



# City of Fort Lauderdale Actuarial Services for Self-Funded Medical & Pharmacy Plans RFP # 565-11734



Proposal Submitted by **Gallagher Benefit Services, Inc.**  
Submission Due Date: April 28, 2016

Arthur J. Gallagher & Co.  
Healthcare Analytics Consulting  
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## Executive Summary

April 27, 2016

Ann Debra Diaz  
Procurement Specialist II  
City of Fort Lauderdale Procurement Services Division  
100 N. Andrews Ave., #619  
Fort Lauderdale, FL 33301

**RE: Solicitation 565-11734; Actuarial Services for Self-Funded Medical & Pharmacy Plans**

Dear Ms. Diaz:

Gallagher Benefit Services, Inc., (“Gallagher”) a subsidiary of Arthur J. Gallagher & Co., (“AJG”) is pleased to provide this proposal for actuarial services for the City of Fort Lauderdale (“the City”).

Based on the scope of services outlined in your solicitation, Gallagher fully understands the nature and scope of services to be provided, and is confident that we can provide all of these services, as well as additional value-added services.

AJG was founded in 1927 and is now the world’s 4<sup>th</sup> largest Insurance Brokerage and Risk Management Services Company and the 3<sup>rd</sup> largest broker in the U.S. With over 23,000 employees and operations in 15 countries, we have business relationships through a network of correspondent brokers and broker consultants in more than 100 cities worldwide. AJG has traded on the NYSE under the symbol “AJG” since 1984. We are listed among Forbes’ Platinum 400 as one of the best big businesses in America. AJG is headquartered in Itasca IL, a suburb of Chicago.

Gallagher has been providing benefit consulting services to employers for their Health and Welfare benefit programs since 1961. We have over 3,000 employees with several offices in Florida and a particular strength in the public sector market. The City will be serviced by our Boca Raton office, with support from other offices as needed.

The City’s consulting team will be lead by Glen Volk, FSA, MAAA. Glen is an Area Vice President & Consulting Actuary who has been a part of Gallagher’s Boca Raton office for 16 years. Locally, Glen will be supported by Mark Bogert, ASA, MAAA, David Parker, ASA, MAAA, and Wenching Li, ASA, MAAA, all of whom are actuaries based in our Boca Raton office. We do not anticipate the need to use resources outside of the Boca Raton office, but if the need should arise we will be supported by our Princeton NJ office which is the home of our actuarial consulting practice. The Princeton office maintains many of the actuarial tools that we use in our practice.



Our proposal is structured as requested by the City in its bid package. Our proposal contains many references to existing clients in the area and the work we do for them that is consistent with what the City is requesting in this bid. We believe there are a number of key factors that differentiate Gallagher from other actuarial and benefit consulting firms, including:

- The actuarial consulting staff that will work with the City is local. As a result, not only are we familiar with the unique conditions of this market, but we are available for face-to-face meetings that allow us to be more responsive and conduct analyses “on the fly”. Our service model is built on having our specialists serve as direct points of contact with our clients and what the City is requesting fits perfectly into that model.
- Gallagher currently performs the requested actuarial services for a number of large public employers in Florida, including several in South Florida (Broward County School Board, Miami Dade County Government, the City of Miami Beach, the City of Boca Raton, Palm Beach County Government, and several others). Our experience in the public sector arena, and especially the Florida market, is unmatched.
- The depth of our local actuarial consulting staff is also unmatched. No other employee benefits actuarial consulting firm has the number of qualified actuaries or the overall experience that we do.
- Our actuarial practice works closely with the remainder of our local employee benefit consulting practice. Although the bid is specific to actuarial services, there will be times when it will be useful to have access to a full service benefit consulting practice that is equally experienced in the local public sector market.

We thank you for the opportunity bid on these services and we look forward to working with the City to help you manage your benefit plans.

Sincerely,

Glen R. Volk, FSA, MAAA  
Area Vice President, Consulting Actuary

## Experience and Qualifications

Gallagher has been providing employee benefit consulting services since 1961 and we have been providing actuarial services since 2000 when Glen Volk joined our Boca Raton office. Since that time our actuarial practice has grown considerably. In 2002 we acquired the Apex Management Group, a full service actuarial firm based in Princeton NJ that became the headquarters of our actuarial practice. The division formerly known as Apex is now known as Healthcare Analytics, a Division of Gallagher Benefit Services, Inc., and it consists of 35 professionals in four related disciplines:

- Actuarial services
- Data management
- Audit services
- Pharmacy procurement and management services.

The Boca Raton office has 4 credentialed actuaries and provides services of similar scope to what the City is requesting to several public sector clients in South Florida. Following is a table summarizing the scope for a number of our larger local clients, as well an indicator of how long we have been performing these services for each. Our client relationships tend to be very lengthy, an indication that we consistently meet budget and time requirements.

Client	Client Since	Services
Broward County School Board	2000	Plan design, pricing, reserve setting, discount analysis, F.S. 112.08 filing, RDS
City of Pembroke Pines	2000	Plan design, pricing, reserve setting, F.S. 112.08 filing, GASB 45, RDS
Monroe County School Board	2000	Plan design, pricing, reserve setting, discount analysis, F.S. 112.08 filing, GASB 45
Palm Beach County Government	2000	Plan design, pricing, reserve setting, discount analysis, F.S. 112.08 filing, GASB 45, RDS
City of Miami Beach	2001	Plan design, pricing, reserve setting, discount analysis, F.S. 112.08 filing, GASB 45, RDS
City of Deerfield Beach	2005	Plan design, pricing, reserve setting, F.S. 112.08 filing
City of Boca Raton	2010	Plan design, pricing, reserve setting, discount analysis, F.S. 112.08 filing, GASB 45
Monroe County Government	2010	Plan design, pricing, reserve setting, discount analysis, F.S. 112.08 filing, GASB 45, RDS
Miami Dade County	2011	Plan design, pricing, reserve setting, discount analysis, F.S. 112.08 filing, GASB 45, RDS

In addition to these clients, we have several large self-funded public sector clients in other parts of Florida for whom we do similar work. A small sample of these clients includes Hillsborough and Alachua County Governments, the Cities of Tampa, Lakeland, St. Petersburg, and Jacksonville, and Orange and Osceola County Schools. The depth of our local staff, and the availability of the actuarial resources in our Princeton, NJ, office, allow us to properly plan for and carry out the various tasks for each client in a timely manner.

