

State of Arkansas Bureau of Legislative Research

RFP BLR-210001 / Employee Health Benefits Consulting Services

April 12, 2021

Nick Long
Area Vice President, Public Sector

Gallagher Benefit Services, Inc.
9442 Capital of Texas Highway North,
Suite 950
Austin, TX 78759

281.773.8954
Nick_Long@ajg.com
ajg.com



Insurance | Risk Management | Consulting



Gallagher

Insurance | Risk Management | Consulting

Table of Contents

TAB #	Section
TAB 1	Section 3: Employee Health Benefits Consulting Services
TAB 2	Section 5: Additional Vendor Requirements
TAB 3	Required Forms
TAB 4	GBS Proposal Deviations & Exceptions
TAB 5	Exhibits
	– <i>About Us</i>
	– <i>Professional Experience</i>
	– <i>Licenses & Insurance</i>
	– <i>Sample Consulting Agreement</i>
	– <i>Benefit Advocacy Center</i>
	– <i>Sample Newsletters</i>
	– <i>Benchmarking</i>
	– <i>Compliance</i>
	– <i>Sample Financial Reports</i>
	– <i>Pharmacy Benefit Management</i>
	– <i>Wellbeing & Engagement</i>



Gallagher

Insurance | Risk Management | Consulting

Section 3: Employee Health Benefits Consulting Services

TAB 1



SECTION 3. EMPLOYEE HEALTH BENEFITS CONSULTING SERVICES

3.0 Scope of Work / Specifications

Gallagher Benefit Services, Inc. understands the requirements of Section 3, Scope of Work, and affirms an understanding of the requirements.

A. In General.

In order to achieve the objectives set forth in Section 2.1, above, the Successful Vendor will provide:

- Weekly status updates on the project to the BLR;
- Monthly reports to the Subcommittee, which will require monthly attendance at meetings of the Subcommittee to answer questions regarding the project;
- Answers to research requests or data inquiries by members of the Subcommittee, or other members of the General Assembly, as authorized by the Subcommittee co-chairs;
- Assistance with draft legislation based on recommendations adopted by the Subcommittee; and
- Assistance with drafting a final report for the Subcommittee to submit to the Arkansas Legislative Council no later than October 15, 2021.

In addition, the Successful Vendor will need to:

- Gather information from and meet with interested stakeholders; and
- Be available to attend meetings of the Subcommittee, the Arkansas Legislative Council, and other legislative committees, as requested and authorized by the Subcommittee co-chairs.

B. Topics for Analysis and Recommendations.

In addition to the topics addressed in Section 2.0, Vendor shall also provide the following to the Subcommittee as part of their regular updates and final report:

- A comprehensive market based analysis of large self-funded employers, both governmental and private sectors, to compare key elements of the Plans. Elements to include but not limited to:
 - member premium cost share as a percentage of the base monthly health plan premium (employer contribution compared to employee net cost),

- member cost shares in the form of Deductible, Co-Pays, Co-Insurance percentage, and Maximum Out of Pocket compared to total annual cost of healthcare services, and
- member participation rates by plan option and for various coverage tiers currently at Employee Only, Employee & Spouse, Employee & Child(ren), and Employee & Family.

To the extent available and applicable to the discussions, Vendor shall consult fully insured employer groups for applicable comparisons as well as large employers in both the self-funded and fully-insured market.

- **Non-member demographics to fully analyze and understand the characteristics of the employed and eligible population that opt NOT to participate in the Plans at any available coverage tiers.**
 - Data and analysis that will provide the Subcommittee with a better understanding of the economic impact of the premium at the current rate compared to salary of different individuals.
 - Vendor shall then use applicable details to examine the impact of and present options such as a possible salary adjustment factor or other income-based element to the current employee premium schedule.
- **A comprehensive provider network analysis to review the breadth of the network supporting the Plans and a full actuarial analysis of the paid claims for a benchmark comparison to the published rates for Medicare fee for service.**
 - Historically, the administrative aspect of provider network recruitment, credentialing, and fee schedule negotiation has been contracted to managed care networks and state-wide carriers with little to no direct intervention at the Board or legislative fronts.
- **A comprehensive review of the Arkansas provider community to review Centers of Excellence or other recognized aspects of quality for various procedures as a consideration for a limited or specialized network for more complex procedures.**
 - The review should be sensitive to the diversity of the State and School workforce in the areas of technical proficiency, geography, economic impact to the employer and member in regards to their time away from work, variations in out of pocket costs for care at different locations, and other issues that are directly impacted by limited access to care.
- **A comprehensive review of participation rates, members to subscriber ratio between the two Plans, plan designs detailing all cost shares to which the members were exposed, base**

premium cost, state/school contribution amounts, and employee / retiree premium for the last 15 years.

- This review should include an analysis of the progression of the Plans in regards to participation, costs, and employer subsidy so that paths forward can have the benefit of the past to help direct strategic decisions.
- A review of the other public employee plans (cities, counties, colleges, universities, and other public workforces) offered throughout the state for employers outside the current ASE and PSE Plans.
 - This should include, at a minimum, the primary elements of plan design, the base premium, employer subsidy, and employee net costs for the last 5-7 years.
- A review of the contribution strategy for each plan option and coverage tier and how the funding strategy impacts the mix of enrolled members.
 - For the current 2021 plan year, the amount of “State & Plan Contribution” varies by plan option and by coverage tier.
 - Historically, a contribution was allocated based on a percentage of the Base Monthly Premium that varies by plan and tier.
- A review of the concepts around Value Based Contracting and Episode of Care contracting for various medical procedures as well as the benefits to the Plans and the members if all providers actively participated in public disclosure and price transparency.
- A review of the economic impact regarding the pre-tax premiums coordinated through the public school’s cafeteria plans and how those tax savings could be used to benefit the PSE Plan as future premium subsidy.
- A review of the economic impact regarding a revision to the public school contribution threshold adjusting from a minimum contribution amount per enrolled individual per month (per Arkansas Code § 6-17-1117 et seq.) to a methodology similar to the state funding of an amount per-budgeted position basis.
- Analysis of all current legislation applicable to the Plans and recommendations for draft legislation to aid in the strategic growth of the Plans and their improved financial viability.

In the event that services in addition to those described in Sections 2.0 and 3.0 are required during the term of the Contract, the Subcommittee shall vote to authorize additional work, subject to the approval of the Subcommittee co-chairs, who shall have the power to approve the additional services and an additional fee for those services in an amount not to exceed ten percent (10%) of the total contract amount.



3.1 Consulting Capabilities

It should be expected that the Subcommittee may require other details, reports, guidance, and information as part of the final work product under this RFP. It is not possible to capture all variables and discussion points that may be required by the members of the Subcommittee or the legislative body at large so the prospective Vendor should take this opportunity to provide any comparative experience to the Plans or the scope of work envisioned herein to fully and completely communicate their ability to succeed.

In this Section 3.1, Vendor should detail all capabilities, ideas, guidance, and other information to fully demonstrate the capabilities of the prospective Vendor.

As an industry-leading provider of employee benefits brokerage, HR consulting and administrative services, we are well positioned to develop and administer programs that support a marketplace advantage for the State of Arkansas Bureau of Legislative Research.

Public Sector Capabilities

Our Public Sector Practice is solely dedicated to serving the needs of public employers and has 80+ U.S. branches and 500+ experts dedicated to doing just that. Gallagher works with more than 19,700 public sector clients (counties, cities, schools, libraries, etc.), significantly more than any other consulting firms in the marketplace. This includes:

- More than 5,000 individual cities, counties, parishes and townships
- Over 140 housing authorities
- More than 100 public sector pools, covering an estimated 10,000 individual entities
- Special districts, including transit authorities, libraries, fire, water and sewer, parks and recreation
- State and tribal governments

Gallagher's Public Sector Practice is solely dedicated to providing holistic, integrated solutions to suit the needs of public employers and school districts. We are a partner who is a national leader in working with states, counties, cities, government employers and K-12 Board of Education and special education districts. The public sector practitioners at Gallagher have spent years understanding and providing for the nuances of your industry and sharing their learnings throughout our organization. In addition, we actively participate in the community, including organizations such as ASBO, PRIMA, GFOA and NPELRA - so we know the market, the players, the legislation and the cost factors.

As a provider of services to the public sector, we understand the challenges. Your organization is exempt from certain laws and governed by others that may allow for flexibility and cost efficiency. Tax revenue streams and other sources that are subject to change drive the design and financing of your employee compensation and benefit programs. Public Sector Employers decisions can be affected or restricted by collective bargaining agreements. Your Gallagher team takes these factors into consideration. We bring a broad range of public sector-focused solutions and expertise such as collective purchasing, benchmarking data and healthcare utilization review and analysis. With our industry specialization and large number of

public entity and scholastic clients, you have instant access to industry benchmarks through your consultants.

Service Capabilities

Delivering comprehensive benefits, compensation and human resources solutions is Gallagher's signature in the marketplace. Clients cite their experience of delivering solutions — the way we do business together — that distinguishes us from the competition.

Services include program design and delivery, administration, and ongoing analysis and evaluation to keep programs calibrated with your expectations. Our areas of expertise are:

- Health & Welfare including Compliance Consulting
- HR & Benefits Technology
- Human Resources & Compensation Consulting
- Voluntary Benefits
- Healthcare Analytics
- Retirement Plan Consulting
- Executive Benefits
- Institutional Investment & Fiduciary Services
- Pharmacy Benefit Management Consulting
- Wellbeing & Engagement
- Multinational Benefits & Human Resources

Besides your core Gallagher team, you'll have access to specialized knowledge that powers innovative, custom solutions. Our professionals have years of unmatched experience, including specialized expertise in the Public Sector. We understand the complex financial, legal and corporate culture issues that weigh on your benefits and HR decisions. Gallagher has more than 30 dedicated compliance professionals averaging more than a decade of benefits compliance experience, and more than 20 of these professionals are licensed attorneys.

Because data drives decisions at Gallagher, our in-house team of analysts, actuaries and clinicians provide you with consulting and proprietary data warehousing services. Using predictive models, health risk assessment tools, industry benchmarks and data from more than 1,200 Gallagher client companies, you can truly understand the underlying issues affecting costs and performance in benefits program. Gallagher will align your people strategies with your business objectives, helping you to invest in your workforce holistically, which will support growth, reduce risk and strengthen your organization.

Employee Communication Capabilities

At Gallagher, our Communications Practice has more than 200 communication experts ranging over several different specialty skill sets and disciplines – all focused on enhancing the employee experience. As a global communication agency, we can offer not only a deep range of internal communication

experience, but also vision, talent and best practices from around the world. Our core focus is communicating in the benefits space.

We understand the terminology and we understand how to translate complex benefit products into simple, digestible copy. We accompany that copy with creative overlay, pictures, diagrams and appealing design that not only matches your branding, style and tone; but also makes the message easy to understand for all employees and employee locations. Whenever possible, we are looking for ways to tie communications back to your values which reinforces your unique culture across channels, locations, languages, and workplace environments.

We have three core teams: Discovery & Strategy, Client Facing Consulting and Internal Project Delivery.

Discovery & Strategy Expertise: Employer Brand, Vision & Values, Strategy & Leadership, Onboarding, Culture, Pay & Rewards, Wellbeing & Career

Client-Facing Consulting Team: Relationship Management Team, Client Services Team, Client pre-planning/ post-planning / survey and Project Scoping

Internal Project Delivery: Project Management, Internal Communication Auditors, Digital Implementation, Brand Team, Copywriting / Benefits Experts, Research Team, Creative Team, Digital Design Team, Web Development Team, UX/UI Team, In-House Actuaries, Design Studio and Film & Animation

With our collective talents and expertise, we can produce timely, consistent results that help our clients emphasize their value proposition while differentiating their employee experience from the competition with first rate creative and digital design/ functionality.

