

CONSULTANT SERVICES AGREEMENT

This Services Agreement (the “Agreement”) is between The Segal Group, Inc. (“Segal”), located at One Paces West 2727 Paces Ferry Rd., SE, Ste. 1400, Atlanta, Georgia 30339, and the Bureau of Legislative Research (“BLR”), located in the State Capitol Building, Room 315, 500 Woodlane Street, Little Rock, Arkansas 72201. Segal provides employee health benefits consulting services. The BLR desires to hire Segal to provide services related to the procurement processes for a Pharmacy Benefits Manager and a Medicare Advantage with Prescription Drugs Vendor and to assist the Legislative Council in conducting a study related to possible implementation of a diabetes management program (collectively, the “Services”), for the use of the Department of Transformation and Shared Services, Employee Benefits Division (“EBD”) and the members of the Legislative Council and the Arkansas General Assembly.

Segal and the BLR hereby agree as follows:

1. **Services to be Performed.** The BLR hereby retains Segal to perform the Services as set forth in the Scope of Work – Pharmacy Benefit Manager Procurement (Attachment A, hereto), the Scope of Work – Medicare Advantage with Prescription Drugs (MAPD) Procurement (Attachment B, hereto), and the Scope of Work – Diabetes Management Program Study (Attachment C, hereto), all incorporated by reference herein. In addition to the work provided for in Attachments A, B, and C, Segal shall report to the Legislative Council on a monthly basis regarding the progress of the procurement processes, the implementation of the new contracts following procurement, the savings realized by the new contracts during the first plan year, and reports related to the diabetes management program study.
2. **Supervision of Work Performed.**
 - a. **Procurement Services.** Immediately following execution of this Agreement, BLR will enter into a Memorandum of Understanding (“MOU”) with EBD, whereby EBD will be able to work directly with Segal throughout the procurement and implementation processes outlined in Attachments A and B (the “Procurement Services”). All fees and expenses under the Agreement will be paid by BLR, and Segal’s work will be reviewed and supervised by the Legislative Council through the BLR. BLR and the co-chairs of the Legislative Council shall be provided access to all deliverables and communications related to the Procurement Services performed under this Agreement.
 - b. **Study Services.** All work performed by Segal related to the Diabetes Management Study in Attachment C (the “Study Services”) will remain the sole property of BLR and the Legislative Council. EBD will have no supervisory authority related to the scope of work set forth in Attachment C to this Agreement, and will be considered a third party with regard to disclosure of confidential information for purposes of these services.
3. **Data Required by Segal.** In order to perform the Services, Segal may require information that is held by various entities other than the BLR, including without limitation EBD, the Department of Education, and the State Board of Finance. The parties acknowledge that such data and information is in the possession of third parties; that Segal must rely on these third parties to cooperate in providing this data and information; and that the data

and information may be subject to laws restraining or preventing their release or dissemination. BLR authorizes Segal to contact the various entities holding the information that Segal requires in order to perform the Services under this Agreement. BLR Staff will be available to help to facilitate the contact with these entities upon request from Segal. BLR acknowledges and agrees that while Segal is relying on this data and information from such third parties in connection with its provision of the services under this Agreement, Segal makes no representation with respect to and shall not be responsible for the accuracy or completeness of such data and information.

4. **Deliverables.** In connection with the Services to be provided under this Agreement, Segal will prepare various documents, including without limitation procurement documents, contracts, reports and status updates to the Legislative Council, completed research requests for the Legislative Council, a final report of its work, assistance with recommendations and draft legislation, and attendance at other legislative committee meetings, as authorized by the Legislative Council co-chairs (the “Deliverables”) to be provided to the BLR for use by the Legislative Council and the Arkansas General Assembly, or, as directly related to the Procurement Services, to be provided to BLR and EBD. BLR will own all Deliverables provided under this Agreement.

Segal will maintain full ownership of: (a) working papers of Segal; (b) pre-existing Segal materials or studies used in the provision of the Services and the Deliverables; (c) Segal know-how and processes used in the provision of the Services and Deliverables as well as any and all intellectual property owned by Segal that may be employed in providing the Services and Deliverables. Segal is providing the Services and Deliverables for the use and benefit of the Legislative Council and the Arkansas General Assembly. The Services and Deliverables are not for a third party’s use, benefit or reliance, other than members of the General Assembly and as authorized by the Legislative Council co-chairs, and with the exception of deliverables related to the Procurement Services, which shall be made available to EBD including without limitation the requests for proposals, Vendor proposals received in response to the requests for proposal, evaluation documents, and any resulting Vendor contracts. Except as described in Section 13 of this Agreement, Segal shall not discuss the Services or disclose the Deliverables until such time that the BLR provides Segal notice that the BLR has disclosed the Services and Deliverables to third parties.

5. **Term and Termination.** The term of this Agreement will commence on January 28, 2022, and terminate on December 31, 2024, with an option to renew for an additional six (6) month period upon mutual agreement of the parties if the need of the Legislative Council or the Arkansas General Assembly merits an extension.

Either party may terminate the Agreement by giving ten (10) days prior written notice.

6. **Fees and Expenses.** The Fees and Expenses related to this Agreement are outlined in the Attachments A, B, and C, which are incorporated in this Agreement by reference. The total maximum amount BLR will pay to Segal for the provision of the Services is Six Hundred and Eleven Thousand Two Hundred Dollars (\$611,200.00).