Arthur J., Gallagher & Co. and Gallagher Benefit Services, Inc. are both Corporations and are both registered as legal entities in Florida. Gallagher Benefit Services has over 3000 employees across the Country with 11 benefit consulting offices in Florida. The Boca Raton office will service the City and is located at the following address.



Gallagher Benefit Services, Inc.  
2255 Glades Rd., Suite 200E  
Boca Raton, FL 33431

Contact information for the local actuarial team is shown below:

Glen R. Volk, FSA, MAAA  
[Glen\\_volk@ajg.com](mailto:Glen_volk@ajg.com)  
PH: 561.998.6755  
FAX: 561.998.6731

Wenching Li, ASA, MAAA  
[Wenching\\_li@ajg.com](mailto:Wenching_li@ajg.com)  
PH: 561.998.5758  
FAX: 561.998.6731

Mark Bogert, ASA, MAAA  
[Mark\\_bogert@ajg.com](mailto:Mark_bogert@ajg.com)  
PH: 561.998.6735  
FAX: 561.998.6731

David Parker, ASA, MAAA  
[David\\_parker@ajg.com](mailto:David_parker@ajg.com)  
PH: 561.998.6769  
FAX: 561.998.6731

## **Approach to Scope of Work**

### Understanding of the Scope of Services

The scope of services covers a number of different projects. Some of these, like setting a claim reserve or submitting the F.S. 112.08 report, can be classified as more of a commodity. Others, such as the activities related to plan design and pricing, are much more consultative in nature. It is our understanding that the City's primary goal in issuing this bid is to obtain actuarial services that are more closely aligned and consistent with the way other benefit consulting services would be offered. The winning firm will need to satisfy the City that they can establish and then follow a timeline that allows the City to meet its budgetary needs and satisfy its open enrollment requirements. That firm will need to be able to sit down with the City to review benefit options and model benefit iterations in real time to help the City make benefit decisions. It will need to present and explain data upon which the City can base decisions. It will also need to develop algorithms for monitoring and evaluating plan performance, including the performance of the City's near site Health Center. In short, the winning firm will need to be a strategic partner that also happens to provide quality actuarial services.

This is exactly the service model that Gallagher has built its benefit consulting and actuarial practices around. Of course we will make sure that all of our actuarial work is performed accurately and in accordance with all applicable actuarial standards of practice, but our real goal is to present information to the City in a way that allows for you to make decisions on an informed and timely basis. We do this by meeting with you to go over the results of our work, explaining exactly what those results mean, and jointly developing additional iterations that might do a better job of meeting the City's needs. This is equally true whether we are working through a renewal, developing a 3 year plan, or preparing an RFP for you medical plan.

### Example of Our Renewal Support

Following is a description of how we would propose to carry out the 2017 renewal support, which is perhaps the most immediate need for the City contained in the Scope of Services. We think this gives you a good idea of how we manage projects and how we use our actuarial tools and expertise in a way that maximizes the City's understanding and input.

Our first step will be to prepare a forecast for the health plan for the rest of this plan year and for the 2016/17 plan year assuming no changes in plan benefits or enrollment. We call this the "Baseline Forecast". It will include total projected claim costs, fixed costs, and healthcare reform expenses, and will also net out the employee and retiree contributions to develop the expected City cost. We develop the Baseline Forecast using historical claim and enrollment data that we expect we can get directly from CIGNA after we are engaged by the City. Depending on the timing of the engagement, we will use a combination of standard reports produced by CIGNA and data contained in a quarterly bulk feed that we receive from CIGNA for our joint clients that we load into our data warehouse. Because these bulk feeds are prepared quarterly, our ability to obtain and load the City's data into our warehouse will depend on exactly how the timing works out.



Once we have the Baseline Forecast prepared, we will have a preliminary meeting with the City to review the results and discuss the City's budgetary constraints for the 2016/17 plan year. To the extent the City can provide guidance on the 2016/17 budget targets prior to receiving the Baseline Forecast, we will incorporate preliminary suggestions on making benefit and funding revisions that will move the Baseline Forecast for 2016/17 closer to the budget target.

During the preliminary meeting we will discuss the range of plan and contribution changes that would be acceptable to the City. Prior to the meeting we will load the current plan designs into our proprietary benefit modeling software known as HRM, and we will be able to show the City the expected impact of plan design changes that are proposed during the meeting. We will then agree on a range of benefit and contribution scenarios that the City would like us to model.

We will then have a second meeting to review the results of the scenarios and narrow down the options that the City considers plausible. Again, we will provide benefit modeling on the spot to the extent the City would like to see changes to the scenarios we have presented.

Following the second meeting we will prepare a "final" renewal based on any further guidance from the City. We understand that there may be additional iterations that occur between meetings. We will be available to meet with City staff and/or elected officials in order to explain the process and results, as well as any assumptions we have included in the forecast.

#### Technical Capabilities

We have developed a number of tools that allow us to provide a complete range of actuarial services. We have a benefit modeling system known as HRM that we use to value plan changes. HRM is based on millions of life years of data and is updated annually. It is so well recognized in the industry that it is used under license by other consulting firms and insurance companies. HRM is one of the tools that we use interactively - we can model the impact of plan changes on the fly.

We also have a proprietary data warehouse known as GBS Insider. We have agreements with the major carriers to provide quarterly bulk data feeds for clients who elect to participate, and those feeds give us access to data at the service and member level. We use the data warehouse for a number of purposes, including identifying services that are over or underutilized and recommending plan changes to address this, studying health risk scores to help us design and monitor disease management and wellness programs, and measuring the performance of employee health centers.

We belong to an industry group consisting of major carriers and consulting firms that established standards under which the carriers provide information about their medical discounts in a uniform manner to consulting firms. We can use this discount database to compare carrier discounts at a 3-digit zip code level under health plan RFPs.

We have other more traditional actuarial tools such as an IBNR (claim reserve) model and a health plan forecast model that we use to develop renewal projections.







### Capacity

We do not anticipate any problems meeting the City's timing needs. The depth of our resources and the experience we have in the public sector market allow us to successfully manage several ongoing projects at any time.

## References

We are happy to provide the following references.