Benchmarking Capabilities

Gallagher has conducted a proprietary annual Benefits Strategy & Benchmarking Survey since 2013. The survey includes the standard benefit benchmarking information to help provide a “look behind,” as well as sections for future benefit planning and policies that will “look ahead” and help us identify market trends and make predictions regarding the future of benefits. In our 2020 Survey, nearly 4,000 U.S. organizations nationwide answered over 300 questions that covered the entire total rewards spectrum. This survey is extremely relevant because it uses the best data set available, with an impressive growth rate over the years, a greater spectrum of topics and higher participation than those of our competitors. Results allow comparisons by industry, region, organization revenue, organization type and number of employees for specific employee benefits categories. They include medical, wellness, dental, life insurance, absence and disability, retirement, paid-time-off policies, voluntary benefits and other typical program offerings. Various survey reports are available to provide clients with an in-depth look at current practices and emerging trends in employee benefits strategy and design, including cuts by industry and by location. The insights clients gain can help them make effective, competitive near-term decisions and guide their intermediate and long-term strategic planning.



Gallagher

Insurance | Risk Management | Consulting

Proprietary Gallagher Client Plan Information Database

We maintain a robust national database of our clients' benefit plans (life, disability, health, etc.), design features, cost sharing, vendor relationships and other data points. The database allows us to benchmark plans against industry, geography and employer size. Over 10,000 entities are represented in this database.

Proprietary Gallagher Health Plan Claims, Utilization and Cost-Driver Database

Gallagher's Healthcare Benchmarking Analysis Report takes a panoramic look inside the Bureau's information to provide you with a fundamental understanding of the costs associated with your medical benefit plan. With this report, you will be able to assess where, how, and to what end healthcare dollars are being spent. In addition to providing an analysis of your actual plan cost and utilization data, this report illustrates a comparison of your results with cost and utilization benchmarks. Gallagher's unique benchmarking covers millions of employee life years in health benefit plans throughout the United States. Gallagher offers benchmarks based on real employee data enabling clients to accurately measure company results and gain factual insight into the cost drivers of your plans. Gallagher's Healthcare Benchmarking Analysis Report is the first step in monitoring, maintaining, and managing the most cost-effective health program that meets both your employees' needs and your company's budget.

Public and Published Survey Data

We maintain a library of survey data which exists in the public domain or are published from other organizations as well to validate what we are seeing in the benchmark data. Once acquired, we can help in the interpretation and adjustments to the Bureau's specific characteristics to be meaningful for management review. This analysis would be provided as part of our core services.

Healthcare Benchmarking Analysis Report

The GBSInsider Healthcare Benchmarking Analysis Report tool provides a unique comparison of cost and utilization data. This tool offers benchmarks based on real employee data enabling clients to accurately measure company results and gain factual insight into the cost drivers of your plans. GBSInsider allows us to explore the Bureau specific data.

3.2 Employee Health Benefits Oversight Consulting

The consulting services provided by the successful Vendor pursuant to this Request for Proposal must address the stated specifications and requirements. These services will be provided to the Subcommittee and other legislative committees, as approved.

As requested, the Vendor must attend various meetings of the Subcommittee and other legislative committees of the Arkansas General Assembly. Hourly compensation will be paid for meeting times. The Vendor shall explain any anticipated limitations in its ability to attend meetings of the Subcommittee or other legislative committees or to provide any of the services described in Section 3.0.

All projects shall be paid pursuant to the fee schedule. The Vendor shall submit itemized invoices to the BLR, which will pay the invoices on a monthly basis.

The BLR does not grant the Vendor with exclusive rights to all Employee Health Benefits Consulting Services contemplated under this RFP. In the event that the Subcommittee decides that acquisition of these services by another Vendor is in the Subcommittee's best interests, the BLR reserves the right to contract and purchase Employee Health Benefits Consulting Services from a different source outside of the contract resulting from this RFP, and the Subcommittee's action to procure services outside of the Contract does not infringe upon, nor terminate, the contract resulting from this Request for Proposal.

Gallagher Benefit Services, Inc. does not anticipate any limitations in its ability to provide any of the services described in Section 3.0 or attend meetings of the Subcommittee or other legislative committees. Your consulting team is available for meeting in-person with you as needed. By intent, your consulting team's workload and schedule will allow them to be fully available to meet your needs.

3.3 Procurement of Goods and Services

If the Vendor anticipates the need to procure additional goods or services in order to provide the consulting services requested in their RFP, the Vendor must identify the goods and / or services that may be procured, the reason the procurement is necessary, the name of the vendor for whom the goods or services are to be procured, and the anticipated cost of the goods and/or services to be procured.

Gallagher will not need to procure any additional services or goods.



Gallagher

Insurance | Risk Management | Consulting

Section 5: Additional Vendor Requirements

TAB 2



SECTION 5: ADDITIONAL VENDOR REQUIREMENTS

5.1 Vendor Profile

Business Name

Gallagher Benefit Services, Inc.

Business Address

9442 Capital of Texas Highway North, Suite 950

Austin, TX 78759

Alternate Business Address

6325 Ranch Drive

Little Rock, AR 72223

Primary Contact Name, Title, Telephone, Fax, and E-mail Address

Nick Long, Area Vice President

(281) 773-8954

Nick_Long@ajg.com

How many years this company has been in this type of business

Arthur J. Gallagher & Co. was founded in 1927. Gallagher Benefit Services, Inc. (GBS), a wholly owned subsidiary of Arthur J. Gallagher & Co., has provided brokerage and consulting services since the benefits division was founded in 1961. For over 50 years, GBS has specialized in strategic benefits consulting, brokerage and administration.

Proof that the Vendor is qualified to do business in the State of Arkansas

Please refer to our Licenses and Insurance section in Tab 5, Exhibits, for proof that Gallagher Benefit Services, Inc. is qualified to do business in the State of Arkansas.

A disclosure of the Vendor's name and address and, as applicable, the names and addresses of the following: If the Vendor is a corporation, the officers, directors, and each stockholder of more than a ten percent (10%) interest in the corporation. However, in the case of owners of equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to own beneficially five percent (5%) or more of the securities need be disclosed; if the Vendor is a trust, the trustee and all persons entitled to receive income or benefits from the trust; if the Vendor is an association, the members, officers, and directors; and if the Vendor is a partnership or joint venture, all of the general partners, limited partners, or joint ventures

Not Applicable

A disclosure of all the states and jurisdictions in which the Vendor does business and the nature of the business for each state or jurisdiction;

Gallagher Benefit Services, Inc. provides insurance brokerage, consulting, and risk management services in all 50 states. Gallagher has operations in 49 countries and client-service capabilities in more than 150 countries through its global network of correspondent brokers and consultants.

A disclosure of all the states and jurisdictions in which the Vendor has contracts to supply the type of services requested under this RFP and the nature of the goods or services involved for each state or jurisdiction

Gallagher Benefit Services, Inc. has contracts in all 50 states to supply the type of services requested under this RFP.

A disclosure of the details of any finding or plea, conviction, or adjudication of guilt in a state or federal court of the Vendor for any felony or any other criminal offense other than a traffic violation committed by the persons identified as management, supervisory, or key personnel

As with any company of our size, Arthur J. Gallagher & Co. and its affiliates may be involved in multiple actions, which can include regulatory actions, investigations or lawsuits. Specific details of actions to which Arthur J. Gallagher & Co. is subject are noted in reports to the SEC, which are available under "SEC Filings" at investor.ajg.com. In particular, please see the "Commitments, Contingencies and Off-Balance Sheet Arrangements" footnote to the financial statements in Arthur J. Gallagher & Co.'s most recent annual report on Form 10-K and quarterly report on Form 10-Q.

A disclosure of the details of any bankruptcy, insolvency, reorganization, or corporate or individual purchase or takeover of another corporation, including without limitation bonded indebtedness, and any pending litigation of the Vendor

As with any company of our size, Arthur J. Gallagher & Co. and its affiliates may be involved in multiple actions, which can include regulatory actions, investigations or lawsuits. Specific details of actions to which Arthur J. Gallagher & Co. is subject are noted in reports to the SEC, which are available under "SEC Filings" at investor.ajg.com. In particular, please see the "Commitments, Contingencies and Off-Balance Sheet Arrangements" footnote to the financial statements in Arthur J. Gallagher & Co.'s most recent annual report on Form 10-K and quarterly report on Form 10-Q.

A disclosure of any conflicts of interest on the part of the Vendor or its personnel that will be working on this project.

Gallagher has no known conflicts.

Additional disclosures and information that the Subcommittee may determine to be appropriate for the procurement involved.

Gallagher has nothing additional to disclose.

5.2 General Information

Vendor shall submit any additional information for consideration such as specialized services, staffs available, or other pertinent information the Vendor may wish to include.

Gallagher has designed a value proposition unlike any other competitor in the industry. While many firms are successful in pure brokerage services, Gallagher does not leave a stone unturned as it strives to provide clients with a robust consulting package and superior service. Furthermore, clients appreciate Gallagher's ability to provide high level service at a better price when compared to competitors. Gallagher's focus is on proactive - rather than reactive - benefit consulting services.

Gallagher's strength lies in its foundation—our people. We take your risks and your programs personally, and we always strive for the best results, whether we're consulting, brokering the best possible deal or making sure a claim outcome goes beyond ordinary expectations.

Gallagher's consulting services professionals will guide you in all areas of employee benefits, including:

- Employee benefits consulting
- Retirement planning
- Human resources and compensation services
- Actuarial services
- Executive benefits and financial planning
- Healthcare data analysis and benchmarking
- Employee administrative services
- Compliance consulting

Comprehensive service areas include:

- HR & Benefits Technology
- Executive Benefits
- Health & Welfare
- Healthcare Analytics
- Human Resources & Compensation
- Investment & Fiduciary Services



- Multinational Benefits & Human Resources
- Retirement Plan Consulting
- Voluntary Benefits
- Communications
- Risk Management Services

5.3 Disclosure of Litigation

A Vendor shall include in its Proposal a complete disclosure of any civil or criminal litigation or indictment involving such Vendor. A Vendor shall also disclose any civil or criminal litigation or indictment involving any of its joint ventures, strategic partners, prime contractor team members, and subcontractors. This disclosure requirement is a continuing obligation, and any litigation commenced after a Vendor has submitted a Proposal under this RFP must be disclosed to the BLR in writing within five (5) days after the litigation is commenced.

As with any company of our size, Arthur J. Gallagher & Co. and its affiliates may be involved in multiple actions, which can include regulatory actions, investigations or lawsuits. Specific details of actions to which Arthur J. Gallagher & Co. is subject are noted in reports to the SEC, which are available under “SEC Filings” at investor.ajg.com. In particular, please see the “Commitments, Contingencies and Off-Balance Sheet Arrangements” footnote to the financial statements in Arthur J. Gallagher & Co.'s most recent annual report on Form 10-K and quarterly report on Form 10-Q.

5.4 Executive Summary

A Vendor must provide a summary overview and an implementation plan for the entire project being proposed. The intent of this requirement is to provide the Subcommittee with a concise but functional summary of the discussion of each phase of the Vendor’s plan in the order of progression. While the Subcommittee expects a Vendor to provide full details in each of the sections in other areas of the RFP relating to its plan, the Executive Summary will provide a “map” for the Subcommittee to use while reviewing the Proposal.

Each area summarized must be listed in chronological order, beginning with the date of Contract execution, to provide a clear indication of the flow and duration of the project. A Vendor may use graphics, charts, pre-printed reports, or other enhancements as a part of this section to support the chronology or add to the presentation. Any such materials must be included in the original and each copy of the Proposal.