On a monthly basis (*e.g.* February 28, 2022, March 28, 2022, April 28, 2022, etc.) Segal shall submit itemized invoices to the BLR, based upon the per unit and per hour pricing set forth in the attachments hereto. The monthly invoices will include reimbursements for travel related to the work being performed by Segal and

attendance at legislative committee meetings. All mileage amounts will be calculated per Mapquest and copies of the Mapquest routes will be provided to the BLR with the monthly invoices, as well as copies of receipts for reimbursement of actual travel expenses.

7. **Conditions of Contract.** Segal shall at all times observe and comply with federal and state laws, local laws, ordinances, orders, and regulations existing at the time of or enacted subsequent to the execution of the Agreement which in any manner affect the completion of the work. Segal shall indemnify and save harmless the BLR, the Legislative Council, the Arkansas General Assembly, and the State of Arkansas and all of their officers, representatives, agents, and employees against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order, or decree by an employee, representative, or subcontractor of the Successful Vendor.
8. **Statement of Liability.** The BLR and the Legislative Council will demonstrate reasonable care but shall not be liable in the event of loss, destruction, or theft of contractor-owned technical literature to be delivered or to be used in the installation of deliverables. Segal is required to retain total liability for technical literature until the deliverables have been accepted by the authorized BLR official. At no time will the BLR or the Legislative Council be responsible for or accept liability for any Segal-owned items.

Segal shall indemnify and hold harmless the Legislative Council and its members, the BLR and its officers, directors, agents, retailers, and employees, and the State of Arkansas from and against any and all suits, damages, expenses, losses, liabilities, claims of any kind, costs or expenses of any nature or kind, including, without limitation, court costs, attorneys' fees, and other damages, arising out of, in connection with, or resulting from the development, possession, license, modification, disclosure, or use of any copyrighted or non-copyrighted materials, trademark, service mark, secure process, invention, process or idea (whether patented or not), trade secret, confidential information, article, or appliance furnished or used by Segal in the performance of the Agreement.

9. **Governing Law.** This Agreement shall be governed by the laws of the State of Arkansas, without regard to Arkansas's conflict of law principles. Segal agrees that any claims against the BLR, whether arising in tort or in contract, shall be brought before the Arkansas State Claims Commission, as provided by Arkansas law, and shall be governed accordingly. Nothing in this Agreement shall be construed as a waiver of sovereign immunity of the BLR, the Legislative Council, or the Arkansas General Assembly.
10. **Assignment.** This Agreement may not be assigned without the prior written consent of both parties, which either party may withhold for any reason. Notwithstanding the foregoing, Segal may assign its rights and obligations hereunder to any of its affiliates or subsidiaries under common control and operating under the same trade name. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.
11. **Subcontractors.** Segal has not requested use of any subcontractors as of the date of execution of this Agreement. If at any point during the contract term, Segal finds it necessary to utilize a subcontractor, Segal shall seek prior approval of the Legislative Council before contracting any part of the work to be performed

under this Agreement. The Legislative Council shall have the right to not approve or to require replacement of any subcontractor found to be unacceptable by the Legislative Council.

12. **Amendment.** This Agreement may be amended upon agreement of both parties to the Agreement and the approval of the Legislative Council. Any amendment to this Agreement must be in writing and signed by both parties.
13. **Confidentiality.** “Confidential Information” under this Agreement means non-public information that a party marks as “confidential” or “proprietary” or that otherwise should be understood by a reasonable person to be confidential in nature. Confidential information does not include any information which is (a) rightfully known to the recipient prior to its disclosure; (b) released to any other person or entity (including governmental agencies) without restriction; (c) independently developed by the recipient without use of or reliance on Confidential Information; or (d) or later becomes publicly available without violation of this Agreement or may be lawfully obtained by a party from a non-party.

Each party will protect the confidentiality of Confidential Information that it receives under the Agreement except as required by applicable law, rule, regulation, or professional standard, without the other party’s prior written consent. Due to the BLR being a public entity within the State of Arkansas, all terms of this Agreement, including but not limited to fee and expense structure, are subject to disclosure under the Freedom of Information Act of 1967, Ark. Code Ann. § 25-19-101, *et seq.*

If disclosure of Segal’s Confidential Information is required by law, rule, regulation, or professional standard, (including any subpoena or other similar form of process), the BLR shall provide Segal with prior prompt written notice thereof.

In consideration of Segal’s and BLR’s agreement to provide one another with access to their respective Confidential Information, Segal and BLR each agrees to maintain in confidence all Confidential Information of the other. Except as provided in this Agreement, neither Segal nor BLR shall in any manner disclose any Confidential Information of the other to any person, entity, firm or company whatsoever, without the express written consent of the other. Segal and BLR shall each take all steps necessary to ensure that their respective partners, subcontractors, affiliates, officers, employees, independent contractors, agents and other representatives (collectively “Representatives”) maintain the Confidential Information in confidence.

With regard to information and documentation related to the Procurement Services, Segal is permitted to provide information directly to EBD for their use in the Pharmacy Benefit Manager procurement and MAPD procurement and any resulting Vendor contracts and contract implementation communications. However, any reports or information prepared for the Legislative Council or BLR related to the Procurement Services shall remain the property of BLR and shall not be disclosed to third parties, including EBD, except as authorized by the Legislative Council co-chairs.

