unauthorized use or disclosure of Confidential Information. Within ~~72 hours~~ ten (10) business days of the discovery, if an actual Breach has occurred, the vendor shall notify the individuals identified in 4.4.2.3 of the following: (a) What data elements were involved and the extent of the data involved in the Breach (e.g. number of records or affected individual's data); (b) The identity of the unauthorized persons

known or reasonably believed to have improperly used or disclosed PHI or Confidential Information; (c) A description of where the Confidential Information is believed to have been improperly transmitted, sent, or utilized; (d) A description of the probable causes of the improper use or disclosure; and (e) Whether any Federal or State laws requiring individual notifications of Breaches are triggered.

4.4.2.5 Agency will coordinate with the vendor to determine additional specific actions that will be required of the vendor for mitigation of the Breach, which may include notification to the individual or other authorities.

4.4.2.6 All ~~associated~~ costs <u>of providing the required notification</u> shall be borne by the vendor, provided that the method and cost of providing such notice is reasonable under the particular circumstances. ~~This may include, but not be limited to, costs associated with notifying affected individuals.~~

4.5 The State may require that a vendor provide evidence of adequate background checks, including a nationwide record search, for individuals who are entrusted by the vendor to work with State information.

4.6 The State requires that any vendor taking possession of State data have comprehensive policies and practices to adequately safeguard that information, and further that the sensitivity of the information is clearly identified and documented in writing, with signed acknowledgement by the vendor and the sensitivity understood, before it is conveyed to the vendor. Vendor policy should articulate all safeguards in place for the State information, including provisions for destruction of all data, including backup copies of the data, at the end of the vendor's legitimate need to possess the data. All State-owned media containing State information will be returned to the State when no longer legitimately needed by the Vendor.

4.7 All vendor owned devices that contain or transport any State Confidential Information must be encrypted using the AES algorithm, and an industry standard methodology. This includes desktop and laptop computers (whole drive encryption – not file encryption), personal digital assistants (PDA), smart phones, thumb or flash-type drives, CDs, diskettes, backup tapes, etc.

Exceptions to HIPAA Business Associate Addendum

The Segal Company's General Counsel has reviewed the HIPAA Business Associate Addendum and requests the following changes and amendments as itemized below. Additions to the text are shown in underlined red type and deletions are shown in ~~red type with strikethrough~~. We would be glad to discuss our requested revisions with you to reach a mutually agreeable contract.

WV STATE GOVERNMENT

HIPAA BUSINESS ASSOCIATE ADDENDUM

This Health Insurance Portability and Accountability Act of 1996 (hereafter, HIPAA) Business Associate Addendum ("Addendum") is made a part of the Agreement ("Agreement") by and between the State of West Virginia ("Agency"), and Business Associate ("Associate"), and is effective on the date of execution of a binding Agreement with the Agency.

The Associate performs certain services on behalf of or for the Agency pursuant to the underlying Agreement that requires the exchange of information including protected health information protected by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended by the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) (the "HITECH Act"), any associated regulations and the federal regulations published at 45 CFR parts 160 and 164 (sometimes collectively referred to as "HIPAA"). The Agency is a "Covered Entity" as that term is defined in HIPAA, and the parties to the underlying Agreement are entering into this Addendum to establish the responsibilities of both parties regarding HIPAA-covered information and to bring the underlying Agreement into compliance with HIPAA.

Whereas it is desirable, in order to further the continued efficient operations of Agency to disclose to its Associate certain information which may contain confidential individually identifiable health information (hereafter, Protected Health Information or PHI); and

Whereas, it is the desire of both parties that the confidentiality of the PHI disclosed hereunder be maintained and treated in accordance with all applicable laws relating to confidentiality, including the Privacy and Security Rules, the HITECH Act and its associated regulations, and the parties do agree to at all times treat the PHI and interpret this Addendum consistent with that desire.

NOW THEREFORE: the parties agree that in consideration of the mutual promises herein, in the Agreement, and of the exchange of PHI hereunder that:

1. Definitions. Terms used, but not otherwise defined, in this Addendum shall have the same meaning as those terms in the Privacy and Security Rules, including the HITECH Act.

a. Breach shall ~~mean the acquisition, access, use or disclosure of protected health information which compromises the security or privacy of such information, except as excluded in the definition of~~ have the same meaning as the term Breach in 45 CFR § 164.402.

b. Business Associate shall have the meaning given to such term in 45 CFR § 160.103.

c. Electronic Health Record shall mean an electronic record of health-related information on an individual that is created, gathered, managed, and consulted by authorized health care clinicians and staff.

d. Electronic Protected Health Information means Protected Health Information that is transmitted by Electronic Media (as defined in the Security and Privacy Rule) or maintained in Electronic Media.

e. Privacy Rule means the Standards for Privacy of Individually Identifiable Health Information found at 45 CFR Parts 160 and Part 164, Subparts A and E, as amended.

f. Personal Health Record shall mean an electronic record of identifiable health information on an individual that can be drawn from multiple sources and that is managed, shared and controlled by or primarily for the individual.

g. Protected Health Information or PHI shall have the meaning given to such term in 45 CFR § ~~164.501~~ 160.103, limited to the information created or received by Associate rom or on behalf of Agency.

h. Security Incident means any ~~known~~ material successful or unsuccessful attempt by an authorized or unauthorized individual to inappropriately use, disclose, modify, access, or destroy any information that is known to Associate.

i. Security Rule means the Standards for the security of Electronic Protected Health Information found at 45 CFR Parts 160 and 162, and Part 164, Subparts A and C. The application of Security provisions Sections 164.308; 164.310, 164.312, and 164.316 of title 45, Code of Federal Regulations shall apply to Associate of Agency in the same manner that such sections apply to the Agency.

j. ~~**Unsecured PHR Identifiable Health Information** is information that is not protected through the use of a technology or methodology specified by the Secretary in the guidance issued under Section 13402(h)(2) of the HITECH Act.~~ **Unsecured Protected Health Information or Unsecured PHI** means protected health information that is not rendered unusable, unreadable or indecipherable to unauthorized Individuals through the use of a technology or methodology specified by the Secretary of Health and Human Services in guidance issued under section 13402(h)(2) of the HITECH Act.

k. Vendor of Personal Health Records shall mean an entity, other than a covered entity, that offers or maintains a personal health record.

2. PHI Disclosures, Permitted Uses.

a. PHI Described. PHI disclosed by the Agency to the Associate, PHI created by the Associate on behalf of the Agency, and PHI received by the Associate from a third party on behalf of the Agency are disclosable under this Addendum. The disclosable PHI is limited to the minimum necessary to complete the tasks, or to provide the services, associated with the terms of the original Agreement. Associate may also use PHI to provide Data Aggregation services as permitted by 45 CFR 164.504(c)(2)(B).

b. Purposes. Except as otherwise limited in this Addendum, Associate may use or disclose the PHI on behalf of, or to provide services to, Agency for the purposes necessary to complete the tasks, or provide the services, associated with, and required by the terms of the original Agreement, if such use or disclosure of the PHI would not violate the Privacy or Security Rules or applicable state law if done by Agency or violate the minimum necessary standard. Associate may also use or disclose PHI for its own business and management purposes, as set forth in paragraph 3(c) ~~and related Privacy and Security policies and procedures of the Agency~~.