Client: Broward County Public Schools

Contact: Dr. Dildra Martin-Ogburn  
Director, Benefits & Employment Services  
7770 W. Oakland Park Blvd.  
Sunrise, FL 33351

Phone 954-321-3100

Email: [Dildra.Ogburn@browardschools.com](mailto:Dildra.Ogburn@browardschools.com)

### Description of Work

Broward County Schools has been a Gallagher client for actuarial services since 2000. The client moved to a self-funded program in 2013 and since then we have provided annual support consisting of:

- Preparing and submitting the annual report under F.S. 112.08
- Developing recommended funding rates
- Developing and valuing plan design recommendations, including wellness incentives
- Forecasting plan expenses in conjunction with the Board's budgeting process
- Preparing reports on plan experience, trends, and utilization
- Providing data warehousing services and related reporting based on quarterly feeds from the plan administrator
- Meeting with the Superintendent's Insurance Advisory Committee to review all of these items
- Preparing the actuarial attestation required as part of the Retiree Drug Subsidy application

We also provided support in an RFP for selecting a health plan administrator in 2013, including the evaluation of bidder's medical discounts, pharmacy administration and pricing, and fixed costs.

We continue to provide these services for the Board. Our annual fee has varied because it has historically been based on hourly rates. It has averaged approximately \$75,000.



Client: City of Miami Beach

Contact: Sonia Bridges  
Division Director Risk & Benefits  
1700 Convention Center Dr.  
Miami Beach, FL 33139

Phone 305-673-7000 ext. 6515

Email: [SoniaBridges@miamibeachfl.gov](mailto:SoniaBridges@miamibeachfl.gov)

#### Description of Work

The City of Miami Beach has been a Gallagher client for actuarial services since 2001. The client moved to a self-funded program in 2009 and since then we have provided annual support consisting of:

- Preparing and submitting the annual report under F.S. 112.08
- Developing recommended funding rates
- Developing and valuing plan design recommendations
- Forecasting plan expenses in conjunction with the City's budgeting process
- Meeting quarterly with the City's budget and finance staff to review plan experience and updated forecasts
- Preparing the actuarial attestation required as part of the Retiree Drug Subsidy application
- Preparing the actuarial valuation of other postretirement benefits ("OPEB") in accordance with GASB 45

We also provided support in an RFP for selecting a health plan administrator in 2012, including the evaluation of bidder's medical discounts, pharmacy administration and pricing, and fixed costs. We are supporting another medical RFP in 2016.

We continue to provide these services for the City. Our services have been provided as part of a broader consulting agreement with the City under which actuarial services are included, so the City does not see invoices for actuarial services. However, we track hours and fee-for-service charges internally and our fees for the City have averaged approximately \$40,000.

Client: Miami Dade County Government

Contact: Helena Denham-Carter  
Division Director, Human Resources Department  
111 NW 1<sup>st</sup> St.  
Miami, FL 33128

Phone: 305-375-1638

Email: [hcarter@miamidade.gov](mailto:hcarter@miamidade.gov)

#### Description of Work

Miami-Dade County has been a Gallagher client for actuarial services since 2011. In that time we have provided annual support consisting of:

- Preparing and submitting the annual report under F.S. 112.08
- Developing recommended funding rates
- Developing and valuing plan design recommendations
- Forecasting plan expenses in conjunction with the County's budgeting process
- Meeting periodically with County staff and labor representatives to review plan experience
- Providing data warehousing services and related reporting using quarterly feeds from the plan administrator
- Preparing the actuarial attestation required as part of the Retiree Drug Subsidy application
- Preparing the actuarial valuation of other postretirement benefits ("OPEB") in accordance with GASB 45

We also provided support in an RFP for selecting a health plan administrator in 2015, including the evaluation of bidder's medical discounts, pharmacy administration and pricing, and fixed costs.

We continue to provide these services for the County. Our annual fee has varied because it has historically been based on hourly rates. It has averaged approximately \$90,000.



## **Minority/Women (M/WBE) Participation**

Gallagher is not a certified M/WBE. Because of our size and continuing rapid growth through acquisitions it is not realistic for us to pursue M/WBE certification.



## **Subcontractors**

We will not be using any subcontractors. All work will be performed by full time Gallagher employees.



## Required Forms

### BID/PROPOSAL CERTIFICATION

**Please Note:** All fields below must be completed. If the field does not apply to you, please note N/A in that field.

If you are a foreign corporation, you may be required to obtain a certificate of authority from the department of state, in accordance with Florida Statute §607.1501 (visit <http://www.dos.state.fl.us/>).

Company: (Legal Registration) Gallagher Benefit Services, Inc.

Address: 2255 Glades Rd, Suite 200E

City: Boca Raton State: FL Zip: 33431

Telephone No. 561.998.6755 FAX No. 561.988.6731 Email: glen\_volk@ajg.com

Delivery: Calendar days after receipt of Purchase Order (**section 1.02 of General Conditions**): 120 days

Payment Terms (**section 1.04 of General Conditions**): As specified in 1.04 of General Conditions

Total Bid Discount (**section 1.05 of General Conditions**): N/A

Does your firm qualify for MBE or WBE status (**section 1.09 of General Conditions**): MBE        WBE       

**ADDENDUM ACKNOWLEDGEMENT** - Proposer acknowledges that the following addenda have been received and are included in the proposal:

<u>Addendum No.</u>	<u>Date Issued</u>	<u>Addendum No.</u>	<u>Date Issued</u>
<u>1</u>	<u>4/14/2016</u>	<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**VARIANCES:** If you take exception or have variances to any term, condition, specification, scope of service, or requirement in this competitive solicitation you must specify such exception or variance in the space provided below or reference in the space provided below all variances contained on other pages within your response. Additional pages may be attached if necessary. No exceptions or variances will be deemed to be part of the response submitted unless such is listed and contained in the space provided below. The City does not, by virtue of submitting a variance, necessarily accept any variances. If no statement is contained in the below space, it is hereby implied that your response is in full compliance with this competitive solicitation. If you do not have variances, simply mark N/A. **If submitting your response electronically through BIDSYNC you must also click the "Take Exception" button.**

The below signatory hereby agrees to furnish the following article(s) or services at the price(s) and terms stated subject to all instructions, conditions, specifications addenda, legal advertisement, and conditions contained in the bid/proposal. I have read all attachments including the specifications and fully understand what is required. By submitting this signed proposal I will accept a contract if approved by the City and such acceptance covers all terms, conditions, and specifications of this bid/proposal. The below signatory also hereby agrees, by virtue of submitting or attempting to submit a response, that in no event shall the City's liability for respondent's direct, indirect, incidental, consequential, special or exemplary damages, expenses, or lost profits arising out of this competitive solicitation process, including but not limited to public advertisement, bid conferences, site visits, evaluations, oral presentations, or award proceedings exceed the amount of Five Hundred Dollars (\$500.00). This limitation shall not apply to claims arising under any provision of indemnification or the City's protest ordinance contained in this competitive solicitation.