14. **Restriction of Boycott of Israel.** In accordance with Arkansas Code § 25-1-503, Segal hereby certifies and agrees that it is not currently engaged in, and agrees for the duration of the Agreement not to engage in, a boycott of Israel.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

DRAFT

IN WITNESS WHEREOF, Segal and BLR have executed this Agreement this 28th day of January, 2022.

THE SEGAL GROUP, INC.:

Kenneth Vieira, Sr. Vice President

Date

**BUREAU OF LEGISLATIVE
RESEARCH:**

Marty Garrity, Director

Date

DRAFT

ATTACHMENT A

Scope of Work – Pharmacy Benefit Manager Procurement

DRAFT

Scope of Work – Pharmacy Benefit Manager Procurement

We understand that BLR seeks a qualified pharmacy benefit consultant that will provide insight and resources to aid in the development and analysis of a PBM RFP and the selection of a PBM that will deliver the best overall value to the BLR and its' members. The consultant will assist in determining the PBM that would provide the best value in terms of costs, services, and trend management.

Segal has extensive experience in conducting full PBM bid processes for both public and private sector plan sponsors. We are comfortable in being involved in all or part of the procurement process and make a point of adjusting our processes to fit your procurement requirements, while still maintaining fully objective analysis and quality review.

Per your request, this memo is to briefly provide an executive level summary of our process, provide a brief timeline and a cost estimate.

Overview of RFP Process

The following is a high level description of the steps we would employ for the complete procurement process. Our price quote will assume that Segal will be taking the lead and handling all aspects of procurements with input and approval from BLR or EBD staff. We will work with the procurement staff to provide the required level of assistance and ensure the process is compliant with the EBD's procurement protocols.

The following is an abbreviated step-by-step description of the complete procurement process we would recommend for this engagement.

Step 1: Planning Meetings

The first step on the proposal process is to meet with EBD/BLR and decide upon future strategic benefit objectives that will drive the requirement of the RFP. We will discuss open issues, vendor concerns, timing, etc. This meeting will be a key roadmap for our entire process.

The purpose of the planning meeting will be to:

- Clarify EBD's objectives for the PBM RFP.
- Discuss any operational or other considerations resulting from EBD's current and past PBM vendor experience that need to be incorporated specifically into the content of the RFP.

- Develop and establish your selection criteria.
- Review any confidentiality agreements required by the existing PBM related to provision of historical claims data to potential bidders.
- Discuss potential bidders and the current PBM marketplace.
- Establish a project plan with key dates.
- Discuss EBD's contractual requirements.
- Discuss EBD's procurement process to assure we have a clear understanding of the contractual needs that must be supported through the technical and cost portions of the RFP.
- Begin to gather the necessary information for sending an RFP out to the market. (Preceding this meeting, we will provide you with a data request so that we can walk through it with you and answer any questions you may have regarding the required data elements.)
- Discuss pricing and financial arrangements (e.g., transparent pricing, therapeutic MAC, unit cost pricing, etc.) that will need to be anticipated in the RFP.

We will also follow-up with meeting notes to document all decisions made.

Step 2: Pre-RFP Vendor Meetings

As a follow up to the planning meetings, Segal will engage serious potential PBM vendors in the marketplace to engage in a pre-RFP meeting. The selected vendors will be determined with the input from staff, along with Segal recommendations. The purpose of the meeting will be as follows:

- Meet face-to-face or via a virtual platform to introduce the individuals that would be part of the decision-making process for responding to the bid that will be issued.
- Allow for any procedural and operational capabilities to be addressed.
 - The dialogue will not only serve to answer any pressing concerns but also decrease the length of the bid.
- Provide vendors to bring forth any new innovative strategies they have planned for implementation.
 - This will help tailor draft questions in the RFP and also provides EBD the opportunity to press other key vendors if similar solutions exist at their organization.
- Lastly, we believe these meetings will help vendors respond to the bid in a more expedited manner with less vendor questions once the bid is issued.

Overall, we believe this innovative approach to the bid process can streamline the RFP and better achieve the goals with targeted solutions for their pharmacy benefit plan.

Step 3: Identify Criteria, Develop Detailed RFP, Prepare Data & Release

Based on the outcomes of the planning meeting, we will then develop a draft RFP document that incorporates EBD's requirements. The steps involved in this process are as follows:

- Using our pharmacy benefit manager RFP model provisions, Segal will prepare an initial draft of the RFP document. We will suggest the weighting to use for each section when the vendor responses are scored. We will then provide the draft RFP to you for review and comments.
- Once we receive and discuss your review and comments on the draft RFP and scoring weights, we will modify the draft to incorporate the final understandings.
- We will also request all the data from your incumbent vendor and put together an appropriate data package for vendors.

We will then provide the final RFP version to EBD for final procurement processes to release the RFP to the marketplace.

Step 4: Collect Proposal & Interact with Bidders

Interaction with bidders after the proposal is released to the market can be labor-intensive, but is essential to ensuring that proposals are complete, accurate, and competitive. This involves providing support for vendor questions.

We expect to work within the EBD's purchasing rules to support these activities.

Step 5: Evaluate Proposals

We will compare and analyze all responses, focusing on key financial and non-financial issues. Each RFP will have unique items to consider and score appropriately. During this step, we will work with the vendors, as permitted, to resolve any questions or discrepancies in their proposals.