Gallagher’s approach to client engagement and change management is simple: understand the Bureau of Legislative Research’s needs and priorities, develop a plan, make expert recommendations, and provide hands-on service to turn objectives into accomplishments. Our preliminary understanding of the Bureau’s priorities for 2021 and beyond are as follows and therefore our corresponding strategic plan would focus on these areas:



- Design and begin to implement a wellness program focusing on member engagement, cost management, and integration with existing resources and benefits.
- Design a communications campaign (including wellness) to promote member understanding and plan appreciation
- Evaluate quality, adequacy, and cost effectiveness of all benefit plan vendors and negotiate the best possible contract terms with multi-year guarantees.
- Perform a complete pharmacy plan review to evaluate current contract terms, utilization programs and plan designs, then recommend possible changes and negotiate for best terms.
- Work with the Bureau stakeholders to develop a new financial reporting strategy that increases efficiency and ensures accuracy.

In the context of the Bureau's requested scope of work, we propose applying the following five steps as a framework for addressing each of the preliminary objectives:

Step 1 | Discovery

- Understand the Bureau's general business environment, compensation and benefits philosophy
- Develop baseline costs and financial models
- Benchmark the Bureau's benefits environment
- Evaluate benefit program member satisfaction
- Project costs of status-quo program over 3-5 year period

Step 2 | Desired State and Goal Setting

- Identify differences between current and desired future states: Develop a worksheet that identifies key areas where meaningful changes are expected for the Bureau, its employees, and/or the macro environment.
- Outline implications of future state: Provide qualitative and/or quantitative evaluations on the impact of changing variables for select programs.
- Develop specific goals that are an extension of the benefits philosophy: Outline goals that the Bureau hopes to achieve over the next three years, using tangible metrics when possible.

Step 3 | Gaps and Opportunities Analysis

- Identify gaps: Evaluate the current programs' synergies and gaps relative to the Bureau's goals over the next three years, taking into account expected changes.
- Prioritize opportunities: Provide relative rankings for each gap and construct a range of actions to close each gap.



Step 4 | Strategic and Tactical Options Evaluation

- Develop strategic alternatives: Leveraging the gaps and opportunities analysis, layout strategic options for reaching goals over the next three years.
- Propose tactics to accompany strategic alternatives: Scope out the specific tactics that will support each strategy, taking into consideration the Bureau culture, benchmarking data, and other factors.

Step 5 | Implementation and Ongoing Management

- Select vendors with the most favorable terms (including outcomes-based performance guarantees) who provide the highest proficiency in delivering the programs and designs as indicated through the strategy exercise.
- Implement programs, focusing on integration that are customized for your organization and provide the necessary integration from an operations perspective and from an employee experience point of view.
- Build a measurement dashboard including key metrics and regularly review to identify how programs are performing; provide insights for additional opportunities to improve upon the execution of the strategy.
- Create a communications/engagement strategy and roadmap: Develop a cohesive plan to educate employees about the Bureau's benefits strategy; engage individuals to participate in programs for increased perceived program value.

The preceding approach enables the State of Arkansas Bureau of Legislative Research and Gallagher to validate and define a long-term benefits strategy by aligning employer and employee needs to achieve success.

5.5 Vendor's Qualifications

A Vendor shall provide resumes or short biographies and qualifications of all management, supervisory, and key personnel to be involved in performing the services contemplated under this RFP. The resumes shall present the personnel in sufficient detail to provide the Subcommittee with evidence that the personnel involved can perform the work specified in the RFP. A Vendor shall provide a brief history of its company, to include the name and location of the company and any parent/subsidiary affiliation with other entities. If a Vendor is utilizing the services of a subcontractor(s) for any of the service components listed, the Vendor shall include in its proposal response a brief history of the subcontractor's company to include the information requested herein.

A Vendor shall provide:

- **A brief professional history, including the number of years of experience in providing the services required under this RFP or related experience and any professional affiliations and trade affiliations.**



Gallagher

Insurance | Risk Management | Consulting

Arthur J. Gallagher & Co. was founded in 1927 by its namesake, who was previously the leading producer for Chicago's largest insurance broker. Today, Gallagher is one of the world's largest insurance brokers and risk management services firms, with operations in 49 countries and client-service capabilities in more than 150 countries through its global network of correspondent brokers and consultants.

Gallagher became a public company in 1984, trading on NASDAQ before moving to the NYSE in 1987. The company has grown steadily through strong business retention, new business development and ongoing acquisitions. Our acquisition strategy continues to add outstanding employee benefits professionals to our talent pool, which enables us to better serve clients through an expanding local office presence, as well as our national and multinational practice and service groups.

Gallagher's reputation as a highly ethical company, and our commitment to transparency, have also contributed to our growth. For nine years in a row, from 2012 to 2020, we have been recognized by the Ethisphere Institute as one of the World's Most Ethical Companies, and holds the distinction as the only insurance broker to receive this designation. Our mission statement, and the shared values that we refer to as The Gallagher Way, describe how our culture and people are dedicated to your organization to help you face the future with confidence. The Gallagher Way is a one-page document written in 1984 by our former chairman and CEO, Robert E. Gallagher, which defines our culture. It describes the principles, behaviors and beliefs that have produced great work at Gallagher – and great working relationships – since the organization was founded. The document's 25 shared values guide business conduct for each of us as individuals, and all of us as a team.

As a growing, industry-leading provider of employee benefits brokerage, consulting and administrative services, Gallagher is well positioned to develop and administer programs that support a marketplace advantage for your organization. Today's complex marketplace requires a trusted partner who is committed to making a genuine difference in the health and welfare of both your valued employees and your bottom line. Gallagher combines innovative solutions and thoughtful advice with transparent and ethical business practices to help fuel your growth and minimize risk.

The Gallagher Core Lines of Business

As one of the world's largest brokers, we deliver a full range of insurance and risk management products and services, including traditional and loss-sensitive coverages. Our areas of expertise include:

Benefits Brokerage and Consulting | Gallagher Benefit Services - Our benefits brokers and consultants understand the value of building relationships, providing superior, cost-effective benefit products and services that meet the ever-changing needs of our clients.

Claims Management | Gallagher Bassett Services, Inc. - Our property/casualty third-party administrator helps clients reduce their exposures to risk and the steep costs that can go with them.

Wholesale Property/Casualty Brokerage | Risk Placement Services, Inc. - Our wholesale teams bring three critical assets to every insurance transaction—a broad base of strong market relationships for every line of business, a skilled team of first-class experts, and an unmatched dedication to service.

Alternative Risk Transfer | Artex Risk Solutions - Our alternative risk specialists specialize in the development of group, association and single parent captives, providing comprehensive services in many of the top domiciles, including Bermuda, Cayman, Vermont and Washington, D.C. Artex Risk Solutions provides a gateway to creative programs, competitive capacity and collaborative expertise. We are experienced in the full spectrum of risk management alternatives. From guaranteed cost to captive, a risk transfer solution is available or can be designed to fit a client's specific risk management and financial objectives.

- **A listing of current accounts and the longevity of those accounts.**

Gallagher currently works with over 17,500 public sector employers throughout the United States.

Below are a list of large public employers of comparable complexity and size:

Entity	Covered Lives	Longevity
Teacher's Retirement System of Texas	775,000	2+ Years
Public Employee Benefit Coop	58,000	3+ Years
Texas Health Care Partnership	75,000	4+ Years
Texas Association of School Boards Coop	175,000	6+ Years
City of San Antonio	33,000	6+ Years
City of Boston	50,000	10+ Years
LSU System	75,000	10+ Years

- **An organizational chart highlighting the names/positions that will be involved in the contract, including the individual who will be primarily responsible for managing the account on a day-to-day basis.**

Your Gallagher team will be your local resource that puts the strength of our entire 4,300-person global benefits team to work for the Bureau's benefits and compensation programs. Our team's expertise spans the benefits and human resources spectrum, including Public Sector industry expertise.

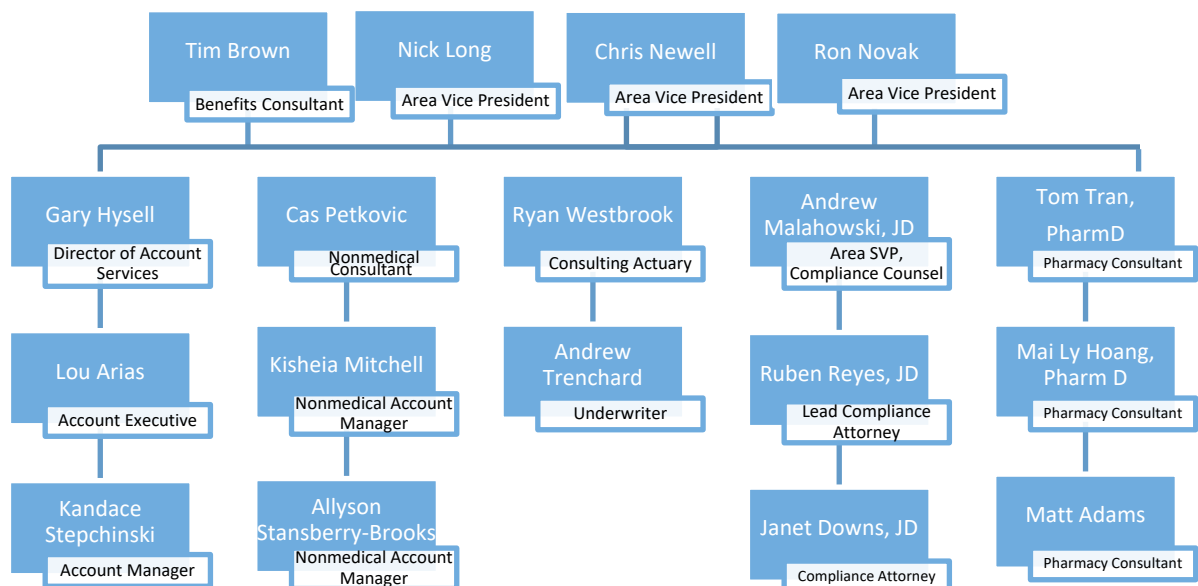
Senior Benefit Consultant Nick Long leads your Gallagher team. Nick has years of experience and in-depth knowledge of employee benefits and industry trends. He excels in structuring plans, conducting program analysis and meeting client objectives. Nick is also responsible for the team, and is charged with ensuring resources are available at all times to meet your needs. The Texas based customer services unit

will manage all aspects of the Bureau’s program and serve as your daily contacts. They are experts in administering benefit plans, including employee communications, analysis and reporting, carrier negotiations and problem solving — and will be there whenever you need help. For a list of who would be assigned to work with the Bureau, please see the table below. For resumes and detailed team experience, please see *Professional Experience* located in Tab 5, Exhibits.

Description of Firm Personnel

Name	Title	Education	Experience	Cert
Nick Long	Area Vice President	BBA, MBA	15+	LHIC
Chris Newell	Area Vice President	BBA	15+	
Ron Novak	Area Vice President	BA	20+	
Tim Brown	Benefits Consultant	BA	10+	
Gary Hysell	Director of Client Services	BS	25+	LHIC
Lou Arias	Senior Account Executive	BA	15+	
Kandace Stepchinski	Account Manager	BBA	15+	
Cas Petkovic	Nonmedical Consultant	BBA, MBA	15+	
Kisheia Mitchell	Nonmedical Account Manager	BBA	15+	
Allyson Stansberry-Brooks	Nonmedical Account Manager	BS	10+	LHIC
Tom Tran	Pharmacy Consultant	Pharm D	20+	
Mai Ly Hoang	Pharmacy Consultant	Pharm D	20+	
Matt Adams	Pharmacy Underwriter	BS	10+	
Ryan Westbrook	Consulting Actuary	ASA	15+	
Ruben Reyes	Compliance Attorney	JD	15+	
Andrew Malahowski	Lead Compliance Attorney	JD	15+	
Janet Downs	Compliance Attorney	JD	10+	
Jenna Sneed	Wellbeing & Engagement Consultant	PHD	10+	
Andrew Trenchard	Underwriter	BBA, MBA	10+	

Organizational Chart



- **A detailed description of the plan for assisting the Subcommittee in meeting its goals and objectives, including how the requirements will be met and what assurances of efficiency and success the proposed approach will provide.**

Your Gallagher client service team is trained in consultative account management. This approach requires a holistic view of your benefits program, allowing the service team to always have a line of sight to what comes next and how the day to day issues fit in with the larger strategic objectives and opportunities.