Submitted by:

Glen R. Volk \_\_\_\_\_  
Name (printed)

\_\_\_\_\_  
Signature

April 27, 2016 \_\_\_\_\_  
Date:

Area Vice President & Consulting Actuary \_\_\_\_\_  
Title



## COST PROPOSAL PAGE

**Proposer Name:** Gallagher Benefit Services. Inc.

Proposer agrees to supply the services at the prices bid below in accordance with the terms, conditions and specifications contained in this RFP.

Cost to the City: Proposer must quote firm, fixed, costs for all services identified in this request for proposal. These firm fixed costs for the project include any costs for travel and miscellaneous expenses. No other costs will be accepted.

Description	Estimated Annual Quantity		Firm, Fixed Hourly Rate	Total
Actuary	110 hours	x	\$325/hr =	\$35,750

**Submitted by:**

Glen R Volk  
Name (printed)

Signature

April 27, 2016  
Date

Area Vice President & Consulting Actuary  
Title



## NON-COLLUSION STATEMENT

By signing this offer, the vendor/contractor certifies that this offer is made independently and *free* from collusion. Vendor shall disclose below any City of Fort Lauderdale, FL officer or employee, or any relative of any such officer or employee who is an officer or director of, or has a material interest in, the vendor's business, who is in a position to influence this procurement.

Any City of Fort Lauderdale, FL officer or employee who has any input into the writing of specifications or requirements, solicitation of offers, decision to award, evaluation of offers, or any other activity pertinent to this procurement is presumed, for purposes hereof, to be in a position to influence this procurement.

For purposes hereof, a person has a material interest if they directly or indirectly own more than 5 percent of the total assets or capital stock of any business entity, or if they otherwise stand to personally gain if the contract is awarded to this vendor.

In accordance with City of Fort Lauderdale, FL Policy and Standards Manual, 6.10.8.3,

*3.3. City employees may not contract with the City through any corporation or business entity in which they or their immediate family members hold a controlling financial interest (e.g. ownership of five (5) percent or more).*

3.4. Immediate family members (spouse, parents and children) are also prohibited from contracting with the City subject to the same general rules.

**Failure of a vendor to disclose any relationship described herein shall be reason for debarment in accordance with the provisions of the City Procurement Code.**

### NAME

### RELATIONSHIPS

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**In the event the vendor does not indicate any names, the City shall interpret this to mean that the vendor has indicated that no such relationships exist.**



## LOCAL BUSINESS PREFERENCE CERTIFICATION STATEMENT

The Business identified below certifies that it qualifies for the local BUSINESS preference classification as indicated herein, and further certifies and agrees that it will re-affirm it's local preference classification annually no later than thirty (30) calendar days prior to the anniversary of the date of a contract awarded pursuant to this ITB. Violation of the foregoing provision may result in contract termination.

- (1) \_\_\_\_\_ is a **Class A** Business as defined in City of Fort Lauderdale Ordinance No. C-12-04, Sec.2-199.2. A copy of the City of Fort Lauderdale current year Business Tax Receipt and a complete list of full-time employees and evidence of their addresses shall be provided within 10 calendar days of a formal request by the City.  
Business Name
- (2) \_\_\_\_\_ is a **Class B** Business as defined in the City of Fort Lauderdale Ordinance No. C-12-04, Sec.2-199.2. A copy of the Business Tax Receipt or a complete list of full-time employees and evidence of their addresses shall be provided within 10 calendar days of a formal request by the City.  
Business Name
- (3) \_\_\_\_\_ is a **Class C** Business as defined in the City of Fort Lauderdale Ordinance No. C-12-04, Sec.2-199.2. A copy of the Broward County Business Tax Receipt shall be provided within 10 calendar days of a formal request by the City.  
Business Name
- (4) \_\_\_\_\_ requests a **Conditional Class A** classification as defined in the City of Fort Lauderdale Ordinance No. C-12-04, Sec.2-199.2. Written certification of intent shall be provided within 10 calendar days of a formal request by the City.  
Business Name
- (5) \_\_\_\_\_ requests a **Conditional Class B** classification as defined in the City of Fort Lauderdale Ordinance No. C-12-04, Sec.2-199.2. Written certification of intent shall be provided within 10 calendar days of a formal request by the City.  
Business Name
- (6) \_\_\_\_\_ is considered a **Class D** Business as defined in the City of Fort Lauderdale Ordinance No. C-12-04, Sec.2-199.2. and does not qualify for Local Preference consideration.  
Business Name

Gallagher Benefit Services, Inc.

BIDDER'S COMPANY: Gallagher Benefit Services, Inc.

AUTHORIZEDCOMPANYPERSON: Glen R. Volk

April 27, 2016

NAME

SIGNATURE

DATE



## CONTRACT PAYMENT METHOD BY P-CARD

THIS FORM MUST BY SUBMITTED WITH YOUR RESPONSE

The City of Fort Lauderdale has implemented a Procurement Card (P-Card) program which changes how payments are remitted to its vendors. The City has transitioned from traditional paper checks to payment by credit card via MasterCard or Visa. This allows you as a vendor of the City of Fort Lauderdale to receive your payment fast and safely. No more waiting for checks to be printed and mailed.

Payments will be made utilizing the City's P-Card (MasterCard or Visa). Accordingly, firms must presently have the ability to accept credit card payment or take whatever steps necessary to implement acceptance of a credit card before the commencement of a contract.