Our analysis of each bid will take into consideration at least the following items as well as additional items identified as important by EBD:

- Technical proposal:
 - Experience and Stability
 - Formulary Management
 - Clinical Services and Programs
 - Retail 30 and Retail 90 Network Management
 - Specialty Drug Management
 - Member Services, including web portal and support tools
 - Account Team Services, including process to promptly and thoroughly respond to EBD's questions
 - Service Performance Guarantees

- Financial proposal:
 - Financial competitiveness based on lowest net cost to EBD
 - Financial and trend guarantees
 - Pricing approach and confirmation that all requested financial elements and other performance requirements for members are included and assessed.

In addition to discounts and other pricing terms, we assess a significant number of other capabilities based on our highly experienced team of underwriters, actuaries, pharmacists and other clinicians.

Step 6: Prepare Report of Findings

Once the analysis of the technical and financial bids is completed, we will provide you with a report that will provide both an executive summary of our findings and the detailed results of our analysis. We will schedule a call to review and discuss the results, to clarify the analysis, and to answer any questions. The report we provide will be intended to facilitate EBD's decision in selecting finalists.

Step 7: Interviews & Finalist Process

The interview will allow EBD to verify the finalists' services and capabilities beyond the written word. Segal will work with staff to develop vendor-specific meeting agendas and be available to facilitate such meetings, if requested. We will also work with the EBD during the BAFO process.

Step 8: Award Contract

Once a preferred vendor is determined, we will assist the EBD in confirming the decision and finalizing the contract. It will be important to incorporate all the key performance metrics and have significant penalties for not meeting required performance levels.

Segal's PBM team is highly experienced in conducting final contract negotiations among the selected finalist vendors. We focus on fine-tuning the promises made by the vendors in their proposals and through the interview process and on capturing those specific points in the final contract terms. We actively negotiate fees to obtain the most favorable arrangement possible from the selected vendor.

Step 9: Implementation

If requested, Segal will work closely with the BLR, EBD staff and the selected vendor to ensure the target implementation date is met. The implementation process may be shepherded by EBD, or delegated to us, likely funded through implementation allowances provided by the awarded vendor.

Our fees and write-up in this section assume Segal will manage the implementation process. For large new contracts and first-time implementation, we will designate and dedicate an

implementation advocate or team to work with vendors on our client's behalf to ensure that data, contracts, and communication materials are processed in a timely and efficient manner. The implementation is critical and we will go through the key components in this section.

Segal will provide a range of project management and support:

- An initial review and assessment of the completeness of the vendor's project plan to include all activities, milestones, deliverables and requirements including:
 - Contracting/Compliance
 - Communications
 - Data Transmission
 - System Integration
 - Provider Networks
 - Customer Service/Training
 - Benefits
 - Pre/Post Implementation Audits
 - Vendor Integration
 - Vendor Transition
 - Eligibility/Enrollment
 - Data/Reporting
 - Finance
 - Clinical Transition

Project Management:

- Tracking and analyzing of ongoing implementation tasks and activities against the project plan, identifying areas of risk and suggesting mitigation strategies
- Review operational policies and processes to ensure quality objectives are met and best practices are followed
- Reviewing and analyzing deliverables for compliance with contractual terms and validate implementation success metrics (i.e., definitions of successful project outcomes)
- Preparing summary status reports, along with providing executive briefings, documenting the overall progress of the project
- Segal will provide all the necessary subject matter expertise for each component
- We will attempt to be on-site as much as possible and when necessary during the implementation, but we expect a number of members to be working remotely on particular tasks and deliverables.

Communications Services:

Segal will have a number of documents to review during the implementation. Our proposal includes:

- Provide “over-the-shoulder” review of materials and web content that is being developed by your team and vendor to ensure consistency and accuracy of key messages as outlined in the communication plan
- Perform user testing for the website or other online tools as needed
- Review additional key messages and/or other content developed by your team
- Offer overall ad hoc strategic consulting, as needed.

Pre-Implementation Audits:

Implementation reviews are critical to ensuring the system was programmed to reflect the plan provisions and to ensure proper plan design administration and benefit adjudication.

- Comparison of plan documents (e.g., SPDs, SBCs, etc.) to system mapping documents – independently validates the interpretation of Plan benefits referenced by system programmers, customer service representatives, and claims processors, benefit and implementation teams. Variances will be discussed with the carrier and/or the Plan to confirm the plan intent has been properly documented.
- Adjudication Procedures Review - evaluates day-to-day procedures associated with claims adjudication. This review ensures proper controls and appropriate monitoring of processing activities are in place for accurate and timely benefit administration.
- Scenario-Based Plan Design Testing – Segal will review up to 75 claim scenarios. A scenario-based audit a comprehensive way to validate that the adjudication system is coded for proper administration of the plan design and benefit programs.

Compliance/Contract Review:

Our legal team will:

- Review the selected vendor contracts for provisions concerning transition to new vendor
- Review vendor contract for compliance issues and consistency with the RFP and plan documents
- Assist in development of plan documents/SPDs, including potentially a wrap document
- Review participant communications for the pharmacy program
- Develop monitoring process for post-implementation

Additionally, our consultants and clinicians will:

- Work with our project managers on various implementation activities – benefit designs, data integration, networks, etc.

- Ensure clinical transition of care and establishing clinical reporting protocols.

We are committed to making the implementation successful for all parties.