Gallagher and your organization will work together to develop an annual client service plan and project timelines. The client service plan will outline your benefit goals in detail and will clearly define our activities and services. Specifically, your plan will include:

- Information about your Gallagher employee benefits team
- Summary of benefit objectives, services and projects for the year
- Annual planning calendar
- Open items task log

As your partner, we will work with you to develop plan goals, milestones, and success measures that are mutually agreeable. The annual client service plan will be reinforced through program review and discussion of open items at regular intervals throughout the year. An ongoing task log will be updated frequently as progress is made, outstanding items are resolved, and new items are identified. This task log is reviewed not only with your organization but also internally during team meetings. Our collaborative process ensures the most knowledgeable resource is assisting with each open item and that the broader team maintains the appropriate line of sight to all projects and issues.

- **An indication of the timeframe the Vendor would require to assist the Subcommittee in meeting its goals and objectives.**

The project as described in the RFP is estimated to take three months to complete.

- **A detailed, narrative statement listing the three (3) most recent, comparable contracts (including contact information) that the Vendor has performed and the general history and experience of its organization.**

Below, please find three recent, comparable contracts that Gallagher has performed.

Austin ISD

In 2015 the AISD health plan had been hemorrhaging money for more than 3 years. State legislation had sapped the AISD's funds and competition for good teachers had hit a fever pitch. The Gallagher Public Sector Team was brought in to completely revamp the program. After an exhaustive RFP process AISD settled on a revolutionary ACO strategy. At the time they were one of the largest ACO customer in Texas. In the first year the ACO plan attracted 65% of the members and reduced cost by over \$20 million. By



2017 participation was so high and the cost control mechanisms (plus the single case agreements secured from local hospitals by Gallagher) so effective that AISD decided to drop all PPO plans and move 100% into the ACO. Reception from the employees and union was overwhelmingly positive and the plan ran at a -1% trend.

AISD was also on the forefront of establishing a PBM collective for School Districts that will be open to all Texas public entities in 2019. Austin with Gallagher as the administrator and auditor went to market in order to create a PBM collective that would automatically generate higher rebates and improved discounts as it grew in membership. To date over 25 entities and 125,000 members participate. Gallagher negotiates, audits, and administers this program.

City of San Antonio

Gallagher was engaged by the City of San Antonio to market and analyze the medical & pharmacy plan. We went through an extensive RFP, which included fee analysis, network comparison, discount guarantees, pharmacy analysis, and network repricing. Gallagher's extensive analysis revealed significant opportunities for The City to reduce cost. On Gallagher's recommendation The City decided to change TPAs, revise Out of Network procedures and carved out their PBM.

The City was able to secure a broader network with deeper discounts, retain their plans & contributions, and receive substantially higher pharmacy rebates. After one year with the program, the City reduced their total claim spend by almost \$9M versus the previous year and came in approximately \$20M under budget. Additionally in the 2nd year, the costs in comparison to budget resulted in another savings of over \$10M. The City recently renewed Gallagher's contract for another 3 years.

Tarrant County

Gallagher was charged with bidding all coverages for Tarrant County, who is part of the Public Employee Benefit Cooperative (PEBC) which consists of Tarrant County, Dallas County, Parker County, Denton County, and North Texas Tollway Authority. After a full RFP, Gallagher reviewed product offerings, discounts, pharmacy rebates, and reinsurance costs to help Tarrant and PEBC save over \$9M in annual costs, while keeping the plan designs and employee contributions the same. This was achieved by improving the administrative costs for the medical plan, obtaining more improved performance guarantees / plan allowances, and greater discounts for the pharmacy along with higher rebates. For the other coverages, Gallagher was able to help employees obtain better voluntary coverage at a reduced cost which translated into greater employee satisfaction with their benefit program.

- **At least three (3) references from entities that have recent (within the last three (3) years) contract experience with the Vendor and are able to attest to the Vendor's work experience and qualifications relevant to this RFP.**



Fort Bend ISD	
Contact Name	LaShonda Walls
Address	16431 Lexington Boulevard, Room 217, Sugar Land, TX 77479
Telephone	(281) 634-1184
Email	Lashonda.walls@fortbendisd.com

Teacher Retirement System of Texas (TRS)	
Contact Name	Katrina Daniel
Address	1000 Red River Street, Austin, TX 78701
Telephone	(512) 619-8638
Email	Katrina.Daniel@trs.texas.gov

Katy ISD	
Contact Name	Lance Nauman
Address	6301 S. Stadium Drive, Katy, TX 77494
Telephone	(281) 396-2251
Email	LanceNNauman@katyisd.org

- **A list of every business for which Vendor has performed, at any time during the past three (3) years, services substantially similar to those sought with this solicitation. Err on the side of inclusion; by submitting an offer, Vendor represents that the list is complete.**



It is our policy not to disclose our entire client list. However, please refer to the table on page 16 for a list of businesses for which Gallagher has performed services substantially similar to those sought with this solicitation.

- **List of failed projects, suspensions, debarments, and significant litigation.**

As with any company of our size, Arthur J. Gallagher & Co. and its affiliates may be involved in multiple actions, which can include regulatory actions, investigations or lawsuits. Specific details of actions to which Arthur J. Gallagher & Co. is subject are noted in reports to the SEC, which are available under “SEC Filings” at investor.ajg.com. In particular, please see the “Commitments, Contingencies and Off-Balance Sheet Arrangements” footnote to the financial statements in Arthur J. Gallagher & Co.'s most recent annual report on Form 10-K and quarterly report on Form 10-Q.

- **An outline or other information relating to why the Vendor’s experience qualifies in meeting the specifications stated in Section 3 of this RFP.**

Gallagher is known industry wide for the expertise and capability of its client focused teams of professionals. Our expertise spans nearly every industry, and leverages data and analytics tools to create the right program for you today, as well as the right plan for a stronger tomorrow.

When it comes to representing the Bureau to carriers, Gallagher has the experience, relationships, and independence you need to obtain the best combination of rates, policy terms, and plan design. As one of the largest employee benefits consulting firms, Gallagher knows the market's specific strengths and has developed a strong presence that helps Gallagher deliver the superior service levels your organization deserves from every vendor they do business with. Gallagher's team members all have significant experience working with a variety of carriers and have established excellent working relationships. With benefit costs increasing, reviewing existing plan design and understanding in advance the cost and benefits of plan changes is more critical than ever. As a standard procedure, Gallagher will evaluate alternative carriers and variations to plan design that can reduce costs. Gallagher follows an established process in identifying potential vendors and comparing costs. We monitor providers over time to gauge their ability to deliver against objectives and the claims they make in their proposals and share these findings with our clients on a regular basis.

- **A Vendor shall provide information on any conflict of interest with the objectives and goals of the Subcommittee that could result from other projects in which the Vendor is involved. Failure to disclose any such conflict may be cause for Contract termination or disqualification of the response.**

No conflicts are known at this time.

- **A Vendor or its subcontractor(s) must list all clients that were lost between March 2018 and the present and the reason for the loss. The Subcommittee reserves the right to contact any accounts listed in this section. A Vendor must describe any contract disputes involving an**

amount of thirty-five thousand dollars (\$35,000) or more that the Vendor, or its subcontractor(s), has been involved in within the past two (2) years. Please indicate if the dispute(s) have been successfully resolved.

Client Name	Term Reason
City of Galveston	Shipping issues: bid failed to arrive before deadline
Mission ISD	Price
City of Killeen	Senior Management / City Council Turnover
South San Antonio ISD	Price

5.5.1 BACKGROUND INVESTIGATION

- **Vendors must allow the BLR to perform an investigation of the financial responsibility, security, and integrity of a Vendor submitting a bid, if required by the Subcommittee.**

Acknowledged



Gallagher

Insurance | Risk Management | Consulting

Required Forms

TAB 3



State of Arkansas Bureau of Legislative Research

Marty Garrity, Director
Kevin Anderson, Assistant Director
for Fiscal Services
Tim Carlock, Assistant Director
for Information Technology
Matthew Miller, Assistant Director
for Legal Services
Estella Smith, Assistant Director
for Research Services

REQUEST FOR PROPOSAL

RFP Number: BLR-210001	
Commodity: Employee Health Benefits Consulting Services	Proposal Opening Date: April 12, 2021
Date: March 15, 2021	Proposal Opening Time: 4:00 P.M. CDT

PROPOSALS SHALL BE SUBMITTED IN HARD COPY AND ELECTRONIC FORMAT AND WILL BE ACCEPTED UNTIL THE TIME AND DATE SPECIFIED ABOVE. THE PROPOSAL ENVELOPE MUST BE SEALED AND SHOULD BE PROPERLY MARKED WITH THE PROPOSAL NUMBER, DATE AND HOUR OF PROPOSAL OPENING, AND VENDOR'S RETURN ADDRESS. THE ELECTRONIC SUBMISSIONS SHOULD BE CLEARLY MARKED AS A PROPOSAL IN RESPONSE TO RFP NO. BLR-210001. IT IS NOT NECESSARY TO RETURN "NO BIDS" TO THE BUREAU OF LEGISLATIVE RESEARCH.

Vendors are responsible for delivery of their proposal documents to the Bureau of Legislative Research prior to the scheduled time for opening of the particular proposal. When appropriate, Vendors should consult with delivery providers to determine whether the proposal documents will be delivered to the Bureau of Legislative Research office street address prior to the scheduled time for proposal opening. Delivery providers, USPS, UPS, FedEx, and DHL, deliver mail to our street address, 500 Woodlane Street, State Capitol Building, Room 315, Little Rock, Arkansas 72201, on a schedule determined by each individual provider. These providers will deliver to our offices based solely on our street address.

MAILING ADDRESS: 500 Woodlane Street State Capitol Building, Room 315 Little Rock, Arkansas 72201	PROPOSAL OPENING LOCATION: Bureau of Legislative Research Director's Office State Capitol Building, Room 315
E-MAIL: thayerj@blr.arkansas.gov	
TELEPHONE: (501) 682-1937	

Company Name: Gallagher Benefit Services, Inc.

Name (type or print): Nick Long

Title: Area Vice President

Address: 9442 Capital of Texas Highway North, Suite 950, Austin, TX 78759

Telephone Number: (281) 773-8954

Fax Number:

E-Mail Address: Nick_Long@ajg.com

Employer Identification #: 52-2200060

Identification:
36-4291971

Federal Employer ID Number

Social Security Number

**FAILURE TO PROVIDE TAXPAYER IDENTIFICATION NUMBER MAY
RESULT IN PROPOSAL REJECTION**

Business Designation (check one):	Individual []	Sole Proprietorship []	Public Service Corp []
	Partnership []	Corporation [X]	Government/ Nonprofit []

GENERAL DESCRIPTION:	Employee Health Benefits Consulting Services
TYPE OF CONTRACT:	Term

MINORITY BUSINESS POLICY

Participation by minority businesses is encouraged in procurements by state agencies, and although it is not required, the Bureau of Legislative Research ("BLR") supports that policy. "Minority" is defined at Arkansas Code Annotated § 15-4-303 as "a lawful permanent resident of this state who is: (A) African American; (B) Hispanic American; (C) American Indian; (D) Asian American; (E) Pacific Islander American; or (F) A service-disabled veteran as designated by the United States Department of Veteran Affairs". "Minority business enterprise" is defined at Arkansas Code Annotated § 15-4-303 as "a business that is at least fifty-one percent (51%) owned by one (1) or more minority persons". The Arkansas Economic Development Commission conducts a certification process for minority businesses. Vendors unable to include minority-owned businesses as subcontractors may explain the circumstances preventing minority inclusion.