***Gallagher does not currently accept the P-Card system but we do accept payment by MasterCard or Visa. Our clients can make electronic payments by accessing the following website and registering the desired card: [www.paybill.com/GBSePAY](http://www.paybill.com/GBSePAY)***

Please indicate which credit card payment you prefer:

\_\_\_\_\_ Master Card

\_\_\_\_X\_\_\_\_ Visa Card

Company Name: Gallagher Benefit Services

<u>Glen R. Volk</u>	
Name (printed)	Signature

<u>April 27, 2016</u>	<u>Area Vice President &amp; Consulting Actuary</u>
Date:	Title:

# SAMPLE INSURANCE CERTIFICATE



## CERTIFICATE OF LIABILITY INSURANCE

DATE OF CERTIFICATE  
10/31/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Arthur J. Gallagher Risk Management Services, Inc. 800 S. Riverside Plaza, Suite 1500 Chicago, IL 60606		<b>CONTACT PERSON</b> Contact All Inquiries To Email Email: <u>ajgallagher@ag.com</u> Address: <u>1111 Oak Street, Suite 1000</u>	
<b>INSURED</b> Gallagher Benefit Services, Inc. 2300 Lakeside Avenue Suite 2000 Roseville, IL 60007		<b>INSURER</b> American Insurance Company	<b>NAIC #</b> 11120
		<b>INSURER</b> Commerce and Industry Insurance Co.	<b>NAIC #</b> 1941C
		<b>INSURER</b> ...	
		<b>INSURER</b> ...	

COVERAGES **CERTIFICATE NUMBER: 915194752** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION ON ANY POLICY OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY HEREIN, THE INSURANCE AFFORDED BY THE POLICIES LISTED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY VARY DUE TO REDUCTIONS IN LIMITS.

NO.	TYPE OF COVERAGE	INSURER	POLICY NUMBER	POLICY PERIOD	COVERAGE	LIMITS
1	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> Products and Completed Operations <input checked="" type="checkbox"/> Off Premises <input type="checkbox"/> Contractual Liability <input type="checkbox"/> Pollution Liability <input type="checkbox"/> Fire and Theft <input type="checkbox"/> Automobile Liability	AMERICAN INSURANCE COMPANY	915194752	10/01/2015 - 10/01/2016	AUTOMOBILE LIABILITY \$1,000,000 PRODUCTS AND COMPLETED OPERATIONS \$1,000,000 OFF PREMISES \$100,000 CONTRACTUAL LIABILITY \$1,000,000 POLLUTION LIABILITY \$5,000,000 FIRE AND THEFT \$5,000,000	\$1,000,000 \$1,000,000 \$100,000 \$1,000,000 \$5,000,000 \$5,000,000
2	<input checked="" type="checkbox"/> UMBRELLA <input type="checkbox"/> Excess Liability <input type="checkbox"/> Directors and Officers Liability	AMERICAN INSURANCE COMPANY	915194752	10/01/2015 - 10/01/2016	UMBRELLA \$5,000,000 EXCESS LIABILITY \$5,000,000 DIRECTORS AND OFFICERS LIABILITY \$5,000,000	\$5,000,000 \$5,000,000 \$5,000,000
3	<input checked="" type="checkbox"/> FIDELITY AND SURETY <input type="checkbox"/> Commercial Bond <input type="checkbox"/> Performance and Completion Bond <input type="checkbox"/> Bid and Payment Bond <input type="checkbox"/> Maintenance Bond	AMERICAN INSURANCE COMPANY	915194752	10/01/2015 - 10/01/2016	FIDELITY AND SURETY \$5,000,000 COMMERCIAL BOND \$5,000,000 PERFORMANCE AND COMPLETION BOND \$5,000,000 BID AND PAYMENT BOND \$5,000,000 MAINTENANCE BOND \$5,000,000	\$5,000,000 \$5,000,000 \$5,000,000 \$5,000,000 \$5,000,000

DESIGNATIONS OR ENDORSEMENTS: LOCATIONS: VENUE: B8 (ACORD 101, 604601, 10/01/2015, only to be used if the policy is a contract)

General Liability:  
 General Aggregate Per Location Subject to \$10 Mill Policy Aggregate.

<b>CERTIFICATE HOLDER</b> ...	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE [Signature]
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## BUSINESS LICENSE

### *State of Florida Department of State*

I certify from the records of this office that GATLAGHER BENEFIT SERVICES, INC. is a Delaware corporation authorized to transact business in the State of Florida, qualified on December 9, 1999.

The document number of this corporation is F99000006362.

I further certify that said corporation has paid all fees due this office through December 31, 2015, that its most recent annual report/uniform business report was filed on April 20, 2015, and that its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.

*Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capital, this  
the Thirtieth day of April, 2015*



*Ken Detjen*  
**Secretary of State**

Tracking Number: C08713871014

To authenticate this certificate, visit the following site, enter this number, and then follow the instructions displayed.

<https://services.sunbiz.org/Flags/CertificateOfStatus/CertificateAuthentication>

## Questionnaire

1. State the number of years Contractor's firm has been in existence, the number of years Contractor has provided the Scope of Services requested, the current number of actuaries in the organization, total number of employees, location of the office to service the City and the primary markets served. *Arthur J. Gallagher has been in existence since 1927, approaching 89 years while Gallagher Benefit Services has been in existence since 1975. We have been providing the Scope of Services requested since 2000, or for 16 years. Gallagher Benefit Services has a total of 15 credentialed actuaries and a total of over 3,000 employees. The City will be serviced by our Boca Raton FL office. Gallagher serves virtually all markets but we have a particular strength in the public sector as evidenced by the existence of our Public Sector Niche, which is the largest of our niches.*
2. Describe the firm, including the size and range of services performed. Particular emphasis should be given as to how the firm-wide experience and expertise in the areas addressed by the RFP Scope of Services will be brought to bear on the proposed work. *Gallagher is a full service benefits consulting firm offering health & welfare consulting as well as a variety of specialized services including:*
  - *Actuarial*
  - *Retirement*
  - *Voluntary benefits*
  - *HR consulting*
  - *Compliance*
  - *Wellness and health management*
  - *Benefits and Systems Administration*