Legislative Reporting

Segal will provide monthly reporting to the Legislative Council regarding the progress through the procurement process, implementation of the contracts, quarterly utilization and savings during Plan Year 2023, with a final annual report provided in March 2024. To do this, Segal will need to have access to the available claims data.

Timeline

We have put together a high level timeline. As we get engaged, we can provide a more detailed timeline that best meets your needs and allows vendors the appropriate amount of time to respond and implement, if necessary.

Task	Completion Date
Planning Meeting	February
RFP Pre-meetings	February - March
RFP Released	March - April
Vendor Responses Due	May -June
RFP Evaluation Complete	July - August
Finalist Interviews	July - August
BAFO Due	July - August
Final Evaluation and Recommendations	August
Board Meeting/Approval	August
Implementation	September-December
Contract Start	January 1, 2023
Q1 Evaluation Report	May 2023
Q2 Evaluation Report	August 2023
Q3 Evaluation Report	November 2023
Q4 Evaluation Report	February 2024
Plan Year 2023 Evaluation	April 1, 2024

Cost Estimate

Based on our anticipated time spent on the PBM Procurement, our fees would range from \$396,156 to \$492,780. The implementation fees would likely be incurred by the vendor through an implementation credit. This would reduce the range to \$243,356 to \$301,780 for the core services.

Although we would expect some overlap between the phases, below is an estimate for each:

Hourly Rate	Varies by Job Role	
<u>Phase</u>	Est Hours	Est Fee
Initial Planning	20-30	\$7,640-\$11,460
RFP Pre Release Vendor Meetings	50-70	\$19,100-\$26,740
RFP Development/Release	130-150	\$49,660-\$57,300
Collect Proposals & Interact with Bidders	50-70	\$19,100-\$26,740
Evaluation of Proposals	160-180	\$61,120-\$68,760
Interviews & Finalist Process	40-50	\$15,280-\$19,100
Final Report/Recommendation	60-80	\$22,920-\$30,560
Implementation **	400-500	\$152,800-\$191,000
Legislative Reporting (8-10 meetings)	128-160	\$48,896-\$61,120
Total Professional Fee	1038-1290	\$396,516-\$492,780

** These fees are typically paid for through vendor provided implementation allowances.

The hourly rate varies by job level and are consistent with the prior contract between Segal and BLR as shown in the table below:

Job Level	Price Per Hour
Senior Vice President	\$500
Vice President	\$450
Consultant	\$350
Analyst	\$235

Summary

We are excited about the opportunity to help the BLR and EBD through the procurement cycle and think through the long-term needs of the program. Please feel free to call Ken Vieira at 404-709-9016 or Patrick Klein at 470-279-0232 with any questions you may have. We look forward to hearing from you and working with BLR and EBD on this exciting project.

ATTACHMENT B

Scope of Work – Medicare Advantage with Prescription Drugs (MAPD) Procurement

DRAFT

Scope of Work – Medicare Advantage with Prescription Drugs (MAPD) Procurement

Thank you for the opportunity to submit this proposal for providing Consulting Services for the BLR. Our proposed team’s consulting and actuarial experience with MAPD plans will allow Segal to assist you in contracting with the most qualified MAPD vendor for your Medicare retiree population. We will also help you implement your vision for the future of your MAPD program.

Per your request, this memo is to briefly provide an executive level summary of our process, provide a brief timeline and a cost estimate.

Overview of RFP Process

The following is a high level description of the steps we would employ for the complete procurement process. Our price quote will assume that Segal will be taking the lead and handling all aspects of procurements with input and approval from BLR or EBD staff. We will work with the procurement staff to provide the required level of assistance and ensure the process is compliant with the EBD’s procurement protocols.

The following is an abbreviated step-by-step description of the complete procurement process we would recommend for this engagement.

Step 1: Planning Meeting

The first step on the proposal process is to meet with EBD and BLR to decide upon future strategic benefit objectives for the MAPD program that will drive the requirements of the RFP. We will discuss open issues, vendor concerns, timing, etc. This meeting will be a key roadmap for our entire process

Step 2: Pre-RFP Vendor Meetings

As a follow up to the planning meetings, Segal will engage serious potential MAPD vendors in the marketplace to engage in a pre-RFP meeting. The selected vendors will be determined with the input from staff, along with Segal recommendations. The purpose of the meeting will be as follows:

- Meet face-to-face or via a virtual platform to introduce the individuals that would be part of the decision-making process for responding to the bid that will be issued.
- Allow for any procedural and operational capabilities to be addressed.
 - The dialogue will not only serve to answer any pressing concerns but also decrease the length of the bid.
- Provide vendors to bring forth any new innovative strategies they have planned for implementation.
 - This will help tailor draft questions in the RFP and also provides EBD the opportunity to press other key vendors if similar solutions exist at their organization.
- Lastly, we believe these meetings will help vendors respond to the bid in a more expedited manner with less vendor questions once the bid is issued.

Overall, we believe this innovative approach to the bid process can streamline the RFP and better achieve the goals with targeted solutions for their pharmacy benefit plan.

Step 3: Identify Criteria, Develop Detailed RFP & Release

We will prepare a detailed set of technical questions and financial templates for the RFP, based on the program and plan designs desired by EBD. Specifications include a detailed questionnaire, as well as financial bid forms designed to ensure that information provided is complete and comparable. Our team will integrate best practices from our procurement database, as well as those currently utilized by EBD.

