

Supplement B
Department Of Budget And Management
ACTION AGENDA
March 23, 2016

*Contact: Anne Timmons 410-767-4787
anne.timmons@maryland.gov*

REVISED

6-S-OPTION. DEPARTMENT OF BUDGET AND MANAGEMENT

*Office of Personnel Services and Benefits
Services Contract Renewal Option*

Contract ID: Consultant and Actuarial Services for State Employee Retiree Health and Welfare Benefits Program; ADPICS F10B6400006 (Consultant); F10B6400007 (Actuarial)

Contract Approved: DBM Item 2-S (6/6/2012)

Contractor: The Segal Company (Eastern), Inc.
Washington, DC

Contract Description: Provide consultant and actuarial services to support the administration of the State Employee and Retiree Health and Welfare Benefits Program.

Option Description: Exercise the final one-year renewal option.

Original Contract Term: 6/7/2012 - 5/31/2015 (w/2 one-year renewal options)

Option Term: 6/1/2016 - 5/31/2017

Original Contract Amount: \$3,424,994 NTE (3 Years)

Option Amount: \$1,294,415 NTE (1 Year)

Prior Modifications/Options: \$1,303,462 [Opt #1: Exercised the first one-year renewal option: 6/1/2015 – 5/31/2016: DBM Item 6-S-OPTION (4/15/2015)]

Revised Total Contract Amount: \$6,022,871 NTE

Original Procurement Method: Competitive Sealed Proposals

MBE Participation: 22%

MBE Compliance: 20%

Supplement B
Department Of Budget And Management
ACTION AGENDA
March 23, 2016

6-S-OPTION.DEPARTMENT OF BUDGET AND MANAGEMENT *(cont'd)*

Requesting Agency Remarks: Request for approval to exercise the second and final one-year renewal option to continue to provide consulting and actuarial services to the State Employee and Retiree Health and Welfare Benefits Program (the Program). These services include: assistance with annual health plan rate setting, annual Other Post-Employment Benefits (OPEB) valuation, assistance with compliance and regulatory changes, trend analysis, and healthcare legislation evaluation. In addition, The Segal Company will provide technical assistance and support in connection with the procurement of the State's Pharmacy Benefit Management Services and Purchasing Pool Management contract; the procurement of the State's Flexible Spending Account contract.

In the area of actuarial assistance, The Segal Company has provided an excellent level of expertise and proved to be an effective resource for the Department and the Employee Benefits Division (EBD) management teams. The Segal Company has been integral to annual benefit Program forecasting, budgeting, rate setting and overall Program management. The Segal Company has provided expertise in eligibility and plan modeling allowing the State to anticipate the costs and/or savings of various plan designs or eligibility.

The Segal Company assisted the Office of Personnel Services and Benefits EBD with procurements for medical, dental, flexible spending accounts as well medical coverage for State Law Enforcement Officers Labor Alliance and the Maryland Transportation Administration union healthcare contracts. The Segal Company played a strategic role in the design, development, and benchmarks for the new Wellness Program introduced during Open Enrollment 2014. The Segal Company continues to play a key role in the Wellness Program through reporting and analysis. The Segal Company has provided several key analyses such as the impact of healthcare reform, annual OPEB valuation, Federal Mental Health Parity compliance and the Injured Workers Insurance Fund spin-off. Segal's expert evaluations provided the State with the opportunity to lower exposure to the 4980H (b) penalty imposed on plans that do not provide affordable coverage that meets the minimum essential coverage requirement under the Affordable Care Act as the 4980H (b) penalty of \$3,000 annually is imposed on each full-time employee that receives federally subsidized coverage on the Exchange.

Through the maintenance of the data warehouse, The Segal Company provides health plan utilization reporting and analysis, trends, and modeling. The data warehouse is key to accurately projecting future trend and Program costs, as well as allowing the EBD to view the claims data sorted by age, gender, plan, coverage level, inpatient, outpatient, snapshot-in-time, and over various time periods. This capability allows the EBD to monitor program costs effectively and efficiently and is critical in tracking the Wellness program's impact on overall Program costs.

**Supplement B
Department Of Budget And Management
ACTION AGENDA
March 23, 2016**

6-S-OPTION. DEPARTMENT OF BUDGET AND MANAGEMENT (cont'd)

Overall, The Segal Company has performed well in all areas of actuarial and consulting tasks executed in the support of this contract. The Segal Company has agreed to a reduction in the fixed Actuarial fees and the Consulting hourly rates for the second year renewal prices. This results in a projected savings of \$62,759.

Since this is the last renewal option for this contract the Department will re-solicit for these services during the renewal period. A new contract is expected to be in place prior to the expiration of this contract.

Fund Source: 100% Reimbursable

Appropriation Code: F10A02.02

Resident Business: No

BOARD OF PUBLIC WORKS ACTION – THIS ITEM WAS:

APPROVED	DISAPPROVED	DEFERRED	WITHDRAWN
WITH DISCUSSION		WITHOUT DISCUSSION	