3. Obligations of Associate.

a. Stated Purposes Only. The PHI may not be used by the Associate for any purpose other than stated in this Addendum or as required or permitted by law.

b. Limited Disclosure. The PHI is confidential and will not be disclosed by the Associate other than as stated in this Addendum or as required or permitted by law. Associate will refrain from receiving any remuneration in exchange for any individual's PHI, unless Agency gives written approval, and the exchange is pursuant to a valid authorization (that includes a specification of whether the PHI can be further exchanged for remuneration by the entity receiving PHI of that Individual), or satisfies one of the exceptions enumerated in Section 13405(~~e~~ d)(2) of the HITECH Act. Associate will refrain from marketing activities that would violate HIPAA, specifically Section 13406 of the HITECH Act. Associate will report to Agency any use or disclosure of the PHI, including any Security Incident not provided for by this Agreement of which it becomes aware.

c. Use and Disclosure for Associate's Business and Management Purposes. Notwithstanding paragraphs (a) and (b) above, Associate may use and disclose PHI for its proper management and administration, and to carry out its legal responsibilities. However, such disclosures will only be made if (i) Required by Law or (ii) Associate obtains reasonable assurances from the third party to whom the information is disclosed that it will be held confidentially, and be used or further disclosed only as Required by Law or for the purpose for which it was disclosed to that third party. Further, the third party shall notify Associate of any instances of which it is aware that the confidentiality of the information has been breached.

~~c.~~ **d. Safeguards.** The Associate will use appropriate safeguards to prevent use or disclosure of the PHI, except as provided for in this Addendum. This shall include, but not be limited to:

(i) Limitation of the groups of its employees or agents, otherwise known as workforce members, to whom the PHI is disclosed to those reasonably required to accomplish the purposes stated in this Addendum, and the use and disclosure of the minimum PHI necessary;

(ii) Appropriate notification and training of its employees or agents to whom the PHI will be disclosed in order to protect the PHI from unauthorized disclosure;

(iii) Maintenance of ~~a comprehensive written PHI~~ HIPAA privacy and security program that includes administrative, technical and physical safeguards appropriate to the size, nature, scope and complexity of the Associate's operations.

~~d.~~ e. Compliance With Law. The Associate will not use or disclose the PHI in a manner in violation of existing law and specifically not in violation of ~~laws relating to confidentiality of PHI, including but not limited to,~~ the Privacy and Security Rules.

~~e.~~ f. Mitigation. Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Associate of a use or disclosure of the PHI by Associate in violation of the requirements of this Addendum, and report its material mitigation activity back to the Agency.

~~f.~~ g. Support of Individual Rights.

(i) Access to PHI. Associate shall make the PHI maintained by Associate or its agents or subcontractors in Designated Record Sets available to Agency for inspection and copying within ten (10) days of a request by Agency to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.524 and consistent with Section 13405 of the HITECH Act.

(ii) Amendment of PHI. Within ~~ten (10) days~~ (30) days of receipt of a request from Agency for an amendment of the PHI or a record about an individual contained in a Designated Record Set, Associate or its agents or subcontractors shall make such PHI available to Agency for amendment and incorporate any such amendment to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.526.

(iii) Accounting Rights. Within ~~ten (10) days~~ (30) days of notice of a request for an accounting of disclosures of the PHI, Associate and its agents or subcontractors shall make available to Agency the documentation required to provide an accounting of disclosures to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR §164.528 and consistent with Section 13405 of the HITECH Act. Associate agrees to document disclosures of the PHI and information related to such disclosures as would be required for Agency to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR §§ 164.528 and 164.316. This should include a process that allows for an accounting to be collected and maintained by Associate and its agents or subcontractors for at least six (6) years from the date of disclosure, or longer if required by state law. At a minimum, such documentation shall include:

- the date of disclosure;
- the name of the entity or person who received the PHI, and if known, the address of the entity or person;
- a brief description of the PHI disclosed; and
- a brief statement of purposes of the disclosure that reasonably informs the Individual of the basis for the disclosure, or a copy of the Individual's authorization, or a copy of the written request for disclosure.

(iv) Request for Restriction. Under the reasonable direction of the Agency, abide by any Individual's request to restrict the disclosure of PHI consistent with the requirements of Section 13405 of the HITECH Act and 45 CFR § 164.522.

~~g.~~ **h. Retention of PHI.** Notwithstanding section ~~4~~ 3.a. of this Addendum, Associate and its subcontractors or agents shall retain all PHI pursuant to state and federal law and shall continue to maintain the PHI required under Section 3.~~f.~~ g. of this Addendum for a period of six (6) years after the date of its receipt or creation ~~termination of the Agreement, or longer if required under state law~~.

~~h.~~ **i. Agents, Subcontractors Compliance.** The Associate will ensure that any of its agents, including any subcontractors, to whom it provides any of the PHI it receives hereunder, or to whom it provides any PHI which the Associate creates or receives on behalf of the Agency, agree to equivalent ~~the~~ restrictions and conditions to those which apply to the Associate hereunder.

~~i.~~ **j. Amendments.** Upon reasonable direction from the Agency, the Associate shall make available to the specific Individual to whom it applies any PHI; make such PHI available for amendment; and make available the PHI required to provide an accounting of disclosures, all to the extent required by 45 CFR §§ 164.524, 164.526, and 164.528 respectively, and the HITECH Act. Associate may charge individuals a fee for making PHI available or provide an accounting of discussion to the extent permitted by 45 CFR 164.524, 164.528 and the HITECH Act.

~~j.~~ **k. Federal Access.** The Associate shall make its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by the Associate on behalf of the Agency available to the U.S. Secretary of Health and Human Services in a reasonable time and manner consistent with 45 CFR § 164.504.