The MAPD procurement will target specific performance areas such as CMS revenue maximization, medical management, member services and account management, claims adjudication, and network management and disruption. The procurement will also address rates and service level performance guarantees for coordination with MAPD vendors as well as reporting capabilities (i.e., ad-hoc/on-demand and standard financial information) to both EBD and to CMS. Segal will outline minimum contractual requirements of all bidders during the RFP process and require “contract ready” language be utilized in all bids, so that the process of finalizing the contract is as smooth as possible.

Segal is highly proficient at creating vendor data files to be utilized in procurements and released securely to bidders that have signed Non-Disclosure Agreements. The importance of this step cannot be emphasized enough. We will collect the files, link to eligibility and prepare files to release the vendor market and files to analyze and inform the bids. We will manage all files related to risk scores from the CMS monthly membership reports. It is imperative that the files be correct and accurate as we put guarantees in place with awarded final contracts.

Concurrent to the development of the RFP, Segal will work with EBD to set up a pre-proposal Bidder’s Conference. If EBD prefers, Segal can lead the conference or we can attend the conference and address questions directed to Segal.

Step 4: Collect Proposal & Interact with Bidders

Interaction with bidders after the proposal is released to the market can be labor-intensive, but is essential to ensuring that proposals are complete, accurate, and competitive. This involves providing support for vendor questions. Segal will review all vendor questions and develop suggested responses. We will share those responses with EBD for your feedback and input before finalizing and releasing to the vendors.

We expect to work within the EBD's purchasing rules to support these activities.

Step 5: Evaluate Proposals

We will compare and analyze all responses, focusing on key financial and non-financial issues, including but not limited to The RFP will have unique items to consider and will be scored appropriately based upon objective criteria approved by EBD staff. During this step, we will also work with the vendors, as permitted, to resolve any questions or discrepancies in their proposals.

Step 6: Prepare Report of Findings

The result of our proposal evaluation is a summary report highlighting key findings and presenting the detailed evaluation of components of bidders' proposals with final scoring. Our report will ultimately serve as a complete document of the process, including subsequent events and developments including the Best and Final Offer (BAFO) and negotiation phases.

Step 7: Interviews & Finalist Process

The interview will allow EBD to verify the finalists' services and capabilities beyond the written word. Segal will work with EBD staff to develop vendor-specific meeting agendas and discussion topics and will be available to facilitate such meetings, if requested. We will also work with EBD during the BAFO process

Step 8: Award Contract

Once a preferred vendor is determined, we will assist EBD in confirming the decision and finalizing the contract. It will be important to incorporate all the key performance metrics and to include significant penalties for under performance. Segal will focus on whether the language and content of the contract is consistent with what we received through the bidding exercise. The contract should include all aspects of administration, medical management, network management, service guarantees and pricing. We will make certain that these provisions are accurately reflected in the contract.

During this important phase of the process, administrative details are addressed as well. Contracts are drafted and reviewed, and data are transferred from old to new vendors. We strive to ensure that our clients are apprised of the most appropriate vendors, that you receive optimal, market-competitive contracts from vendors; and that vendors are meeting high service standards

as well as performance guarantees. We aggressively negotiate vendor contracts and make sure clients receive a competitive price and top-ranked service.

Step 9: Implementation

If requested, Segal will work closely with the BLR, EBD staff and the selected vendor to ensure the target implementation date is met. The implementation process may be shepherded by EBD, or delegated to us, likely funded through implementation allowances provided by the awarded vendor.

Our fees and write-up in this section assume Segal will manage the implementation process. For large new contracts and first-time implementation, we will designate and dedicate an implementation advocate or team to work with vendors on our client's behalf to ensure that data, contracts, and communication materials are processed in a timely and efficient manner. The implementation is critical and we will go through the key components in this section.

Segal will provide a range of project management and support:

- An initial review and assessment of the completeness of the vendor's project plan to include all activities, milestones, deliverables and requirements including:
 - Contracting/Compliance
 - Communications
 - Data Transmission
 - System Integration
 - Provider Networks
 - Customer Service/Training
 - Benefits
 - Pre/Post Implementation Audits
 - Vendor Integration
 - Vendor Transition
 - Eligibility/Enrollment
 - Data/Reporting
 - Finance
 - Clinical Transition

Project Management:

- Tracking and analyzing of ongoing implementation tasks and activities against the project plan, identifying areas of risk and suggesting mitigation strategies
- Review operational policies and processes to ensure quality objectives are met and best practices are followed
- Reviewing and analyzing deliverables for compliance with contractual terms and validate implementation success metrics (i.e., definitions of successful project outcomes)

- Preparing summary status reports, along with providing executive briefings, documenting the overall progress of the project
- Segal will provide all the necessary subject matter expertise for each component
- We will attempt to be on-site as much as possible and when necessary during the implementation, but we expect a number of members to be working remotely on particular tasks and deliverables.

Communications Services:

Segal will have a number of documents to review during the implementation. Our proposal includes:

- Provide “over-the-shoulder” review of materials and web content that is being developed by your team and vendor to ensure consistency and accuracy of key messages as outlined in the communication plan
- Perform user testing for the website or other online tools as needed
- Review additional key messages and/or other content developed by your team
- Offer overall ad hoc strategic consulting, as needed.