EQUAL EMPLOYMENT OPPORTUNITY POLICY

The Vendor shall submit a copy of the Vendor's Equal Opportunity Policy. EO Policies shall be submitted in hard copy and electronic format to the Bureau of Legislative Research accompanying the solicitation response. The Bureau of Legislative Research will maintain a file of all Vendor EO policies submitted in response to this solicitation. The submission is a one-time requirement, but Vendors are responsible for providing updates or changes to their respective policies.

EMPLOYMENT OF ILLEGAL IMMIGRANTS

The Vendor shall certify prior to award of the contract that it does not employ or contract with any illegal immigrants in its contract with the Bureau of Legislative Research. Vendors shall certify on the Proposal Signature Page and online at <https://www.ark.org/dfa/immigrant/index.php/disclosure/submit/new> . Any subcontractors used by the Vendor at the time of the Vendor's certification shall also certify that they do not employ or contract with any illegal immigrant. Certification by the subcontractors shall be submitted within thirty (30) days after contract execution.

RESTRICTION OF BOYCOTT OF ISRAEL

Pursuant to Arkansas Code § 25-1-503, a public entity shall not enter into a contract with a company unless the contract includes a written certification that the person or company is not currently engaged in, and agrees for the duration of the contract not to engage in, a boycott of Israel. This prohibition does not apply to a company which offers to provide the goods or services for at least twenty percent (20%) less than the lowest certifying business.

By checking the designated box on the Proposal Signature Page, the Vendor agrees and certifies that they do not, and will not for the duration of the contract boycott Israel.

PROPOSAL SIGNATURE PAGE

Type or Print the following information:

Prospective Contractor Contact Information

Contact Person: Nick Long Title: Area Vice President
Phone: (281) 773-8954 Alternate Phone: _____
Email: Nick_Long@ajg.com

Confirmation of Redacted Copy

☐ YES, a redacted copy of proposal documents is enclosed.

☒ NO, a redacted copy of submission documents is not enclosed. I understand a full copy of non-redacted submission documents will be released if requested.

Note: If a redacted copy of the proposal documents is not provided with the Vendor's proposal, and neither box is checked a copy of the unredacted documents will be released in response to any request made under the Arkansas Freedom of Information Act (FOIA).

Illegal Immigrant Confirmation

By signing and submitting a response to this RFP and by certifying online at <https://www.ark.org/dfa/immigrant/index.php/disclosure/submit/new>, the Vendor agrees and certifies that they do not employ or contract with illegal immigrants. If selected, the Vendor certifies that they will not employ or contract with illegal immigrants during the aggregate term of the contract.

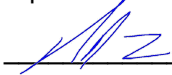
Israel Boycott Restriction Confirmation

By checking the box below, the Vendor agrees and certifies that they do not boycott Israel, and if selected, will not boycott Israel during the aggregate term of the contract.

☒ Vendor does not and will not boycott Israel.

An official authorized to bind the Vendor to a resultant contract shall sign below.

The Signature below signifies agreement that any exception that conflicts with the requirements of this RFP will cause the Vendor's proposal to be disqualified.

Authorized Signature:  Title: Area Vice President
Printed/Typed Name: Nick Long Date: 3/29/2021

Equal Employment Opportunity Policy

INTRODUCTION

The Company's employment practices are designed to comply with federal, state and local laws prohibiting discrimination in the workplace. The Company is committed to the maximum utilization of employees' abilities and to the principles of Equal Employment Opportunity (EEO).

POLICY/PROCEDURE

1.0 Anti-Discrimination Policy

Gallagher believes that all persons are entitled to equal employment opportunity and does not discriminate against nor favor any applicant because of race, sex, color, disability, national origin, religion, creed, age, marital status, citizenship, veteran status, gender, gender identity / expression, actual or perceived sexual orientation, or any other protected characteristic. Equal employment opportunity will be extended in all aspects of the employer-employee relationship, including, but not limited to, recruitment, hiring, training, promotion, transfer, demotion, compensation, benefits, layoff, and termination. In addition, Gallagher will make reasonable accommodations to known physical or mental limitations of an otherwise qualified persons with a disability, unless the accommodation would impose an undue hardship on the operation of our business.

This policy applies to all areas of employment practices including, but not limited to:

- hiring;
- job assignment;
- opportunities for training and development;
- pay;
- benefits;
- promotion and demotion;
- lay-off and termination; and
- ethics and standards of personal conduct.

There are numerous laws guiding the way we treat our employees and job applicants. The basic laws prohibiting discrimination are enforced and administered by the Equal Employment Opportunity Commission (EEOC). The Company recognizes the right of every employee to work in a safe environment, free from discrimination.

*Federal law has established the following minority groups as being "protected classes" under the race category:

Hispanic or Latino – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin regardless of race.

Black or African American (Not Hispanic or Latino) – A person having origins in any of the black racial groups of Africa.

Native Hawaiian or Other Pacific Islander (Not Hispanic or Latino) – A person having origins in any of the peoples of Hawaii, Guam, Samoa or other Pacific Islands.

Asian (Not Hispanic or Latino) – A person having origins in any of the original peoples of the Far East, Southeast Asia or the Indian Subcontinent, including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand and Vietnam.

American Indian or Alaska Native (Not Hispanic or Latino) – A person having origins in any of the original peoples of North and South America (including Central America) and who maintain tribal affiliation or community attachment.

Two or More Races (Not Hispanic or Latino) – All persons who identify with more than one of the above five races.

Important Note: The EEOC recommends **voluntary self-identification** of both gender and race by new employees, as opposed to visual identification by the employer, unless an employee declines to self-identify. New employees should complete the *EEO Voluntary Self-Identification Form*.

If an employee declines to self-identify, you may determine his/her race by way of visual observation and indicate this on the Employment Application. Important Note: Completed self-identification forms should *not* be kept in the employee's local personnel file; rather, all forms should be filed together in a separate location.

** The Americans with Disabilities Act specifically covers individuals with physical and mental disabilities.

* The Age Discrimination in Employment Act (ADEA) specifically covers persons who are aged 40 and over.

2.0 Reporting and Investigating Discrimination

2.1 Responsibilities of Employee

The Company expects and requires all employees to report incidents of discrimination, harassment or retaliation as soon as possible after the occurrence. **No complaint is too small or insignificant.** To that end, the Company has provided a number of different complaint reporting options for employees.

Complaints can be directed to an employee's immediate manager; to a divisional or regional Human Resources Manager or Director; to the Corporate Human Resources Department at (630) 285-3566; or to the Company's Ethics and Compliance Hotline, which provides the opportunity to remain anonymous, at **(888) 878-6236**. If the manager is alleged to be involved in the discrimination, harassment or retaliation Corporate Human Resources must be contacted directly and without delay.

Gallagher is committed to making every reasonable effort to provide its employees with good working conditions, fair wages, fair benefits, fair treatment and personal respect. That is why we encourage immediate reporting of violations of this policy and pledge to investigate, address and resolve them. Every employee of the Company should feel free to speak freely with their manager or any other member of management to raise issues and get answers. In addition, an employee who believes that he or she has suffered actionable discrimination, harassment or retaliation at work because of a protected characteristic can file a formal charge of discrimination with the U.S. Equal Employment Opportunity Commission or, where applicable, a state or local fair employment practices agency. A list of district EEOC offices, along with local state agencies is available at: www.eeoc.gov/contact/index.cfm.

Employees who believe that they have been unjustly charged with violations of this policy may appeal to the Chief Human Resources Officer by contacting the Corporate Human Resources Department at (630) 285-3566.

2.2 Responsibilities of Manager

Complaints of discrimination will be investigated immediately by Corporate Human Resources and the manager of the employee(s) involved. *All* complaints of discrimination will be handled promptly and without delay. Complaints arising from inappropriate behavior of vendors/clients, or from employees towards non-employees will also be investigated promptly. No complaint is too small or insignificant. It is the manager's responsibility to conduct a thorough investigation and to act swiftly to bring the matter to conclusion as quickly as possible. If a violation of policy is found to exist, appropriate corrective or disciplinary action will be taken which can range from a verbal or written warning to termination of employment.

3.0 Confidentiality & Participation in Investigation

Employees are strongly encouraged to discuss concerns and complaints with local management or Human Resources, or to seek general information about discrimination. Gallagher recognizes that individuals may be concerned about the confidentiality of information they share, and will strive to preserve confidentiality to the fullest extent possible. However, confidentiality cannot be guaranteed in cases where the company is ethically or legally obligated to take action once informed that discrimination has occurred or may be occurring.

During the investigative process, any notes or documents written by or received by the person(s) conducting the investigation will be kept confidential to the extent not violate of any existing state or federal law.

Notwithstanding the Company's reasonable efforts to maintain confidentiality, employees are expected to fully and honestly cooperate in the Company's investigation of any suspected or actual violation of law or policy. A refusal to cooperate fully in a company or company-approved investigation may result in disciplinary action up to and including termination of employment.

4.0 Anti-Retaliation Policy

The Company will not tolerate anyone taking retaliatory action against an employee who complains about discrimination or harassment.

5.0 Human Resources Role for EEO Compliance

The Chief Human Resources Officer has been appointed the Equal Employment Opportunity Officer of the Gallagher Companies. As such s/he or a member of the Human Resources staff will:

- assist the operations management both at the Corporate Office and in the Field Offices in the operation of their respective EEO responsibilities;
- serve as liaison between the Gallagher Companies in their relation with EEO enforcement agencies and, in turn, utilize the services of the Corporate Legal Department as the need may arise;
- investigate all employee complaints of discrimination and/or sexual harassment and ensure that appropriate measures are taken to correct any problems that have been verified;
- furnish yearly EEO-1 reports to the Equal Employment Opportunity Commission (EEOC), as required.

6.0 Charges of Discrimination

It is important that we act promptly and responsibly when dealing with the EEOC or any other local, state or federal agencies.



Gallagher

Insurance | Risk Management | Consulting

If you receive a charge of discrimination, send the charge immediately to the Legal Department with a copy to Human Resources. Any documentation related to the charge should be sent to the Legal Department as well.

Do not respond to the Government Agency or the individual making the charge. Human Resources will coordinate a response with the Legal Department and the appropriate manager.

TSS Illegal Immigrant Contractor Disclosure Certification

TSS Illegal Immigrant Contractor Disclosure Certification View Submission Details

Disclosure forms are valid for one year.

Vendor: Gallagher Benefit Services, Inc.

Tax ID: 0060

Disclosure Statement: I certify that I **DO NOT** employ or contract with an illegal immigrant.

Contact E-mail: Nick_Long@ajg.com

Submitted on: 04-08-21

Valid through: 04-07-22

CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM

Failure to complete all of the following information may result in a delay in obtaining a contract, lease, purchase agreement, or grant award with any Arkansas State Agency.

SUBCONTRACTOR NAME:

☐ Yes ☒ No

IS THIS FOR:

TAXPAYER ID NAME: ☐ Goods? ☒ Services? ☐ Both?