~~k.~~ **l. Security.** The Associate shall take all reasonable and appropriate steps necessary to ensure the continuous security of all PHI and data systems containing PHI. ~~In addition, compliance with 74 FR 19006 Guidance Specifying the Technologies and Methodologies That Render PHI Unusable, Unreadable, or Indecipherable to Unauthorized Individuals for Purposes of the Breach Notification Requirements under Section 13402 of Title XIII is required. Except with respect to Associate-owned devices or equipment, if Associate chooses not to adopt such methodologies as defined in 74 FR 19006 based on its Security Risk Analysis, Associate shall document such rationale and submit it to the Agency.~~

~~l.~~ **m. Notification of Breach.** ~~During the term of this Agreement, the Associate shall notify the Agency and, unless otherwise directed by the Agency in writing, the Office of Technology immediately by telephone call plus e-mail, web form or fax upon the discovery of Breach of security of PHI, where the use or disclosure is not provided for by this Addendum of which it becomes aware, if the PHI was, or is reasonably believed to have been, acquired by an unauthorized person; or within 24 hours by mail or fax of any suspected Security Incident, intrusion or unauthorized use or disclosure of PHI in violation of this Agreement and this Addendum, or potential loss of confidential data affecting this Agreement. Notification shall be provided to the Agency contract manager at www.state.wv.us/admin/purchase/vrc/agency.htm and, unless otherwise directed by the Agency in writing, the Office of Technology at mailto:incident@wv.gov.~~

~~The Associate shall immediately investigate such Security Incident, Breach, or unauthorized use or disclosure of PHI or confidential data. Within 72 hours of the discovery, the Associate shall notify the Agency contract manager, and, unless otherwise directed by the Agency in writing, the Office of Technology of: (a) What data elements were involved and the extent of the data involved in the Breach; (b) A description of the unauthorized persons known or reasonably believed to have improperly used or disclosed PHI or confidential data; (c) A description of where the PHI or confidential data is believed to have been improperly transmitted, sent, or utilized; (d) A description of the probable causes of the improper use or disclosure; and (e) Whether any federal or state laws requiring individual notifications of Breaches are triggered.~~

~~Agency will coordinate with Associate to determine additional specific actions that will be required of the Associate for mitigation of the Breach, which may include notification to the individual or other authorities.~~

~~All associated costs shall be borne by the Associate. This may include, but not be limited to costs associated with notifying affected individuals.~~ During the term of this Addendum, the Associate shall notify the Agency and, unless otherwise directed by the Agency in writing, the Office of Technology promptly by telephone call plus, as appropriate, email, web form or fax upon the discovery of Breach of Unsecured PHI, a Security Incident or other use or disclosure of PHI not provided for in this Addendum. Notification shall be provided to the Agency contract managers at www.state.wv.us/admin/purchase/vrc/agencyli.htm and, unless otherwise direct by the Agency in writing, the Office of Technology at mailto:incident@wv.gov.

The Associate shall promptly investigate such Breach of Unsecured PHI, Security Incident or other use or disclosure of PHI not provided for in this Addendum (the "occurrence"). If the occurrence involves a Breach of Unsecured PHI, as soon as practicable and without unreasonable delay, but within no longer than 30 days, the Associate shall notify the Agency contract manager, and unless otherwise directed by the Agency in writing, the Office of Technology, of the occurrence. The notice shall include: (a) a brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known, (b) a description of the types of Unsecured PHI that were involved in the Breach, (c) any steps Individuals should take to protect themselves from potential harm resulting from the breach, (d) a brief description of what the Associate is doing to investigate the Breach, to mitigate harm to Individuals and to protect against any further breaches, and (e) contact procedures for Individuals to ask questions or learn additional information, as well as the identification of each Individual whose Unsecured PHI has been, or is reasonably believed by Associate to have been, Breached.

In the event of a Breach of Unsecured PHI that Associate acquires, accesses, uses, or discloses on behalf of the Agency, Associate assumes responsibility for timely providing the notices required pursuant to 45 CFR Section 164, Subpart D, with the Agency having the right to review and comment on the content of any such notices before they are issued. The Agency shall provide Business Associate with the addresses and other information necessary for the Business Associate to provide the notices.

Agency will coordinate with Associate to determine if additional specific actions are required of the Associate for mitigation of the Breach, and if so, Associate will take any additional actions that the parties agree to mutually.

~~m.~~ n. **Assistance in Litigation or Administrative Proceedings.** The Associate shall make itself and any subcontractors, employees or agents assisting Associate in the performance of its obligations under this Agreement, reasonably available to the Agency at no cost to the Agency to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against the Agency, its officers or employees ~~based upon claimed violations of HIPAA, the HIPAA regulations or other laws relating to security and privacy, which involves inaction or actions by the Associate, except where Associate or its subcontractor, employee or agent is a named as an adverse party~~; but only if such litigation or administrative proceeding results from the Associate's failure to comply with its obligations under this Addendum and/or HIPAA. The foregoing shall not apply if Associate is named as a party in such litigation or administrative proceeding.

4. Obligations of Agency: With regard to the use and disclosure of PHI by Associate, the Agency hereby agrees:

(a) that the uses and disclosures which Associate shall carry out pursuant to this Addendum are consistent with the form of notice of privacy practices (the "Notice") that Agency provides to Individuals pursuant to 45 CFR 164.520; and that it will notify Associate of any changes or limitations to such Notice that may affect Associate's use or disclosure of PHI, as well as provide a copy of the Notice to Associate upon its request;

(b) to notify Associate, in writing and in a timely manner, of any arrangements permitted or required of the Agency under 45 CFR Parts 160 and 164 that may affect in any manner the use and/or disclosure of PHI by Associate under this Addendum, including but not limited to, restrictions on the use and/or disclosure of PHI as provided for in 45 CFR 164.522 and, as applicable, Section 13405(a) of the HITECH Act;

(c) to obtain any authorization that may be required under HIPAA prior to furnishing the PHI to the Associate, and to inform the Associate of any changes in or revocation of an authorization provided to the Agency to the extent such changes or revocation may affect the Associate's permitted or required uses or disclosures of PHI;

(d) to ensure that any third party contacting the Associate on the Agency's behalf has entered into a business associate agreement with the Agency as necessary; and

(e) that Business Associate does not have direct responsibility to process requests by Individuals under 45 CFR 164.522, 164.524, 164.526 or 164.528, but shall, at its option, refer such requests to Agency for its processing with the Associate's assistance pursuant to paragraphs 3(g) and 3(j).