*We have over 180 offices in the United States. We have established several niches within the firm that focus on specific industries, and our largest such niche is the public entity niche. Employees who participate in the niche have ready access to benchmarking data, information on best practices, and perhaps most important, to other professionals who specialize in this market and are willing to share ideas and experience. Our public sector experience is particularly deep in Florida, where we are the largest benefit consultant in the public sector. With respect to actuarial services, our Boca Raton office provides the requested services to dozens of public employers in Florida, including several that are comparable in size to the City. In addition to several counties, school districts, and smaller cities, we provide similar services to cities like Miami Beach, Boca Raton, Lakeland, Tampa, St. Petersburg, and Jacksonville. The experience we have gained from working with these clients, many of them for 15 years, will be leveraged in what we do for the City. The City will also benefit from Gallagher's size and position in the marketplace, as carriers will assign their top representatives to our clients and we will have more leverage in negotiating fixed costs and performance guarantees, and other contract terms.*

3. Describe and include documentation of any relevant licenses and/or certifications held by the Contractor or actuary to be assigned to the City's projects. *We have 4 qualified actuaries in our Boca Raton office. The bodies that regulate health actuarial practice in the US do not issue licenses, but they do maintain a listing of active members. The listing may be accessed by anyone by logging onto the Society of Actuaries website at soa.org and using the actuarial directory link. Following are the current entries for the 4 actuaries based in our Boca Raton office.*

<b>Glen R Volk</b>	
<b>Personal Information</b> Glen R Volk Arthur J. Gallagher & Co. 2255 Glades Rd Ste 200E Boca Raton, FL 33431-8571 United States  Tel: +(561) 998-6755 Fax: 1(561)998-6731 Email: <a href="mailto:glen_volk@ajg.com">glen_volk@ajg.com</a>	<b>Designations</b> FSA 1987 MAAA 1988  <b>SOA Continuing Professional Development Requirement</b> Compliant(2014-2015)  <b>Academic Degrees</b> M.Math  <b>Other Professional Designations</b>   <b>Industry</b> Consulting  <b>Primary Area of Practice</b> Health  <b>Specializations</b>  <b>Society of Actuaries Sections</b> Health

<b>Mark Joseph Bogert</b>	
<b>Personal Information</b> Mark Joseph Bogert	<b>Designations</b> ASA 2015 MAAA 2015  <b>SOA Continuing Professional Development Requirement</b> Compliant(2014-2015)

**Wenching Li****Personal Information**

Wenching Li  
Gallagher Benefit Services Inc  
2255 Glades Road  
Suite 200E  
Boca Raton, FL 33431  
United States

Tel: +(561) 998-6758

Fax: 1(561)998-6731

Email: [wenching\\_li@ajg.com](mailto:wenching_li@ajg.com)

**Designations**

ASA 1994  
MAAA 2000

**SOA Continuing Professional Development Requirement**

Compliant(2014-2015)

**Academic Degrees**

M.B.A.

**Other Professional Designations****Industry**

Consulting

**Primary Area of Practice**

Health

**Specializations**

Employee Health Benefits  
Health Insurance - Commercial  
Health Insurance – Public Systems  
Underwriting

**Society of Actuaries Sections**

Health

<b>W David Parker Jr.</b>	
<b>Personal Information</b>	<b>Designations</b>
W David Parker Jr. Consulting Actuary Gallagher Benefit Services Inc 2255 Glades Road Suite 200E Boca Raton, FL 33431 United States	ASA 1991 MAAA 2002
Tel: +1(561)998-6769 Email: <a href="mailto:david_parker@ajg.com">david_parker@ajg.com</a>	<b>SOA Continuing Professional Development Requirement</b> Compliant(2014-2015)
	<b>Academic Degrees</b> B.S.
	<b>Other Professional Designations</b>
	<b>Industry</b> Consulting
	<b>Primary Area of Practice</b> Health
	<b>Specializations</b>
	<b>Society of Actuaries Sections</b>

4. Describe key personnel assigned to the City's projects, specifically experience in providing self-funded health and pharmacy related services including setting employee/employer contributions, contribution strategies, recommending plan design alternatives, and analyzing provider network discounts. *Glen Volk will lead the team that will service the City. Glen has provided all of these services for most of our self-funded governmental clients in Florida since joining Gallagher in 2000. Among other clients, Glen serves as the lead actuary for Miami-Dade County Government, the City of Miami Beach, Broward County Schools, the City of Boca Raton, Palm Beach County Government, Hillsborough County Government, and the Cities of Tampa, St. Petersburg, Lakeland, and Jacksonville.*

*Wenching Li has supported Glen on contribution strategies and rate setting, plan design modeling, and network evaluation since joining the firm in 2005. Wenching has worked on all of the clients listed above in various actuarial capacities.*

*David Parker joined Gallagher in 2009 and serves as the lead actuary on such self-funded governmental employers as Osceola Schools, the City of Palm Bay, and Pasco County Government. He has also prepared the annual filings required by F.S. 112.08 for several clients, and assists Glen as needed on other clients.*

*Mark Bogert has been in our Boca Raton office for 3 years and has been working closely with Glen on clients such as Miami-Dade County and Broward County Schools. Mark also is heavily involved in the data analysis functions and would be a key member of the renewal benefit modeling and forecasting team.*

5. List the name of the principal actuary who will provide ongoing actuarial services to the County under this contract. For this individual provide the following: resume, description of actuarial experience, education, length of employment at your firm or length of contract to provide services to your firm, **(if sub-contracted please note this here and also complete Section: Sub-Contractors)**, length of employment as an actuary, professional credentials and affiliations. *The principal actuary will be Glen Volk. His bio follows, and it contains all of the requested information.*

**Glen R. Volk, FSA, MAAA**

Glen is a Consulting Actuary with GBS HealthCare Analytics (HCA), a division of Gallagher Benefit Services, Inc. He has over 30 years of varied experience in the actuarial field, and has been with the Gallagher family of companies since April 2000.

Glen's primary responsibility with HCA is to work with plan sponsors in the design, pricing, and financial management of their benefit plans. He works with several Gallagher offices around the country, typically with their largest and most complicated clients. He also provides consulting support to health plans and provider organizations.

Prior to joining Gallagher in 2000, Glen held various positions in the management consulting and insurance industries. He has extensive experience in managed care and in the reinsurance field. He has also served on several health care reform panels and committees.

**Experience**

- Traditional Health and Welfare consulting to Plan Sponsors including underwriting and budgeting, plan design, and claim reserve development.
- Emerging delivery systems and healthcare reform
- Network evaluations for Plan Sponsors, with a focus on provider discounts.
- Provider negotiations for managed care plans, including risk arrangements.
- Preparation of a variety of rate filings for state and federal regulators for commercial and government health products.
- Retiree healthcare consulting, including GASB 45 valuations, Medicare Part D attestations, and retiree plan design and funding consulting.