YOUR LAST NAME: Long FIRST NAME: Nick M.I.:

ADDRESS: 9442 Capital of Texas Highway North, Suite 950

CITY: Austin STATE: TX ZIP CODE: 78759 COUNTRY: USA

ASA CONDITION OF OBTAINING. EXTENDING. AMENDING. OR RENEWING A CONTRACT. LEASE. PURCHASE AGREEMENT. OR GRANT AWARD WITH ANY ARKANSAS STATE AGENCY, THE FOLLOWING INFORMATION MUST BE DISCLOSED:

FOR INDIVIDUALS *

Indicate below if: you, your spouse or the brother, sister, parent, or child of you or your spouse is a current or former: member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee:

Position Held	Mark (✓)		Name of Position of Job Held [senator, representative, name of board/ commission, data entry, etc.]	For How Long?		What is the person(s) name and how are they related to you? [i.e., Jane Q. Public, spouse, John Q. Public, Jr., child, etc.]	
	Current	Former		From MM/YY	To MM/YY	Person's Name(s)	Relation
General Assembly							
Constitutional Officer							
State Board or Commission Member							
State Employee							

☒ None of the above applies

FOR AN ENTITY (BUSINESS) *

Indicate below if any of the following persons, current or former, hold any position of control or hold any ownership interest of 10% or greater in the entity: member of the General Assembly, Constitutional Officer, State Board or Commission Member, State Employee, or the spouse, brother, sister, parent, or child of a member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee. Position of control means the power to direct the purchasing policies or influence the management of the entity.

Position Held	Mark (✓)		Name of Position of Job Held [senator, representative, name of board/ commission, data entry, etc.]	For How Long?		What is the person(s) name and what is his/her % of ownership interest and/or what is his/her position of control?	
	Current	Former		From MM/YY	To MM/YY	Person's Name(s)	Ownership Interest (%) Position of Control
General Assembly							
Constitutional Officer							
State Board or Commission Member							
State Employee							

☒ None of the above applies

Contract and Grant Disclosure and Certification Form

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.

As an additional condition of obtaining, extending, amending, or renewing a contract with a state agency I agree as follows:

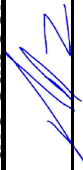
1. Prior to entering into any agreement with any subcontractor, prior or subsequent to the contract date, I will require the subcontractor to complete a **CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM**. Subcontractor shall mean any person or entity with whom I enter an agreement whereby I assign or otherwise delegate to the person or entity, for consideration, all, or any part, of the performance required of me under the terms of my contract with the state agency.

2. I will include the following language as a part of any agreement with a subcontractor:

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this subcontract. The party who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the contractor.

3. No later than ten (10) days after entering into any agreement with a subcontractor, whether prior or subsequent to the contract date, I will mail a copy of the **CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM** completed by the subcontractor and a statement containing the dollar amount of the subcontract to the state agency.

I certify under penalty of perjury, to the best of my knowledge and belief, all of the above information is true and correct and that I agree to the subcontractor disclosure conditions stated herein.

Signature  Title Area Vice President Date 4/8/2021

Vendor Contact Person Nick Long Title Area Vice President Phone No. (281) 773-8954

Agency use only

Agency Number _____ Agency Name _____

Agency Contact Person _____

Contact Phone No. _____

Contact or Grant No. _____

Reset Form

Print Form



Gallagher

Insurance | Risk Management | Consulting

GBS Proposal Deviations & Exceptions

TAB 4

Gallagher Proposal Deviations & Exceptions

State of Arkansas, RFP BLR-210001, Employee Health Benefits Consulting

- Equal Employment Opportunity Policy (PDF page 2) - Gallagher is fully committed to its role as an Equal Opportunity Employer. The opportunities afforded to its employees are available equally to all. Applicants and employees are evaluated on the basis of job qualifications and not on age, race, sex, veteran status, religion, color, national origin, non-job related handicap or disability, or any other characteristic covered by Federal, State, or local law. Inasmuch, as our status as contractors of the federal government has not been determined, any policies or procedures, with respect to Equal Employment Opportunity have been established voluntarily. Currently we do not have an Affirmative Action Plan.
- Section 1.21 (PDF page 7) – Indemnification should be limited to negligent acts and omissions, breaches of the contract, intentional misconduct, or violations of law.
- Section 1.21 (PDF page 7) - Unless you have received an exception for this government entity group, the \$1 million limitation of liability language needs to be added to the indemnification provision.
- Section 1.28 (PDF page 9) - Note that the State can terminate the agreement at any time for any reason and with no minimum notice period. You may want to request 30 days' advance notice.
- Section 1.32 (PDF page 9) - This section should make clear that Gallagher will retain sole and exclusive ownership of all right, title and interest in and to its intellectual property and derivatives thereof which no data or confidential information of the State was used to create and which was developed entirely using Gallagher's own resources. To the extent Gallagher's intellectual property is necessary for the State to use the services provided, Gallagher will grant to the State a non-exclusive, royalty-free license to Gallagher's intellectual property solely for the State's use of such services.
- Section 5.1, 7th bullet point (PDF page 14) - Gallagher Benefit Services, Inc. is 100% owned by Arthur J. Gallagher (U.S.) LLC; Arthur J. Gallagher (U.S.) LLC is 100% owned by Arthur J. Gallagher & Co.; Arthur J. Gallagher & Co. is a publicly traded company with two shareholders owning more than a 10% interest. Below is a list of the two shareholders.

Name	Shares of Common Stock(1)	Common Stock Issuable Within 60 Days of March 20, 2019		Total Beneficial Ownership	Percent of Common Stock Outstanding
		Stock Options	Restricted Stock Units (2)		
5% Stockholders					
The Vanguard Group (3) 100 Vanguard Blvd. Malvern, PA 19355	20,308,477	N/A	N/A	20,308,477	11.0%
BlackRock, Inc. (4) 55 East 52nd Street New York, NY 10055	19,674,828	N/A	N/A	19,674,828	10.6%



Gallagher

Insurance | Risk Management | Consulting

Exhibits

TAB 5



Gallagher

Insurance | Risk Management | Consulting

About Us

Introduction

Attracting and retaining talent. Controlling healthcare costs. Supporting employee health and organizational wellbeing.

These are some of the most common challenges for Human Resources departments as they build a better workplace — a workplace that attracts, engages and retains top talent at the right cost. But while challenges are everywhere, so are solutions.

Consider some of the latest findings from Gallagher's U.S. 2020 Benefits Strategy & Benchmarking Survey:

- Competition is creating upward pressure on wages — and elevating the importance of benefits and perks. Attracting and retaining a competitive workforce remained employers' top operational priority in 2020, given even greater importance than in 2019. And controlling employee benefit costs remained the second-most HR important priority, although fewer employers identified it as a top priority, falling from 38% in 2019 to 34% in 2020.
- Employers believe their health benefits are competitive, yet employee satisfaction with health benefits has been static. The expense of family coverage is one likely reason: Only 53% of employers say family coverage is affordable, compared with 81% on individual coverage.
- Greater choice and flexibility are allowing employees to customize benefits for a better fit. Options like voluntary benefits and life insurance coverage help better meet the diverse requirements of a multigenerational workforce — and do so cost-effectively. For instance, organizations offering employer-sponsored dental plans rose from 69% in 2019 to 71% in 2020, and 94% of employers offered group life insurance in 2020, compared with 91% in 2019.
- Healthcare plans based on value are becoming popular while cost shifting has decreased, helping remove barriers to healthcare and empower employees. In 2020, 59% of employers offered telemedicine — which offers increased convenience and cost-shifting — compared with 52% in a year earlier. And 31% of employers say they offer disease management programs, which help employees manage high-cost chronic conditions, compared with 26% in 2019.

Given the options, what are the right choices for your organization? Before you can answer, it's essential to decode a complex benefits and human resources marketplace, and learn what it means for you.

And that's where Gallagher can help. With our unmatched experience and market knowledge, Gallagher helps develop a comprehensive approach to benefits, compensation, retirement, employee communication and workplace culture aligned with your strategy and business goals. With more than 4,300 benefit services employees and over 230 office locations worldwide, Bureau of Legislative Research has access to a local team backed by a global network. Industry practitioners and compliance professionals have the specialized insight you need to resolve financial, legal and corporate culture issues affecting your HR strategy and employee wellbeing.

At Gallagher, data drives decisions: Our analysts, actuaries and clinicians rely on the power of predictive models, health risk assessment tools, industry benchmarks and data from more than 1,200 client companies to render a true picture of what's affecting the costs and performance of your benefits program.

In Gallagher, you'll have a partner who helps you cultivate a destination workplace and develop long-term people strategies and innovative solutions that support growth *and* minimize risk. We are confident that once you review this proposal, you'll see Gallagher is the right partner to help you build a better workplace at the right cost structure to attract and retain the talent you need to reach the Bureau of Legislative Research's goals.

We look forward to serving as your advisor, advocate and guide in developing and sustaining a wellbeing-centric culture that gives the Bureau of Legislative Research a competitive advantage in the Public Sector industry. Together, we'll bring the right talent to your door — and keep them engaged, satisfied and productive for the long haul.

Company Overview

Benefits and Human Resources Consulting Value Proposition

At Gallagher, we want to know what makes your organization unique. Your account team listens intently to learn about your business, and delves into the details that matter. This single-minded focus on continuous improvement — characterized by a deep belief in innovation and creativity — is the driving force behind every Gallagher customized employee benefits program.

Delivering comprehensive benefits, compensation and human resources solutions is Gallagher's signature in the marketplace. Clients cite their experience of delivering solutions — the way we do business together — that distinguishes us from the competition.

Services include program design and delivery, administration, and ongoing analysis and evaluation to keep programs calibrated with your expectations. Our areas of expertise are:

- Health & Welfare including Compliance Consulting
- HR & Benefits Technology
- Human Resources & Compensation Consulting
- Voluntary Benefits
- Healthcare Analytics
- Retirement Plan Consulting
- Executive Benefits
- Institutional Investment & Fiduciary Services
- Pharmacy Benefit Management Consulting
- Wellbeing & Engagement
- Multinational Benefits & Human Resources

Besides your core Gallagher team, you'll have access to specialized knowledge that powers innovative, custom solutions. Our professionals have years of unmatched experience, including specialized expertise in the Public Sector. We understand the complex financial, legal and corporate culture issues that weigh on your benefits and HR decisions. Gallagher has more than 30 dedicated compliance professionals averaging more than a decade of benefits compliance experience, and more than 20 of these professionals are licensed attorneys.

Because data drives decisions at Gallagher, our in-house team of analysts, actuaries and clinicians provide you with consulting and proprietary data warehousing services. Using predictive models, health risk assessment tools, industry benchmarks and data from more than 1,200 Gallagher client companies, you can truly understand the underlying issues affecting costs and performance in benefits program. Gallagher will align your people strategies with your business objectives, helping you to invest in your workforce holistically, which will support growth, reduce risk and strengthen your organization.

Company History

Arthur J. Gallagher & Co. opened its doors for business more than 90 years ago and is still growing strong. Founded by its namesake in 1927, Gallagher is now one of the world's largest insurance brokerage, risk management and consulting firms. At year-end 2019 we had had more than 33,000 employees, operations in 35 countries, and client-service capabilities in more than 150 countries through a global network of correspondent brokers and consultants.

Since 1961, Gallagher has been helping clients mitigate risk and build better workplaces by creating new opportunities to cost-effectively attract, engage and retain the best talent in their field. Gallagher started trading on the NYSE under the symbol AJG in 1984.

Gallagher has maintained its steady growth through new business development and acquisitions, acquiring dozens of independent employee benefits consulting, human resources, consulting firms and allied service providers. This strategy means we employ some of the brightest minds in the employee benefits and HR consulting business, and can serve clients through an expanding local office presence, as well as our national and multinational practice and service groups.

As an industry-leading provider of employee benefits brokerage, HR consulting and administrative services, we are well positioned to develop and administer programs that support a marketplace advantage for your organization.