Pre-Implementation Testing:

Implementation reviews are critical to ensuring the system was programmed to reflect the plan provisions and to ensure proper plan design administration and benefit adjudication.

- Comparison of plan documents (e.g., SPDs, SBCs, etc.) to system mapping documents – independently validates the interpretation of Plan benefits referenced by system programmers, customer service representatives, and claims processors, benefit and implementation teams. Variances will be discussed with the carrier and/or the Plan to confirm the plan intent has been properly documented.
- Adjudication Procedures Review - evaluates day-to-day procedures associated with claims adjudication. This review ensures proper controls and appropriate monitoring of processing activities are in place for accurate and timely benefit administration.
- Scenario-Based Plan Design Testing – Segal will review up to 75 claim scenarios. A scenario-based audit a comprehensive way to validate that the adjudication system is coded for proper administration of the plan design and benefit programs.

Compliance/Contract Review:

Our legal team will:

- Review the selected vendor contracts for provisions concerning transition to new vendor
- Review vendor contract for compliance issues and consistency with the RFP and plan documents
- Assist in development of plan documents/SPDs, including potentially a wrap document

- Review participant communications for the MAPD program
- Develop monitoring process for post-implementation

Additionally, our consultants and clinicians will:

- Work with our project managers on various implementation activities – benefit designs, data integration, networks, etc.
- Ensure clinical transition of care and establishing clinical reporting protocols.

We are committed to making the implementation successful for both the state and your retirees.

Legislative Reporting

Segal will provide monthly reporting to the Legislative Council regarding the progress through the procurement process, implementation of the contracts, quarterly utilization and savings during Plan Year 2023, with a final annual report provided in March 2024. To do this, Segal will need to have access to the available claims data.

Timeline

We have put together a high level timeline with some estimated dates. As we get engaged, we can modify the timeline to best meets your needs. This should allow vendors an appropriate amount of time to respond and implement appropriately.

Task	Completion Date
Planning Meeting	February
RFP Pre-meetings	February-March
RFP Released	March 12 th
Bidders Conference	March 19 th
Notice of Intent/NDA Due	March 26 th
Bidder Questions Due	March 29 th
Responses Posted	April 5 th
Bidder Responses to RFP Due	April 15 th
Preliminary RFP Evaluation	May 15 th
Finalist Interviews	May 22 nd
BAFO Due	May 29 th
Final Evaluation and Recommendations	June 15 th
Board Meeting/Approval	June 30 th
Implementation	July - December
Contract Start	January 1, 2023
Q1 Evaluation Report	May 2023
Q2 Evaluation Report	August 2023

Task	Completion Date
Q3 Evaluation Report	November 2023
Q4 Evaluation Report	February 2024
Plan Year 2023 Evaluation	April 1, 2024

Cost Estimate

Based on our anticipated time spent on the MAPD Procurement, our fees would range from \$362,136 to \$485,140. The implementation fees would likely be incurred by the vendor through an implementation credit. This would reduce the range to \$171,136 to \$217,740 for the core services.

Although we would expect some overlap between the phases, below is an estimate for each:

Hourly Rate	Varies by Job Role	
<u>Phase</u>	Est Hours	Est Fee
Initial Planning	10-20	\$3,820-\$7,640
RFP Pre Release Vendor Meetings	30-40	\$11,460-\$15,280
RFP Development/Release	90-100	\$34,380-\$38,200
Collect Proposals & Interact with Bidders	30-40	\$11,460-\$15,280
Evaluation of Proposals	80-100	\$30,560-\$38,200
Interviews & Finalist Process	20-30	\$7,640-\$11,460
Final Report/Recommendation	60-80	\$22,920-\$30,560
Implementation**	500-700	\$191,000-\$267,400
Legislative Reporting	96-120	\$48,896-\$61,120
Total Professional Fee	916-1230	\$362,136-\$485,140

** These fees are typically paid for through vendor provided implementation allowances.

The hourly rate varies by job level and are consistent with the prior contract between Segal and BLR as shown in the table below:

Job Level	Price Per Hour
Senior Vice President	\$500
Vice President	\$450
Consultant	\$350
Analyst	\$235

Summary

We are excited about the opportunity to help the BLR and EBD through the procurement cycle and think through the long-term needs of the program. Please feel free to call Ken Vieira at 404-709-9016 or Patrick Klein at 470-279-0232 with any questions you may have. We look forward to hearing from you and working with BLR and EBD on this exciting project.

ATTACHMENT C

Scope of Work – Diabetes Management Program Study

DRAFT

Scope of Work – Diabetes Management Program Study

We understand that the Employee Benefits Division Oversight Subcommittee plans to study general diabetes management programs to evaluate the viability and sustainability of a diabetes management program for the State and Public School Life and Health Insurance Program. Segal will provide insight and resources to aid in the development and analysis of a diabetes management program. The feasibility study will evaluate the current landscape and vendor marketplace to determine the vendor that would provide the best value in terms of costs, services, and clinical outcomes.

Segal has extensive experience in conducting feasibility studies evaluating clinical outcomes for both public and private sector plan sponsors. We are comfortable in being involved in all or part of the process and make a point of adjusting our processes to fit your requirements, while still maintaining fully objective analysis and clinical quality review.

Per your request, this memo is to briefly provide an executive level summary of our process, provide a brief timeline and a cost estimate.

Overview of the Process

The following is an abbreviated step-by-step description of the complete process we would recommend for this engagement.