**Prior Positions**

Chief Actuary, Neighborhood Health Partnership

Vice President, John Alden Insurance Company

Assistant Vice President, Great American Reserve Insurance Company

Consulting Actuary, A. Foster Higgins

Actuarial Assistant, Confederation Life Insurance Company

**Education and Professional Designations**

- B.S. in Mathematics, University of Regina (Saskatchewan)
- M. Math in Applied Mathematics, University of Waterloo (Ontario)
- Member of the American Academy of Actuaries (MAAA)
- Fellow of the Society of Actuaries (FSA)

6. Describe experience providing services requested including annual certification, rates renewal process for self-funded health/pharmacy plans, development of rate equivalents, rate projections, CDHP/HRA analysis, Return on Investment (ROI) for employer health and centers and the analysis of provider network discounts.

*Gallagher has extensive experience in all of these areas.*

- We provide annual certifications in the form of F.S. 112.08 filings for over 20 Florida clients and we have been doing them for 15 years for some clients.*
- We manage the rate renewal process for all of our self-funded clients, and we are involved in the negotiation of administrative fees, stop loss premiums, and any other fees paid by the plan. We use our proprietary pricing tool HRM and our data warehouse to determine the most appropriate stop loss deductibles for self-funded clients, and our size and familiarity with all administrators gives us both leverage and benchmark data to successfully negotiate administrative fees. One area we are particularly focused on is any fees charged that are not expressed as a pure per capita fee. This includes things like shared savings arrangements that are paid as a % of recoveries or discounts. These charges are not always well understood by clients but can result in significant cost to the plan.*
- We work on premium rate equivalents and rate projections year round. From the start of the plan year we begin projecting expenses not only for the current year but for the next year as well. We typically provide updated forecasts and projected required rating actions at least quarterly. In that way, our clients have advanced notice of any emerging trends and there should be no surprises when the final renewal is developed.*
- We use our HRM pricing tool as the basis for our CDHP/HRA analysis. That tool establishes a relative value of the proposed plan design that is then used to determine appropriate funding levels and employee contributions. Our recommendations will vary depending on whether or not the high deductible plan will be a total replacement or will be offered in addition to other plans. This is important because of the selection that occurs when these plans are offered as an option. We model the impact of the selection by considering the proposed employee contribution rates for all plans and estimating the likely enrollment and associated risk that goes with that enrollment. Because it is impossible to predict enrollment decisions exactly, we present different scenarios based on varying levels of employee migration between plans to demonstrate the impact of differences in enrollment.*
- We have developed our own approach to measuring the ROI for employer health centers. We start by considering how the utilization of those services likely to be affected by a center has changed over the course of the center being opened. These services include primary care office visits, specialist visits, diagnostic services, pharmacy, and to some extent ER visits. We also consider*



*occupational health services if those are offered through the center. By understanding how the center has affected utilization, we can estimate the cost avoided as a result of the center. The second step is to measure the change in health risk since the center was opened. We are able to do this for clients whose data is in our data warehouse. In general, we find that centers offer little, if any, net savings purely through redirecting services from a physician's office to the center. Given what it costs to operate a center, and the typical spend on primary care related services that they provide, it is very difficult to achieve significant savings on those services. But where centers can achieve more significant results is through the improvement of the population health by serving as a focal point for wellness and disease management programs. If that is happening, we should see improvements in health risk scores and testing and treatment compliance.*

- *We use multiple approaches to evaluating network discounts. Gallagher is a participant in the Uniform Data Specifications ("UDS") industry group of carriers and consulting firms that has established data submission rules under which carriers provide average discount information for inpatient hospital, outpatient hospital, and professional claims on a 3-digit zip code basis. For clients in our data warehouse, we run actual client claim data against the UDS database to estimate overall average medical discounts by market. We are currently working, in conjunction with the UDS group, on an additional model that will focus on risk adjusted per member per month cost of care rather than discounts. In addition to these models, we have more traditional approaches to evaluate networks as well. Our RFP's have extensive questions about network discounts by type of service, and we still ask vendors to reprice claims in some cases. Finally, our approach to evaluating pharmacy discounts is unique in the industry. We determined that simply asking for discounts off AWP is not sufficient to accurately compare pharmacy bidders because there are such major differences in how they define key terms. For example, when a new generic drug enters the market, it has a period of exclusivity, and some vendors classify that drug as a brand for discount purposes. The actual discount tends to fall between the lower discount levels for established brand and higher level for established generic drugs, so treating it as a brand will make the vendors brand discount look better (since the new generic has a higher discount than a typical brand drug) and also make its generic discount look better (since classifying it as a generic would have reduced the average generic discount). This is just one example, - there are several other definitions that affect the financial results as well. We focus equally on the stated discounts and the key definitions to get a much more accurate measure of the financial differences between vendors.*

7. Provide narratives of specific projects you have completed regarding the services requested including recommendations that have been accepted by your clients. Place emphasis on annual rate renewals, modeling contribution strategy and plan design changes.