Company Culture and Philosophy

The ideals, principles and values embodied by Arthur J. Gallagher are part of our corporate DNA. Gallagher's approach to business, cultivated through three generations of family leadership, is centered on creating relationship value as true partners with clients.

Gallagher's interactions with you will be straightforward and candid. By earning clients' trust, we've sustained a reputation for ethics and transparency — in fact, Gallagher was the first insurance broker named to the Ethisphere® Institute's annual list of the World's Most Ethical Companies in 2012, and has earned this recognition for eight consecutive years, through 2019.

Today's marketplace requires a trusted partner committed to making a genuine difference employee wellbeing and the bottom line. Gallagher combines innovative solutions, thoughtful advice and honest business practices to minimize risk and help fuel *your* growth.

Mission and Values

Gallagher's mission is to:

- Build the best benefits and human resources consulting practice with brokers and consultants who understand the value of building relationships and trust, creating experiences and results that inspire client confidence
- Provide superior, cost-effective benefits, compensation, retirement, employee communications and workplace culture consulting and solutions that meet the ever-changing needs of employers, while striving for the highest excellence and professionalism in delivery
- Measurably help organizations manage and grow their businesses through our benefit services expertise and counsel

Gallagher accomplishes this mission with leadership that follows our philosophy and strengthens our culture. We honor the moral and ethical standards inherent to building trust, and clients' confidence in our ability to offer a Gallagher team that is the very best at what we do.

The Gallagher Way

Former Chairman and CEO Robert E. Gallagher wrote *The Gallagher Way* in 1984. This one-page document defines the Gallagher culture. It outlines 25 principles, behaviors and beliefs that have produced great work — and great working relationships — at Gallagher. These 25 shared values guide business conduct for each of us as individuals, and all of us as a team. You'll find *The Gallagher Way* on our website at www.ajg.com/about-us/the-gallagher-way/.

Arthur J. Gallagher & Co.

Arthur J. Gallagher & Co is one of the world's largest full-service insurance brokers, and the largest third-party P&C claims administrator. We have sales and service operations in 35 countries and, through our Gallagher Global Alliance network of independent insurance brokers and consultants, offer client-service capabilities in more than 150 countries.

Employee Benefit Services

Gallagher Benefit Services, Inc. and its consultants provide a full range of employee benefit and HR consulting solutions — including benefits, compensation, retirement, HR and benefits technology, compliance, employee communication and workplace culture — that align an organization's people strategy with its overall business goals.

PROPERTY/CASUALTY SERVICES

Artex Risk Solutions, Inc. provides access to the many specialized insurance and reinsurance companies operating within a marketplace that includes North America, Bermuda and the Caribbean, performs risk analysis and claims advocacy, and acts as a captive manager and an intermediary in providing services to pools, captives, rent-a-captives, risk retention groups and self-insurance arrangements.

Arthur J. Gallagher Risk Management Services, Inc., Gallagher's largest division, specializes in structuring property/casualty insurance and risk management programs for commercial, industrial, institutional and governmental organizations through its offices in the U.S. and through a network of strategic alliance partners in more than 150 countries.

Arthur J. Gallagher Australasia Holdings Pty Ltd provides a full range of property/casualty solutions for wholesale and retail clients in Australia and New Zealand. Retail brokerage services are provided by Arthur J. Gallagher (Aus) Pty Ltd, which offers cost-effective insurance and risk management solutions.

Arthur J. Gallagher (UK) Limited is a Financial Conduct Authority (FCA) registered broker and approved Lloyd's of London broker that accesses Lloyd's and other London and international insurance and reinsurance markets. It places risks for Gallagher's own brokers, other brokers/carriers and direct retail clients worldwide across all aviation, marine and non-marine classes.

Risk Management Partners Ltd. markets insurance and risk management products and services to UK public entities through offices in England and Scotland.

PROPERTY/CASUALTY THIRD-PARTY ADMINISTRATION

Gallagher Bassett Services, Inc. provides a broad range of risk management services — including claims and information management, risk control consulting and appraisal services — to help corporations and institutions reduce the cost of risk.

Gallagher Bassett Services Pty Ltd. provides claims management services, workcover (workers compensation), crisis management claim handling and consulting, loss control, and information management services to clients in Australia and New Zealand.

Gallagher Bassett Canada Inc. provides claims management, workers compensation oversight, appraisal and information management services to Canadian and U.S. clients.

Gallagher Bassett (UK) provides pan-European claims management, loss control and information management services to clients.

MountainView Software Corporation designs standardized and customized electronic claims reporting and claims management software. The software enables users to submit/view claims (such as OSHA 300), workers compensation, state First Report of Injury, property, and general and auto liability via the Internet, as well as generate loss runs and claims analysis reports.

Shelter Island Risk Services provides data consulting services to members of the insurance industry, including carriers, brokers and third-party administrators, as well as directly to risk managers of companies.

Western Litigation, Inc. (WLI) is a national litigation and claims management firm staffed by experienced professional liability trial attorneys and insurance claims executives. WLI is dedicated to the healthcare industry — its client base covers a wide spectrum of healthcare entities, including hospital systems, physician groups, healthcare captives and risk retention groups.

WHOLESALE SERVICES

Arthur J. Gallagher Australasia Holdings Pty Ltd provides a full range of property/casualty solutions for wholesale and retail clients in Australia and New Zealand. Wholesale services are provided by Australis Group (Underwriting) Pty Ltd, a multiple lines general insurance and reinsurance underwriting agency.

Arthur J. Gallagher (UK) Limited is a Financial Conduct Authority (FCA) registered broker and approved Lloyd's of London broker that accesses Lloyd's and other London and international insurance and reinsurance markets. It places risks for Gallagher's own brokers, other brokers/carriers and direct retail clients worldwide across all aviation, marine and non-marine classes.

Risk Placement Services, Inc. operates as a traditional wholesale broker, managing general agent and program manager, working with both Gallagher and non-Gallagher producers, with access to all major excess/surplus lines carriers. Its operating units include ARM of California; Castle Insurance Associates; National Insurance Professionals Corporation; Edwin M. Rollins; Healthcare Insurers; Yanoff Companies; Yanoff South; Alternative Market Specialists; WorkCare Northwest; and CoverageFirst.com.

Your Benefits & HR Consulting Partners

The Gallagher Benefits and HR Consulting team is dedicated to helping you build a better workplace. Whatever your better looks like, Gallagher will help you get there. That's because we deliver solutions with a focus on employee and organizational wellbeing: Gallagher Better WorksSM.

Gallagher Better Works is a comprehensive approach to creating a wellbeing-centric organization. It can turn your workplace from an obligation to a destination. It's how your best becomes better and your company becomes stronger. And it's only available from Gallagher.

Let Gallagher help you develop a comprehensive strategy to support benefits, compensation, retirement, employee communication and workplace culture that aligns people strategy with your overall business goals.

ORGANIZATIONAL WELLBEING

- Total Wellbeing and Engagement Strategy
- Employee Communications
- Compliance Issues
- HR and Benefits Technology Optimization
- Enterprise Risk Management

When it comes to your employees' physical and emotional wellbeing comes, medical insurance is just the start. Gallagher Better Works features dozens of ideas that go beyond traditional healthcare plans to promote a healthier, happier workforce.

PHYSICAL & EMOTIONAL WELLBEING

- Healthcare Plan Design and Consulting
- Healthcare Claims and Data Analysis
- Voluntary and Flex Benefits
- Workplace Flexibility Policies
- Community Involvement Programs
- Pharmacy Benefit Management

Many employees experience financial stress. No matter where your employees are financially, you can support their financial wellbeing through education, communications and solutions supporting their spending and savings efforts. Gallagher can guide your investment strategy and help ensure your people are retirement-ready.

FINANCIAL WELLBEING

- Qualified and Nonqualified Retirement
- Life Insurance, Annuities and Pensions
- Executive Planning
- Institutional Investment, Structure, Allocation and Monitoring

Not only can Gallagher help develop a compensation structure that rewards employees, Gallagher can help position employees for career-long success.

CAREER WELLBEING

- Compensation Structure
- Training and Coaching Programs
- Total Rewards Programs
- Surveys and Validation and opportunities

It's all part of the reason why Gallagher has dedicated teams immersed in the industries we serve. Take the first step toward making your workplace work better.

How We Work

It is critical that Gallagher understands the Bureau of Legislative Research top to bottom. To do so, we methodically ask the right questions to grasp your unique challenges, goals and objectives — and how your people help the organization reach its goals.

Your account team will explore how you have delivered your benefits and compensation programs, and will ask about your current and future goals. In fully addressing the Bureau of Legislative Research's challenges, benefits objectives and business goals, your consultants will gain the insights they need to help to support long-term success. This rigor allows Gallagher to leverage the full weight of our industry experience — including our experience in the Public Sector industry — to your situation.

Gallagher will then prepare recommendations for your program, constantly monitoring and making adjustments if needed to ensure a strong fit with your needs and organizational culture. We will implement a mutually developed plan, completing outlined activities and meeting targeted objectives, which will optimize your total experience and outcomes.

Thorough project management leaves nothing to chance. As a result, your Gallagher team will develop a calendar with specific actions and deadlines for your program's implementation, and constantly monitor and report on key milestones throughout the year. Meetings with the Bureau of Legislative Research will be run effectively with strict agendas and expected outcomes. You can rely on prompt follow-up to recap key meeting activities, identify next steps, and assign accountabilities and timeframes for all work.

Communications are essential to a successful partnership. Gallagher makes it a priority to understand how you prefer to work and communicate.

Making the transition smooth and easy for the Bureau of Legislative Research is our first priority. We value and will act on your feedback; also, we'll ask you to complete a report card to rate your experience.

Your Gallagher Team

Your Gallagher team will be your local resource that puts the strength of our entire 4,300-person global benefits team to work for the Bureau of Legislative Research's benefits and compensation programs. Our team's expertise spans the benefits and human resources spectrum, including:

- Public Sector industry experience
- Experience with all types of benefit programs
- Strategic planning and consulting
- Carrier underwriting and negotiation
- Relationship management and executive presentations
- Employee communication programs
- Compliance and regulatory support
- Human resources management and consulting
- Leadership development and training
- Compensation consulting
- Employee engagement and salary surveys
- Human resources and benefits technology
- Market research and statistical reporting
- Third party administration and ancillary services
- Wellbeing and engagement programs
- Qualified and non-qualified retirement plans
- Institutional investment and fiduciary services
- Multinational benefits and human resources consulting

Senior Benefit Consultant

Senior Benefit Consultant Nick Long leads your Gallagher team. Nick has years of experience and in-depth knowledge of employee benefits and industry trends. He excels in structuring plans, conducting program analysis and meeting client

objectives. Nick is also responsible for the team, and is charged with ensuring resources are available at all times to meet your needs.

Plan Administrators

The Texas based customer service unit will manage all aspects of the Bureau of Legislative Research's program and serve as your daily contacts. They are experts in administering benefit plans, including employee communications, analysis and reporting, carrier negotiations and problem solving — and will be there whenever you need help.

Specialized Support

Complementing your local Gallagher team are our corporate and regional industry experts, who provide specialized client support. They monitor and report on legislative and compliance issues, provide actuarial support and analysis, and audit plan performance, systems and tools. Their efforts help manage benefit plans and costs based on the latest trends, research and carrier information.

Together, these Gallagher professionals will provide the Bureau of Legislative Research an unsurpassed client experience and the most competitive employee benefits plan possible.

Plan Design and Analysis

Your Gallagher team will always begin with your needs in mind. They will work with the Bureau of Legislative Research to understand your employee benefit strategies and priorities (including cost containment), benefits philosophy, levels of employee satisfaction and engagement, industry competitiveness, and other concerns.