~~4.~~ 5. Addendum Administration.

a. Duties at Termination. Upon any termination of the underlying Agreement, if feasible, the Associate shall return or destroy all PHI received from, or created or received by the Associate on behalf of the Agency that the Associate still maintains in any form and retain no copies of such PHI or, if such return or destruction is not feasible, the Associate shall extend the protections of this Addendum to the PHI and limit further uses and disclosures to the purposes that make the return or destruction of the PHI infeasible. This shall also apply to all agents and subcontractors of Associate. Notwithstanding the foregoing, the Agency understands Associate's need to maintain portions of the PHI in records of actuarial determinations and for other archival

purposes related to memorializing advice provided, and agrees that such need renders the return or destruction of certain PHI infeasible. The duty of the Associate and its agents and subcontractors to assist the Agency with any HIPAA required accounting of disclosures survives the termination of the underlying Agreement.

b. Termination for Cause. Either party ~~Agency~~ may terminate this Addendum the underlying Agreement if at any time it determines that the ~~Associate~~ other has violated a material term of the Agreement or this Addendum. The non-breaching party ~~Agency~~ may, at its sole discretion, allow the other party ~~Associate~~ a reasonable period of time to cure the material violation ~~Breach~~ before termination.

c. Judicial or Administrative Proceedings. The Agency may terminate this Agreement if the Associate is found guilty of a criminal violation of HIPAA. The Agency may terminate this Agreement if a finding or stipulation that the Associate has violated any standard or requirement of HIPAA/HITECH, or other security or privacy laws is made in any administrative or civil proceeding in which the Associate is a party or has been joined. Associate shall be subject to prosecution by the Department of Justice for violations of HIPAA/HITECH and shall be responsible for any and all costs associated with prosecution.

d. Survival. To the extent that Associate maintains PHI after termination of the underlying Agreement, the respective rights and obligations of Associate under this Addendum shall survive the termination of the underlying Agreement.

5. General Provisions/Ownership of PHI.

a. Retention of Ownership. Ownership of the PHI resides with the Agency and is to be returned on demand or destroyed at the Agency's option, except that the Agency agrees that Associate will need to maintain portions of the PHI in records of actuarial determinations and for other archival purposes related to memorializing advice provided as set forth in 5(a) above.

b. Secondary PHI. Any data or PHI generated from the PHI disclosed hereunder which would permit identification of an Individual must be held confidential and is also the property of Agency, subject to the exception in paragraph 5(a) above.

c. Electronic Transmission. Except as permitted by law or this Addendum, the PHI or any data generated from the PHI which would permit identification of an Individual must not be transmitted to another party by electronic or other means for additional uses not authorized by this Addendum or to another contractor, or allied agency, or affiliate without prior written approval of Agency.

d. No Sales. Reports or data containing the PHI may not be sold without Agency's or the affected Individual's written consent.

e. No Third-Party Beneficiaries. Nothing express or implied in this Addendum is intended to confer, nor shall anything herein confer, upon any person other than Agency, Associate and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

Purchasing Affidavit

RFQ No. 9

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

DEFINITIONS:
"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

Under penalty of law for false swearing (*West Virginia Code* §61-5-3), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

WITNESS THE FOLLOWING SIGNATURE

Vendor's Name: The Segal Company (Eastern States), Inc.

Authorized Signature: [signature] Date: 4/12/12

State of Georgia

County of Cherokee, to-wit:

Taken, subscribed, and sworn to before me this 12 day of April, 2012.

My Commission expires ______, 20__.

AFFIX SEAL HERE

NOTARY PUBLIC [signature]

Segal Publications

The following are samples of Segal's many client publications. We invite you to visit our website at **www.segalco.com** to see more publications and our many benefits initiatives

Health Care Reform Insights	• February 2011: Guidance on Non-Grandfathered Plans' Claims and Appeals Procedure Required by the Affordable Care Act
Stat! Health Reform News	• January 2012: Supreme Court Case on the Legality of the Affordable Care Act
TRENDS	• First Quarter 2012 Public Sector Trends
Compliance Alert	• January 2012: Deadline Nears to Comment on IRS Governmental Plan Guidance Discussion Draft
Capital Checkup	• January 2012: IRS Guidance on Form W-2 Reporting: Update • January 2012: How to Handle Medical Loss Ratio Rebates
Bulletin	• November 2011: For 2012, Increases in Many IRS Dollar Limits, Social Security Benefits and PBGC Guarantee Limit
Public Sector Letter	• November 2011: Planning a Successful Pension Funding Policy
Surveys	• 2012 Segal Health Plan Cost Trend Survey • 2010 Study of State Employee Health Benefits

Segal Actuarial Tools

Below are some examples of the wide range of tools available to our team and indirectly to the Plan.

Tool	Description
APEX *Health Plan Underwriting*	• Software application designed to calculate manual medical plan premium rates and to estimate relative values of plan design changes • Reflects client's benefit plan design, geography, and industry • Frequently updates underlying data and assumptions
CareAdvantage *Medical Database and Inquiry Tool*	• Data warehouse used to provide clients with the capability to combines data across medical vendors and PBMs and compare plan to normative benchmarks • Reporting tool puts data from different sources in a common format for health plan reporting • Analytical engine that provides the technology to do sophisticated cost and utilization analysis, risk stratification to quantify disease burden and predictive modeling on an ad-hoc basis • Facilitates analysis of cost, utilization, discounts, provider quality and population health status across vendors and plans on a consistent basis accounting for case mix and severity adjustments
CCA *Claims Cost Application Tool for Measuring Costs of Retiree Health Plans*	• Software application that computes baseline health care plan starting costs for valuations of retiree health plans under FAS 106, SOP 92-6 and GASB 45 • Reflects client's own population, claim experience, and plan administration expenses
Dental Pricer *Dental Plan Cost Underwriting Tool*	• Application used for developing dental drug manual premium rates • Uses plan design information and summary level claims data and can estimate the effect of a plan change
First Data Bank *National Drug Data File*	• Drug product descriptive information (e.g., NDC elements, generic classification indicator and packaging examples) • Pricing (such as AWP and direct pricing) • HCFA drug product information • Clinical data (such as drug interactions and precautions)
IBNR Model Model for Developing Reserves for Claims Incurred but Not Reported	• Spreadsheet template used to develop IBNR reserves • Uses triangulated monthly claims data regarding incurred and paid months
Ingenix Encoder Pro *Compliance Code Editing Software*	• Online, real-time code lookup software that delivers code detail and reference information on CPT®, HCPCS and ICD-9-CM codes • Compliance editor checks for coding accuracy and review your code selections for CCI unbundle edits, ICD-9-CM specificity, age, medical necessity and gender. Understand whether a code carries an age or sex edit, is covered by Medicare or contains bundled procedures