Step 1: Planning Meetings

The first step on the proposal process is to meet with the Employee Benefits Division Oversight Subcommittee of the Legislative Council and decide upon future strategic benefit objectives that will drive the study. This meeting will be a key roadmap for our entire process.

The purpose of the planning meeting will be to:

- Clarify objectives for the diabetes management program.
- Discuss any operational or other considerations resulting from the plan's current and past approach to diabetes management, including vendor experience.
- Develop and establish your selection criteria.
- Discuss potential bidders and the current diabetes management marketplace.
- Establish a project plan with key dates.

- Discuss contractual requirements.
- Begin to gather the necessary information to evaluate the market.
- Discuss pricing and financial arrangements, including performance guarantees.

We will also follow-up with meeting notes to document all decisions made.

Step 2: Review Feasibility

As a follow up to the planning meetings, Segal will engage serious potential diabetes management vendors in the marketplace. Segal will also begin discussions with your current carrier to evaluate integration capabilities. The selected vendors will be determined with the input from staff, along with Segal recommendations. The purpose of the meeting will be as follows:

- Meet face-to-face or via a virtual platform to introduce the individuals that would be part of the decision-making process.
- Allow for any procedural and operational capabilities to be addressed, including key clinical program components.
- Provide vendors to bring forth any new innovative strategies they have planned for implementation.

Step 3: Identify Clinical Criteria and Develop the Pilot Approach

Based on the outcomes of the planning meeting, we will then develop a strategy that incorporates the subcommittee's requests and requirements with our clinical recommendations. The program should include an approach to pre-diabetes, weight loss, and diabetes management. Including, identification of the target population.

Diabetes Management Strategy

Pre-diabetes - Pre-diabetes is a condition where an individual's blood sugar is higher than normal but has not hit the threshold to be considered a diabetic.

Type II Diabetes – A chronic condition that affects the way the body processes blood sugar (glucose). With type 2 diabetes, the body either doesn't produce enough insulin, or it resists insulin. Symptoms include increased thirst, frequent urination, hunger, fatigue, and blurred vision. In some cases, there may be no symptoms. Treatments include diet, exercise, medication, and insulin therapy.

Comprehensive Diabetes management strategy **must include** a focus on prevention, management, and lifestyle improvement. A successful strategy should include:

1. Diabetes Prevention
 - Add a CDC approved Diabetes Prevention Program (DPP) through a digital platform or partner with local DPP programs
 - Incentivize enrollment and key millstones
2. Diabetes Management
 - Add a digital management program that reduces the out of pocket cost to the member and increases compliance with prescribed treatment
3. Risk Reduction
 - Add a digital diabetes program that focuses on dose optimization with lifestyle changes reducing independence on high cost injectable insulin
4. Performance Guarantee
 - Establish quantifiable performance guarantees tied to individual health outcomes that are clinically relevant and disease specific

A pilot can be focused on the highest cost diabetics, ensuring a positive ROI for the program.

Step 4: Evaluate Opportunities

We will compare and analyze the vendors in the marketplace, focusing on key clinical outcomes and financial issues. During this step, we will work with the vendors, as permitted, to resolve any questions.

Our analysis of each possible solution will include at least the following items as well as additional items identified as important by the subcommittee:

- Experience and Stability
- Quality Outcomes
- Clinical Services and Programs
- Service Performance Guarantees
- Engagement Strategies

Step 5: Prepare Report of Findings

Once the analysis of the vendors and feasibility is completed, we will provide you with a report that will provide both an executive summary of our findings and the detailed results of our analysis. This report for this study shall be filed with the Legislative Council no later than July 1, 2024.

Next Steps

After the study is completed and a diabetes solution has been determined, Segal is equipped to aid in any RFP and/or implementation. These would be outside of the current scope.

Timeline

We have put together a high level timeline. As we get engaged, we can provide a more detailed timeline that best meets your needs and allows vendors the appropriate amount of time to respond and implement, if necessary.

Task	Completion Date
Planning Meeting	April
Marketplace Evaluation	May-July
Evaluation Complete	August-October
Final Evaluation and Report	November-December
Board Meetings	April-December

Cost Estimate

Based on our anticipated time spent on the project, our fees would range from \$68,760 to \$91,680.

Although we would expect some overlap between the phases, below is an estimate for each:

Hourly Rate	Varies by Job Role	
Phase	Est Hours	Est Fee
Initial Planning	16-20	\$6,112-\$7,640
Review Feasibility	24-30	\$9,168-\$11,460
Develop Pilot Approach	50-60	\$19,100-\$22,920
Evaluate Opportunities	30-40	\$11,460-\$15,280
Prepare Report of Findings	20-30	\$7,640-\$11,460
Board Meetings/Follow Up Analysis	40-60	\$15,280-\$22,920
Total Professional Fee	180-240	\$68,760-\$91,680

The hourly rate varies by job level and are consistent with the prior contract between Segal and BLR as shown in the table below:

Job Level	Price Per Hour
Senior Vice President	\$500
Vice President	\$450
Consultant	\$350
Analyst	\$235

Summary

We are excited about the opportunity to help the subcommittee develop a feasibility study for a diabetes management program and think through the long-term needs of the program. Please feel free to call Ken Vieira at 404-709-9016 or Patrick Klein at 470-279-0232 with any questions you may have. We look forward to hearing from you on this exciting project.