- *With respect to rate renewals, we recently negotiated a 5-year rate guarantee on the ASO fee for one of our largest clients. The rate itself is 20% below the current rate. For another client, we have kept stop loss premiums flat for the last 3 years by making moderate changes to the deductible. Each year we review the large claim experience and compare it to our internal database to review the expected impact of a change in deductible compared to the change in premium offered by the reinsurer. This is typical of our data driven recommendation process. For another large client, we recently negotiated reduced ASO fees and improved pharmacy rebate guarantees based on our benchmark data obtained from other client RFPs and data in our niche database.*
- *Modeling contributions is one of the core functions we provide. For a large public sector client with multiple unions, we recently developed a revised contribution model that gave employees an incentive to choose a new, smaller network that offers improved discounts. We modeled the impact of employees moving to the new plan and how contributions could be structured to share those savings with employees in order to get union buy-in. For another client that had historically offered employee coverage at no cost on multiple plans, we developed a structure under which employees can only get the richest plan for free if they participate in specific wellness activities. Nearly 80% of employees did participate, and the plan has experienced very flat trends which are at least partly to do with the focus on wellness. Most of our contribution modeling involves an iterative process under which we start with an objective and develop scenarios that reach the objective in different ways and at different paces. The choice of a final model depends on the unique circumstances of the employer.*
- *As noted elsewhere, we use our proprietary HRM pricing tool to value plan design changes, and in fact we use it for almost all of our clients. For many clients, we will load the current client plans into HRM and perhaps an initial round of alternatives so the client can see the impact of illustrative changes. In most cases, we present the results as a menu of changes, and each individual change is valued as a % and a dollar amount. Once the client sees the first iteration, they are free to make suggestions for revised changes based on the values we presented. Our model can be used “on the fly” so clients can see the impact of changes on the spot rather than having to go back and forth over several meeting or phone calls. For one large client, we recently used HRM to develop what the client referred to as a “redesign” that involved a new plan, several changes to the existing plans, and changes in contributions that in total were projected to save the employer as much as 15% of its annual cost. For another client, we are currently using HRM to develop a new program under which all existing plans will be eliminated and either one or two new HRA based plans will be offered instead. Contributions will also be restructured and the total cost to the employer is projected to fall by over 10% in the first year under the new program. For another large public sector client we are currently*

*developing a more moderate slate of benefit changes for 2017 based on matching projected costs to the available budget. This is a very typical exercise.*

8. State the location of the office from which the actuary's work will be performed.  
*The work for this project will be performed in our Boca Raton, FL office.*
9. Describe any experience working with employer health and wellness centers and analyzing ROI. *We have a number of clients that operate employee health and wellness centers and we have developed models to measure their performance. In Florida alone, Gallagher public sector clients that operate centers include the cities of Tampa, Lakeland, and St. Petersburg and Pasco County Government.*

*We have developed our own approach to measuring the ROI for employer health centers. We start by considering how the utilization of those services likely to be affected by a center has changed over the course of the center being opened. These services include primary care office visits, specialist visits, diagnostic services, pharmacy, and to some extent ER visits. We also consider occupational health services if those are offered through the center. By understanding how the center has affected utilization, we can estimate the cost avoided as a result of the center.*

*The second step is to measure the change in health risk since the center was opened. We are able to do this for clients whose data is in our data warehouse. In general, we find that centers offer little, if any, savings purely through redirecting services from a physician's office to the center. Given what it costs to operate a center, and the typical spend on primary care related services that they provide, it is very difficult to achieve significant savings on those services. But where centers can achieve more significant results is through the improvement of the population health by serving as a focal point for wellness and disease management programs. If that is happening, we should see improvements in health risk scores and testing and treatment compliance. We ultimately compare the total projected savings to the total cost of operating the center to determine the ROI. We will point out potential soft dollar savings such as reduced absenteeism, but unless there is credible data with which to measure them, we do not include them in the ROI calculation.*

10. Describe experience in modeling plan designs and cost impact at onsite meetings.  
*As noted elsewhere, we use our proprietary HRM pricing tool to value plan design changes, and in fact we use it for almost all of our clients. For many clients, we will load the current client plans into HRM and perhaps an initial round of alternatives so the client can see the impact of illustrative changes. In most cases, we present the results as a menu of changes, and each individual change is valued as a % and a dollar amount. Once the client sees the first iteration, they are free to make suggestions for revised changes based on the values we presented. Our model can be used "on the fly" so clients can see the impact of changes on the spot rather than having to go back and forth over several meeting or phone calls. We can project the results onto a screen so all meeting participants can immediately see the results as we run new scenarios.*

11. Has your firm performed an actuarial attestation of a self-insured pharmacy plan for Medicare D subsidies? *Yes. Describe your firm's experience with preparing attestation for Medicare D employer credit. We have prepared the actuarial attestation required as part of the RDS application for several clients since the RDS program came into existence. Our model can use either manual medical and pharmacy expenses or actual client-specific data if it is available. Because of the number of these attestations that we provide, it is not surprising that we have had some of our attestations audited under the CMS audit program, and the audits have all resulted in clean opinions from the auditors.*
12. Describe your firm's experience with annual (Florida Office of Insurance Regulations (FLOIR) filing for self-insured plans. *We have been filing the required reports under F.S. 112.08 for several years. We are very familiar with the OIR's prescribed forms and their adopted definition of actuarial soundness based on plan surplus, as well as the submission process on the OIR portal. We have developed a template for the actuarial memorandum and for the supplemental documentation that the OIR now requires, and these templates generally result in quicker reviews and ultimately quicker approvals from the OIR. We have also been very proactive in requesting written guidance from the OIR with respect to their interpretation of the statute so that our clients know exactly what is expected.*
13. Does your firm have experience working with third party claims or a data analysis vendor? If yes, in what capacity? *We do have clients that use third party data vendors and we are fine working with them. Our preference, however, is that clients use our data warehouse which gives us more direct access to the data and also ensures that we have all of the fields that we want to include in our analysis, particularly the clinical data fields. In cases where clients do use a third party for data warehousing, we will either request specific reports from that vendor or ask for a complete data dump that we can then load into our warehouse.*
14. To perform actuarial services on a self-insured plan, describe your methodology for projecting reserve levels. *In our experience, the term "reserves" has multiple meanings. We develop claims reserves, or IBNR, using a model that accepts lag and enrollment data to develop completion factors that are then applied to claims that have already been paid to get incurred estimates. Our model develops several different sets of completion factors and our actuaries choose an appropriate set based on the circumstances of the case. If "reserves" is used to mean available assets, or surplus, the answer is different. When we develop recommended renewal funding rates, we take into account the current reserve level and the targeted level and include an adjustment to make up any difference. The target reserve will be based on the OIR 60-day safe harbor threshold plus whatever additional margin is appropriate for any given client. As claims increase with assumed trend, the 60-day safe harbor threshold also increases, so that change has to be considered as well.*
15. Describe your approach and methodology for the evaluation of historical trend factors and development of trend assumptions for future claims projections. *Our data warehouse has a number of shelf reports that measure per member per month claim costs and trend by service type, with a choice of 40 different service types. We generally focus on higher level groupings, such as hospital inpatient, hospital outpatient, professional, and pharmacy trends. We also use our pricing tool HRM to adjust for the impact of plan design changes. If plan changes have been made that are expected to lower plan costs, then failure to adjust for those changes*