Tool	Description
	• Compliance editor to review your code selections and a fee calculator to compute the Medicare reimbursement rate for your region
Ingenix Physician Health Charge System *Health Care Analysis System*	• Prevailing Healthcare Charges System containing provider charges for private sector health care services • Data are collected from over 150 major contributors, including commercial insurance companies, BCBS plans, TPAs, and self-insured plans • Database is used to price procedures in given areas, evaluate managed care discounts, and support measurement of plan design pricing alternatives
Ingenix GeoNetwork *Managed Care Vendor Database*	• Industry standard software for analyzing and communicating the accessibility of managed care networks • Provides competitive edge to succeed in development, marketing and selection of health care networks
Medicare Part D Calculator *Medicare Part D Actuarial Equivalence Calculation*	• This proprietary tool estimates a projected federal subsidy (total and per participant) • It is also used to determine whether a plan will pass a gross test (prong 1) or a net test (prong 2)
National Dental Advisory Service (NDAS) Pricing Program *Dental Fee Schedule Database*	• The NDAS pricing program contains dental fee information from survey data as published by Yale Wasserman DMD Medical Publishers (primary participants in the survey are dentists in private practices) • This tool allows you to compare fees with NDAS 40th, 50th, 60th, 70th, 80th, 90th and 95th Percentile Fees. It can be used to review, fine-tune or design a fee schedule. It can also be used to support frequency/utilization analyses
PDPA *Prescription Drug Program Analysis Tool*	• Software application that performs prescription drug program vendor review of financial performance, contract terms and claims adjudication of plan provisions • Database consists of centrally located detailed claimant data for all clients
Prescription Drug Benchmarks *Summary-Level Prescription Drug Benchmark Data*	• This database includes key benchmarks such as AWP discounts, generic substitution rates, and utilization percentages for prescription drug plans. This information is separated into actives and retirees, and retail and mail order channels • Benchmark prescription drug data has been compiled from internal and external prescription drug surveys, Segal's client database, and published PBM annual trend reports
Physician Fee Modeler *Physician Fee Schedule Comparison Tool*	• Proprietary tool to analyze multiple physician fee schedules and compare them against a common point of reference, Medicare RBRVS • The tool gives Segal a standard and uniform method for comparing various physician fee schedules in a way that is statistically valid, informative, and easy to understand • The tool also has the ability to breakdown a fee schedule into 28 separate service categories, giving us the ability to detect fee schedule inconsistencies and isolate particular services of interest
Rx Omni Pricer *Prescription Drug Cost Underwriting Tool*	• Application used for developing prescription drug premium rates • Uses plan design information and summary level claims data

Segal Health Analysis and Reporting Portal (SHARP) *Health plan cost and utilization database*	• This new system contains data purchased from Ingenix, including inpatient, outpatient, and total medical costs and utilization statistics for 2.3 million eligible lives. This enables our clients to: - Model the cost and utilization impact of targeted plan design modifications - Compare client results to normative data (including by region, state and MSA) - Investigate market trends by delivery channel (i.e., inpatient vs. outpatient and PPO vs. HMO) - Understand the variations in use of managed care programs and health care service - Determine the allocation of health benefits spending by procedure and procedure group (e.g., radiology vs. surgical) - Identify best observed cost and utilization results by region (e.g., lowest average cost for coronary artery bypass in city xyz) - Identify factors that influence healthcare purchasing and utilization • Independent benchmarks also allow us to provide clients with comparative norms to check against health insurer and third party administrator self-reported results
Q-ValSM *Quality Valuation*	A customized program that analyzes the degree to which a managed care organization like a PPO network, POS or HMO oversees and assures the delivery of quality health care to its members Q-Val addresses 20 different quality factors and gives each plan sponsor the opportunity to select which of the 20 factors are most important to its plan participants. Examples of the factors include: disease management, enrollee satisfaction, member services, centers of excellence, pediatric services and women's services • Q-Val results can be presented in a "Report Card" format that plan sponsors can distribute to participants during open or new employee enrollment to help demonstrate not only the cost and network capabilities of the managed care organization(s) being offered, but those MCOs' quality oversight capabilities
UM Tool *Utilization Management Assessment Tool*	• This proprietary software reduces the subjectivity of UM vendor selection and provides a quantitative measurement that value the degree to which a UM firm is providing competitive review services • A comprehensive review of services are evaluated for effectiveness, appropriateness of health care and level of internal quality controls. Utilization services reviewed include precertification, concurrent review, discharge panning, case management, retrospective view, appeals and reporting This tool can be used to select a new UM vendor as part of a bid process or to evaluate the services of an existing UM vendor
Well Child Fee Model *Utilization Management Assessment Tool*	• This spreadsheet details percentile fee data for preventive medical procedures such as vaccinations or exams for children ages 0 – 18. • This incorporates the HPV vaccine (e.g., Gardasil), recommendation for annual influenza shots and Rotavirus

KENNETH C. VIEIRA, FSA, FCA, MAAA
Senior Vice President, Co-East Region Public Sector Market Leader
Atlanta, Georgia

Expertise

Mr. Vieira is a Senior Vice President and Consulting Actuary and also serves as Co-East Region Public Sector Market Leader. He is a member of the Public Sector Leadership Group and the East Management Team. Mr. Vieira has over 23 years of experience as an account manager, actuary and consultant and is located in our Atlanta office.

In his leadership role, Mr. Vieira will have the ability to bring a full complement of actuarial and consulting expertise to his clients. He has extensive experience in strategic consulting, benefit plan design and evaluation, financial forecasting, trend analysis, risk profiling, new product design, plan rating, premium rate development, data analytics, retiree medical, statistical modeling, and other medical management program areas.

Mr. Vieira's public sector clients have recently included the: State of Tennessee, Bureau of TennCare, North Carolina State Health Plan, Georgia Department of Community Health, Georgia State Health Benefit Plan and the Commonwealth of Kentucky.

Professional Background

Mr. Vieira recently joined Segal. Prior to joining Segal, Mr. Vieira was the head of the Government Programs Health Practice with a large consulting firm in Atlanta. He has worked extensively with states and other large governmental employers primarily on state health plans, Medicaid programs and a broad range of actuarial issues. With many of these states, Mr. Vieira served as both the account manager and actuary, where he provided a wide array of strategic consulting. In addition to his specialty in the governmental sector, Mr. Vieira's experience is broad, having worked with large employers, healthcare providers and health plans. His varied projects have included packaging and pricing medical services, developing claims data reporting, utilizing risk management software, developing HMO rates and renewal support, and developing prospective payment systems.

Mr. Vieira's clients have spanned a variety of public sector entities. He has worked for Medicaid Agencies, School Systems, Community Health Departments, Medical Affairs, State Health Plans, CMS, etc.

Mr. Vieira's relevant former employers include Aon Consulting/Aon Hewitt and Mercer.

Education/Professional Designations

Mr. Vieira received a BS in Software Engineering from Syracuse University. He is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, a Fellow of the Conference of Consulting Actuaries, and a retired Enrolled Actuary. He is also a licensed Life and Health Insurance Consultant in Georgia, Tennessee, North Carolina and other states

CHARLES S. FUHRER, FSA, MAAA, CEBS
Vice President and Consulting Actuary, Washington, DC

Expertise

Mr. Fuhrer joined The Segal Company in 1998. He is an expert in all phases of the analysis of health care benefits, including experience analyses, cost projections, pricing plan projections, group insurance rating, risk analysis, demographic rating, plan design, reserve calculations, manual rate systems design and claim size analysis. Mr. Fuhrer's knowledge extends though all types of coverage, such as Health Maintenance Organizations, Point of Service Plans, Preferred Provider Organizations and Indemnity Plans. He has consulted to clients on issues concerning all types of benefits, such as Medical, Drug, Dental, Disability Income and Life Insurance.

In his position at Segal, Mr. Fuhrer studies and develops models for analyzing the sources of differences in health benefit costs, including health status (risk adjusters), age, sex, location, plan provisions and random fluctuations. As a project leader, he oversaw the design and implementation of separate systems for predicting retiree health insurance costs (based on health claim experience) and for estimating the costs of prescription drug plans.

He has provided actuarial expertise to clients including the United Federation of Teachers and the State of Oklahoma.

Education/Professional Designations

Mr. Fuhrer earned a BA in Mathematics from the University of Chicago and has over 25 years of experience. He is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries and a Certified Employee Benefits Specialist. Other relevant former employers include CareFirst, BlueCross and BlueShield of the National Capital Area, Washington National Insurance Company, BlueCross and BlueShield of Illinois, and Trustmark.

Publications/Speeches

Mr. Fuhrer is a frequent speaker at actuarial meetings and events, addressing innovative ways to analyze and predict health care costs. He has also published numerous articles on health insurance topics, including "Some Applications of Credibility Theory to Group Insurance," for *Transactions of the Society of Actuaries*.

MICHAEL L RASMUSSEN, FSA, MAAA
Vice President and Consulting Actuary, Atlanta, GA

Expertise

Michael Rasmussen is a Vice President in the Health and Welfare Practice located in The Segal Company's Atlanta office and has over 20 years of actuarial experience. As a senior actuary and project manager, Mike provides strategic and technical assistance and support with pricing, risk adjustment, reserving, experience studies, trend analysis, and financial projections for state Medicaid plans. Mike specializes in providing actuarial consulting services to managed Medicaid plans for both acute and long-term care programs.

Mike's public sector clients have included:

- Bureau of TennCare
- Georgia Department of Behavioral Health and Developmental Disabilities
- Georgia Department of Community Health
- North Carolina State Health Plan
- Health Care District of Palm Beach County
- Kentucky Department of Insurance
- Mississippi Comprehensive High Risk Pool

Professional Background

Prior to joining Segal, Mike has spent 17 years consulting to various HMO's, Blue Cross Blue Shield Plans, commercial carriers, government entities, and large employers on a wide range of group and individual health products. Mike has significant experience pricing and reserving group and individual medical products, group dental and prescription drug products, group life and disability products, long term care, and senior products.

Mike has done pricing, reserving, and experience studies for Medicaid plans working at different times for either the state or the insurance carrier. Mike has also assisted the Kentucky Department of Insurance with the review of premium rate filings and assisted numerous state high risk pools with financial projections, rate setting, and reserving.

Education/Professional Designations

Mike is a fellow in the Society of Actuaries and a member of the American Academy of Actuaries. He received a Masters of Art degree in Mathematics from California State University, Fullerton. He has presented at several Society of Actuaries' Meetings on health topics.

HOWARD ATKINSON, JR., ASA, MAAA, FCA
Vice President and Consulting Actuary, Washington, DC

Expertise

Mr. Atkinson joined The Segal Company in 2005 and serves as Consultant and Health Actuary for Segal's East Region. He was named a Vice President in 2007. His 32 years of experience in healthcare actuarial work is comprised of 18 years in consulting and 14 years with two health insurance companies. He is located in the Washington, DC office.

Mr. Atkinson is an expert in many phases of the analysis of healthcare benefits and financing. These include experience analyses, cost projections, pricing plan provisions, group insurance rating, risk analysis, plan design, reserve calculations, and pricing and negotiating provider reimbursement levels. His experience ranges from working with indemnity to managed care plans in the corporate, public sector, and multiemployer markets and encompasses capitation rate setting for Medicaid and Medicare plans.

He has provided actuarial expertise to clients including the States of New Hampshire and Delaware as well as the Pennsylvania Public School Employees' Retirement System Health Options Program.

Education/Professional Designations

Mr. Atkinson received BA in Mathematics from Lincoln University (Chester County, PA). He is an Associate of the Society of Actuaries, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries.

He has served as an expert witness and provided expert testimony in health insurance litigation cases. He has spoken at many actuarial seminars on such topics as retiree medical valuation and issues facing large groups.

Mr. Atkinson was one of seven actuaries selected nationwide to serve as a Consultant to President Clinton's Health Care Reform Task Force to review the cost of the proposed Standard Benefits Plan.

Published Works/Speeches

Among others, Mr. Atkinson has published articles for the American Association of Health Plans entitled "The Cost Impact of 'Any Willing Provider' Legislation" and for the State of Hawaii entitled "Cost Implications of a Mandatory Mammography Screening Benefit."

RICHARD WARD, FSA, FCA, MAAA
Senior Vice President and Consulting Actuary, Atlanta, GA

Expertise

Richard is a well-credentialed actuary and has a broad range of experience in the strategic design, administration and funding of public employee and retiree benefit plans. His experience includes all aspects of employee benefit programs.

His specialized experience includes:

- Budget forecasting and planning
- IBNR reserve calculations
- Actuarial notes and analysis of proposed legislation
- ROI methodologies and calculations for care management and wellness programs, initiatives and pilot projects
- Retiree Health, including
  - OPEB valuations under GASB 43/45
  - MA-PDP design and pricing
  - Medicare Part D, including Actuarial Attestations and all RDS related components
  - Development of strategic options to manage short-term costs and long-term liability
- Underwriting and rate setting
- Development of employee and retiree contribution strategies
- Evaluation of PPACA; the impact on public employer plans and the development of strategic options
- Review and analysis of experience and encounter data to identify underlying trends and main cost components for use in developing projection assumptions and additional programs and strategic options

His current and recent clients include The North Carolina State Health Plan, The Tennessee Public Plans (Benefits Administration), The Georgia State Health Benefit Plan, The Kentucky Employees' Health Plan and the City of Atlanta.

Professional Background

Mr. Ward has nearly 20 years of experience in working with employee benefit programs for the public sector. Prior to joining Segal, he served as a leader in the State & Local Government National Practice Council at another consulting firm. Other relevant former employers include Aon Consulting/Aon Hewitt, Cavanaugh Macdonald Consulting, Buck Consultants, and The Hay Group.

Education/Professional Designations

Mr. Ward is a Fellow of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries and a Member of the America Academy of Actuaries. He also holds a BS in Mathematics from George Mason University.

Published Works/Speeches

Mr. Ward is a frequent speaker on benefits design, health management, and employee and retiree benefits strategies for public plans and employers. He has presented to the Public Sector Healthcare Roundtable, The World Congress (Strategic Leadership for the Health Care Industry) and the Governmental Finance Officers Association, among others.

PETER WANG, ASA, MAAA, EA
Assistant Actuary, Atlanta, GA

Expertise

Mr. Wang is an Assistant Actuary in Segal's Atlanta office with over 11 years of actuarial consulting experience. He provides retiree health and related consulting services (including SOP 92-6 valuations and GASB OPEB valuations) to clients.

Mr. Wang has experience in SAS, Visual Basic, FORTRAN, and C++.

Professional Background

Prior to joining The Segal Company, Mr. Wang served as a Consulting Actuary for Cuni, Rust and Strenk, where he was responsible for reviewing and co-signing valuation reports for single employer and multiemployer pension and health and welfare funds (including both funding and accounting reports). In addition, he was responsible for signing government forms. Mr. Wang also served as a Consulting Actuary for United Actuarial Services, Inc. where he was responsible for the firm's post-retirement medical valuation practice and worked with several multiemployer pension funds.

Education/Professional Designations

Mr. Wang received a BS in Mathematics from Fudan University (Shanghai, China). He received a PhD in Statistics from Purdue University. Mr. Wang is an Associate of the Society of Actuaries (ASA), a Member of the American Academy of Actuaries (MAAA) and an Enrolled Actuary (EA).

SADHNA PARALKAR, MD, MPH, MBA
Health Management Consultant, New York

Expertise

Dr. Paralkar's areas of expertise include health care informatics, medical management program design, clinical operations, benefit plan design and network management strategies to optimize health improvement while containing costs, and evaluation and implementation of disease management and wellness programs based on evidence based medicine (EBM) protocols.

Professional Background

Dr. Paralkar's extensive experience in health care operations, informatics, and consulting includes positions at UnitedHealth Group (UHG) and Ingenix, where she provided clinical expertise to clients in the payer, provider, public sector, and employer markets. Prior to Ingenix, Dr. Paralkar was at Optum, another UHG company, where she served as Director of Product Development for the Care Management suite of products and was also responsible for the Care Management ROI model.

Prior to joining UHG, Dr. Paralkar worked at a Fortune 500 company, International Truck and Engine Corporation (Navistar, formerly known as International Harvester), in various capacities for six years. The last position Dr. Paralkar held at Navistar was Associate Medical Director, responsible for occupational health and disability, on-site wellness programs, health benefits plan design, and health care purchasing.

Education/Professional Designations

A native of Mumbai (Bombay), India, Dr. Paralkar completed her medical internship in 1992 at L.T.M. General Hospital of University of Bombay, India after earning her baccalaureate degree in Medicine and Surgery from the same institution in 1990.

As a licensed family practitioner, some of Dr. Paralkar's public health achievements include implementation and evaluation of immunization programs in rural India. In 1995, she completed a Master of Science degree in Public Health from the University of Illinois at Urbana-Champaign focusing on health data analysis and epidemiology. Part of her analytic research on health communications in the mass media was funded by the National Institutes of Health. Dr. Paralkar also completed an MBA with a focus on Health Industry Management and Marketing from the prestigious Kellogg School of Management of Northwestern University in 2003.

Dr. Paralkar is a member of the American Public Health Association, American College of Occupational and Environmental Medicine, The Institute of Medicine of Chicago, American Association of Physicians from India, and Women Business Leaders of the U.S. Health Care Industry Foundation.

Published Work/Speeches

Dr. Paralkar has published several articles on Health and Productivity in peer-reviewed journals and is a frequent speaker at national conferences concerning health care. Past speaking engagements include the Society of Actuarics conference and the ACOEM (American College of Occupational and Environmental Medicine) conference.

Examples of Dr. Paralkar's recent publications include:

- "Why Health Care Costs Keep Rising—And What to Do About It," *SHRM Online*, May 1, 2009
- "While We're Waiting for Health Care Reform…Things We Can Do Now to Control Rising Costs," *Employersweb*, June 11, 2009

RITU MALHOTRA, PHARMD
Vice President and Clinical Pharmacy Consultant, Chicago

Expertise

Dr. Malhotra is a Vice President and Clinical Pharmacy Consultant in Segal's Chicago office. She is a member of the firm's National Pharmacy Benefits Consulting Practice. Dr. Malhotra provides clinical consulting, analysis, support and strategic direction for clients nationally. She has extensive experience with the integration of clinical expertise in multiple managed care settings.

Professional Background

Dr. Malhotra has several years of pharmacy consulting experience. Most recently, she served as East Region Pharmacy Consulting Practice Leader and Consultant for Hewitt, where she leveraged her consulting and clinical expertise to develop strategies for employers to optimize their prescription drug benefit. Her additional responsibilities included assisting clients in plan design strategy, contract benchmarking and negotiation, vendor selection and management, and auditing. Prior to that, she worked in Aon's pharmacy practice and as a Staff Pharmacist for CVS. Dr. Malhotra's varied experience within the managed care industry includes hospital-sponsored health plans, PBM, Medicaid health plans, and employee benefits consulting.

Education/Professional Designations

Dr. Malhotra holds a Doctor of Pharmacy degree from the University of the Sciences in Philadelphia, Philadelphia College of Pharmacy, and a BA in Biology from Lehigh University (Bethlehem, PA). She is a registered Pharmacist and is licensed as a Life, Accident & Health Producer. Dr. Malhotra is an active member of the Academy of Managed Care Pharmacy (AMCP), where she serves on the Program Planning & Development Committee.

Published Work/Speeches

Dr. Malhotra has spoken on a variety of prescription drug benefits topics at national healthcare conferences, local benefits association meetings, and client meetings.

KATHRYN BAKICH, JD
Senior Vice President, National Health Compliance Practice Leader, Washington, DC

Expertise

Ms. Bakich is a Senior Vice President in Segal's Washington, DC office with over 20 years of experience in health care compliance. She is the firm's National Health Compliance Practice Leader.

Ms. Bakich is one of the country's leading experts on employer sponsored health coverage. She specializes in providing research and analysis on federal laws and regulations affecting health coverage, including: ERISA, Medicare, HIPAA, COBRA, the Newborns' and Mothers' Health Protection Act, the Mental Health Parity Act, and the Women's Health and Cancer Rights Act.

Ms. Bakich is a recognized expert on the Patient Protection and Affordable Care Act passed in 2010. She speaks regularly about the law, helps plan sponsors understand its short and long term effects on their plans, and assists clients with preparing comments on the legislation for submission to regulatory Departments (Treasury, Labor, and Health & Human Services).

Ms. Bakich leads the Segal team responsible for publishing information about new health care laws and regulations, and trains internal staff on all legislation and related developments. She and her staff disseminate health compliance information, monitor federal and state laws and regulations, and prepare amendments for health plans and summary plan descriptions based on national models.

Professional Background

Prior to joining Segal, Ms. Bakich was an attorney in private practice representing multiemployer health plans and an appellate administrative law judge.

Education/Professional Designations

Ms. Bakich graduated in 1979 with a BA in Political Science, in 1982 with an MA in Public Policy, and in 1985 with a JD from the University of Missouri. She has been admitted to the Bar in the District of Columbia, United States Supreme Court, and multiple federal district and appellate courts.

Ms. Bakich is a member of the Working Committee of the National Coordinating Committee for Multiemployer Plans (NCCMP), the Health Technical Issues Taskforce of the American Benefits Council (ABC), the Employers Council on Flexible Compensation (ECFC) Flex Advisory Council, and the American Bar Association (ABA). Ms. Bakich is co-chair of the ABA Joint Committee on Employee Benefits Subcommittee on Welfare Plan Regulation. She was also appointed to the Government Liaison Committee of the International Foundation of Employee Benefit Plans (IFEBP).

Published Works/Speeches

Ms. Bakich has published multiple articles about employee health and welfare benefits, including a series of articles discussing HIPAA Administrative Simplification, EDI, and Privacy in the *Benefits Law Journal*. She is a co-author of the *Employers' Guide to HIPAA Privacy Requirements*, published by Thompson Publishing Group, and a chapter editor of *Employee Benefits Law*. Ms. Bakich speaks regularly on issues related to group health plans.

JESSICA BERNANKE, JD
Senior Compliance Specialist, Washington, DC

Expertise

Ms. Bernanke joined The Segal Company in 2010 as a Senior Compliance Specialist in the National Compliance Practice. She specializes in research and analysis on federal laws and regulations affecting health coverage, including ERISA, the Affordable Care Act (also known as Health Care Reform), HIPAA, COBRA and the Mental Health Parity Act. Ms. Bernanke works with the national staff of the Health and Compliance Practices to disseminate health plan compliance information and updates to staff in regards to applicable federal laws.

Professional Background

Prior to joining Segal, Ms. Bernanke was an attorney in the employee benefits practice group of a private, international law firm. In her legal practice, she provided comprehensive advice on compliance issues related to ERISA-covered health plans on behalf of multiemployer and single employer clients. In addition, Ms. Bernanke has broad-based litigation experience, including ERISA cases, as well as commercial and products liability cases. Before practicing in a law firm, Ms. Bernanke was a law clerk to Honorable Thomas C. Platt, US District Judge for the Eastern District of New York.

Education

Ms. Bernanke graduated from Boston College with a BA in Political Science in 1989, and a JD from the College of William & Mary, Marshall-Wythe School of Law in 1994. She is admitted to the Bars of the District of Columbia and New York State.

Vendor Preference Certificate

The Segal Company has included the vendor preference sheet. However, we do not meet any of the resident vendor preferences listed on the certificate.

Rev. 09/08

State of West Virginia

VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with *West Virginia Code*, §5A-3-37. (Does not apply to construction contracts). *West Virginia Code*, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable.

1. **Application is made for 2.5% resident vendor preference for the reason checked:**
   ___ Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or,**
   ___ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or,**
   ___ Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; **or,**

2. **Application is made for 2.5% resident vendor preference for the reason checked:**
   ___ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or,**

3. **Application is made for 2.5% resident vendor preference for the reason checked:**
   ___ Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or,**

4. **Application is made for 5% resident vendor preference for the reason checked:**
   ___ Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; **or,**

5. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**
   ___ Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; **or,**

6. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**
   ___ Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: The Segal Company Signed: [signature]

Date: 4/12/12 Title: Senior Vice President

Check any combination of preference consideration(s) indicated above, which you are entitled to receive.

West Virginia Business License

State of West Virginia

Certificate

I, Joe Manchin III, Secretary of State of the State of West Virginia, hereby certify that

THE SEGAL COMPANY (EASTERN STATES), INC.

Control Number: 59252

a corporation formed under the laws of New York

has filed its "Application for Certificate of Authority" to transact business in West Virginia as required by the provisions of the West Virginia Code. I hereby declare the organization to be registered as a foreign corporation from its effective date of August 28, 2003

Therefore, I issue this

CERTIFICATE OF AUTHORITY

to the corporation authorizing it to transact business in West Virginia

Given under my hand and the Great Seal of the State of West Virginia on this day of August 28, 2003

Secretary of State

Addendums

State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER: INS12011

PAGE: 1

ADDRESS CORRESPONDENCE TO ATTENTION OF:
SHELLY MURRAY
304-558-8801

VENDOR:
*518130231 770-955-4003
SEGAL COMPANY
2018 POWERS FERRY RD STE 850
ATLANTA GA 30339

SHIP TO:
INSURANCE COMMISSION
1124 SMITH STREET
CHARLESTON, WV
25305-0540 304-558-3707

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
03/28/2012				

BID OPENING DATE: 04/12/2012 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT

---------------------- ADDENDUM NO. 1 ----------------------

THIS ADDENDUM IS ISSUED TO ADDRESS THE QUESTIONS RECEIVED PRIOR TO THE QUESTION SUBMISSION DEADLINE OF 03/26/2012.

RECEIVED APR 2 2012 BY:

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	HR		946-12		

ACTUARIAL SERVICES

EXHIBIT 10

REQUISITION NO.: ....

ADDENDUM ACKNOWLEDGEMENT

I HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING CHECKED ADDENDUM(S) AND HAVE MADE THE NECESSARY REVISIONS TO MY PROPOSAL, PLANS AND/OR SPECIFICATION, ETC.

ADDENDUM NO.'S:

NO. 1 ....

NO. 2 ....

NO. 3 ....

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE

TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER: INS12011

PAGE: 2

ADDRESS CORRESPONDENCE TO ATTENTION OF:
SHELLY MURRAY
304-558-8801

VENDOR:
*518130231 770-955-4003
SEGAL COMPANY
2018 POWERS FERRY RD STE 850

ATLANTA GA 30339

SHIP TO:
INSURANCE COMMISSION

1124 SMITH STREET
CHARLESTON, WV
25305-0540 304-558-3707

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
03/28/2012				

BID OPENING DATE: 04/12/2012 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO.	ITEM NUMBER	UNIT PRICE	AMOUNT

NO. 4 ....

NO. 5 ....

I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF THE ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF BIDS.

VENDOR MUST CLEARLY UNDERSTAND THAT ANY VERBAL REPRESENTATION MADE OR ASSUMED TO BE MADE DURING ANY ORAL DISCUSSION HELD BETWEEN VENDOR'S REPRESENTATIVES AND ANY STATE PERSONNEL IS NOT BINDING. ONLY THE INFORMATION ISSUED IN WRITING AND ADDED TO THE SPECIFICATIONS BY AN OFFICIAL ADDENDUM IS BINDING.

[signature]
SIGNATURE

The Segal Company (Eastern States), Inc.
COMPANY

4-12-12
DATE

NOTE: THIS ADDENDUM ACKNOWLEDGEMENT SHOULD BE SUBMITTED WITH THE BID.

---------------- END OF ADDENDUM NO. 1 ----------------

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE		TELEPHONE	DATE
TITLE	FEIN		ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'