Because of our experience in the Public Sector, we can help you gain or maintain a competitive advantage through benefit plans. We also know that the right combination of benefits differs with each employee, and we will develop plans that meet the needs of employees at all levels.

If you're interested in controlling healthcare costs with new concepts, ideas and trends, we'll help explore options. For example, Gallagher has designed and implemented several types of consumer-driven plans, and through partnerships with Liazon and Businessolver, we offer the Gallagher Marketplace, technology that's designed to meet organizational goals while providing employees choice and flexibility to build a benefits package that meets their needs. The Bureau of Legislative Research might also benefit from taking a look at plan funding, stop-loss levels, administration, developing wellness programs, coordinating dependent audits, evaluating pharmacy benefits management programs, and innovative ideas.

Gallagher leverages the latest in sophisticated analysis techniques from our Healthcare Analytics actuarial division. As we partner in building your program, Gallagher's in-house specialists will review your benefits experience and model the effects of multiple plan design scenarios. As we closely monitor your completed program you'll receive detail and summary reports at regularly scheduled intervals.

One of Gallagher's key competitive strengths is the ability to provide clients with an in-depth analysis of benefit-related issues. Reports that will be available to the Bureau of Legislative Research include:

MONTHLY REPORTS

- Summary of Plan Costs
- Analysis of Actual Versus Budget
- Identification of Employee Contributions
- Tracking of Large Claims
- Comparison of Claims to Aggregate Stop Loss
- Identification of Plan Costs by Specific Line of Coverage (i.e., Medical, Dental, Pharmacy, etc.)

QUARTERLY REPORTS

- Comparison of Plan Costs to Projections
- Identification of Services Provided
- Utilization Review
- Comparisons to Prior Claim Periods

- Plan Trends

ANNUAL REPORTS

- Executive Summary of Program Expenses
- Comparison of Current Costs to Renewal Costs
- Renewal Alternatives
- Incurred But Not Reported (IBNR) Dollar Projections
- Overview of Specific Stop-Loss Projections
- Future Plan Cost Projections
- Dollars Saved by Contract Negotiation
- Percent of Benefit Dollars Paid by Employee
- Claims by Size
- Physician Visit Details
- Benefits Paid by Type of Service
- Plan Funding/Budget Comparison
- Fixed Expense Comparison

At Gallagher, we pride ourselves on being thorough. Through the initial analysis phase — and with each subsequent plan renewal — we will review the Bureau of Legislative Research's plan goals. For instance, we will examine the following areas:

GENERAL BUSINESS ENVIRONMENT

- Degree to which your needs for skilled and unskilled workers will increase or decrease in the next three to five years
- Areas of the country where your business may expand or contract
- Extent to which you will compete for staff within your industry and geographic location

COMPENSATION AND BENEFITS PHILOSOPHY

- Appropriate percentile to use for benchmarking with peers
- Proportion of overall compensation that benefits should represent
- Finding the balance of cost considerations, competitiveness and employee satisfaction that defines success

COST OF PLANS

- Measurement of current benefit costs
- Potential growth or reduction of the benefits budget
- Extent to which the budget can absorb external trends affecting benefits

COMPETITIVE BENEFITS ENVIRONMENT

- The strength of your benefits program versus your industry benchmark group
- Ideal comparative strength at, above or below market
- Feasibility of plan cost sharing within your industry and geographic area

EMPLOYEE SATISFACTION

- Components of benefit plans that are most important to your employees
- Employee understanding through effective benefits plan communication
- Extent to which employee satisfaction governs your benefit decisions

Plan Marketing and Procurement

When it comes to representing the Bureau of Legislative Research with carriers, Gallagher has the experience, relationships and independence you need. We know the markets and their specific strengths. As a result, we can evaluate carriers objectively and assess which ones offer the right products for your needs. Gallagher maintains complete independence, providing the most qualified carriers, vendors, networks and risk arrangements for each negotiation.

Your Gallagher team will leverage our extensive experience in handling renewals and open enrollments. We'll manage every detail of the marketing process, including:

- Strategic development to identify goals, analyze program costs and review current and alternative funding arrangements
- Management of the renewal with the current carrier geared to achieving lower costs
- Recommendation on exploring alternatives to your current carrier
- Renewal timeline that covers every aspect from Request for Proposal (RFP) preparation to the delivery of employee communications
- RFP development that involves tailoring the RFP to the exact desires, needs, and financial directions provided by the Bureau of Legislative Research's management
- Exploration of funding alternatives
- Evaluation of vendor responses to identify variations in coverage and cost
- Conduct finalist interviews to explore intangibles, such as personalities, service orientation and responsiveness
- Renewal analysis report covering program, and claims cost projections, as well as complete information on benefit designs
- Finalize decisions, always involving collaboration with the Gallagher team and the Bureau of Legislative Research's HR management and executives

However, we don't stop once a plan is implemented: Gallagher will take the lead in monitoring the program's performance and resolving issues that may arise, such as coverage disputes, billing issues, or service problems.

Vendor Management

Proper vendor management begins with selecting the right partner for the Bureau of Legislative Research's employee benefits program. Gallagher's experience with vendors has allowed us to truly understand their capabilities and offerings. You can be confident we'll recommend only companies whose products and services combine the broadest, most effective range of options at a fair value. Gallagher has the experience, the relationships and the independence to get the most effective combination of rates, policy terms and plan design for your organization.

Your Gallagher team will negotiate performance guarantees with each selected vendor. We'll also meet with them on a periodic, scheduled basis to review their performance against these standards and resolve issues. Vendor management is always included in the agenda for our regular meetings with you.

To ensure the best interests of the Bureau of Legislative Research are represented in all interactions with vendors, Gallagher will handle all ongoing service, in addition to negotiations. This includes staff support and training on working effectively with vendors. We'll coordinate and support all of your open enrollment activities and communication needs.

As the financial stability of Gallagher-recommended vendors is critical in selection, we closely monitor vendors' financial status and quickly communicate if changes in that status might affect your program.

Customer Service

Exceptional and knowledgeable customer service is at the heart of our commitment to the Bureau of Legislative Research. One of the first deliverables you'll receive is a Strategic Service Plan, which will outline benefits objectives, set specific performance criteria for your Gallagher team and describe how we determine your objectives are met.

The next step is evaluation: We'll meet regularly with you to review the program and performance of the Gallagher team. Our managing partner structure also allows the Bureau of Legislative Research to rely on a central contact to discuss service concerns, allowing us to quickly identify and resolve issues.

Our experienced customer service team is available via a toll-free number each business day from 8:00 a.m. to 6:00 p.m. Central Time to answer questions from your employees and HR administrators about benefits, claims issues, provider issues, HIPAA compliance and general HR matters. Service is available in both English and Spanish.

Employee Benefits Industry Practices

While all businesses have many of the same employee benefits needs, each industry has its own particular challenges. For instance, standard work hours might differ from industry to industry, meaning enrollment and communications challenges will vary in each business. Also, laws and regulations may pertain only to specific industries. Since our founding in 1927, Gallagher has understood the need for specialized services that address these differences.

Public Sector

Budgeting in the public sector features multiple stakeholder groups and a changing regulatory landscape, including healthcare reform. With more than 3,000 public entity and scholastic clients, Gallagher's Public Sector Practice is dedicated to serving the needs of public employers. The Bureau of Legislative Research will have a partner with extensive experience working with states, counties, cities and, government employers.

Led by a full-time practice leader, public sector practitioners at Gallagher have spent years providing industry-leading solutions in the public sector. We are active in the public sector community, including participation in organizations such as ASBO, PRIMA, GFOA and NPELRA, NACo, ICMA and IPMA-HE. We know the market, the players, the legislation and the cost factors.

We understand the Bureau of Legislative Research faces challenges unique to public sector employer. Your organization is exempt from certain laws and subject to others that may — or may not — create flexibility and cost efficiency. Tax revenue and other revenue sources are subject to change will drive the design and financing of employee compensation and benefits. And often, collective bargaining agreements and intense public scrutiny affect the Bureau of Legislative Research's decisions.

Your Gallagher team takes these factors into consideration. We bring a broad range of public sector-focused solutions and expertise, including work in collective purchasing, benchmarking data and healthcare utilization review and analysis. In addition, with our industry specialization and large number of public entity clients, you have access to a deep reservoir of industry benchmarks.

Gallagher will strengthen the Bureau of Legislative Research with:

- Guidance throughout any bargaining processes, and recommendations on best practices
- Communication with employees so they understand the value of their benefits package
- In-depth understanding of compliance and legal issues, including healthcare reform and labor laws
- Collaborative communication with key stakeholders to build consensus and resolve issues

As a partner with the Bureau of Legislative Research, Gallagher will design a strategy that aligns investments in employee health, talent, financial wellbeing and career growth with financial realities in the public sector. We'll help build a better workplace that inspires employees to give their professional best — and help the Bureau of Legislative Research meet its business objectives for years to come. Your Gallagher team will partner with you to overcome complex challenges, and help you serve the public in a fiscally responsible manner — now, and well in to the future.

Consulting Services

Executive Benefits

Employers seeking to attract, engage and retain effective leadership know that executive benefits are pivotal to career decisions. Top executives expect sophisticated, comprehensive benefit plans, and employers that meet this expectation are well-positioned to keep management teams in place.

Against this backdrop, executive compensation, benefits and rewards keep evolving. Tax laws, regulatory requirements and government and public scrutiny affect how organizations reward executives.

Your Gallagher team will bring a comprehensive approach to benefits, compensation, retirement, employee communication and workplace culture that aligns the Bureau of Legislative Research's people strategy with its overall business goals. Through strategic discussions about executive benefits, deferred compensation and other customized solutions for all types of asset allocation, income needs, wealth planning and wealth accumulation programs, we'll discover what works and what doesn't.

Then, we'll help find solutions to bring about your "perfect world" of executive benefits. If you have coverage gaps in income, life insurance or disability plans, Gallagher solutions can bridge them so that top executives are working toward a comfortable retirement.

Gallagher's problem-solving culture supports the Bureau of Legislative Research's goals with data benchmarking, analytics and a proprietary, five-phase process. In addition, our vendor-neutral approach ensures access to dozens of carriers, so that your programs are 100% customizable.

Your executive benefits team will encourage autonomy and control among your top executives, helping optimize your annual investment in talent, mitigate organizational risk and maximize profits. By attracting, engaging and retaining top talent with comprehensive benefits and compensation packages, we'll also help the Bureau of Legislative Research secure the future and build business value for the long haul.

Health & Welfare Consulting

What's your long-term strategy for ensuring your organization is healthy, sustainable and competitive? You can build a better workplace — one that attracts, engages and retains top talent at the right cost. Gallagher will help design and implement a benefits, compensation, retirement, employee communication and workplace culture where people feel they belong.

Gallagher's Health & Welfare Consulting team will evaluate the Bureau of Legislative Research's workforce demographics, and survey and analyze competitor trends. Our data-driven focus will gather new insights and develop best practices that promote the Bureau of Legislative Research's productivity and growth. We will partner with you to design, implement and manage benefits that center on the full spectrum of organizational wellbeing — employees' health, talent, financial wellbeing and career growth.

With a wellbeing-centric culture, your people thrive and perform at a higher level, optimizing your investment in talent, mitigating organizational risk and maximizing profitability. Best of all, improved employee wellbeing provides a competitive advantage as a workplace that simply works better.

Gallagher also strengthens the Bureau of Legislative Research with the following:

- Innovative services and solutions for private exchanges, benefit stop-loss captives, data warehousing, workforce evaluation tools and other needs
- Communications for an informed workforce that understands the value of benefits and compensation
- Customized strategies to control the costs of claims, liability, noncompliance and data security
- Expert data analysis, interpretation and forecasting to improve budgeting and decision making
- Risk management and wellbeing strategies that resonate with employees and foster a culture of health and wellness
- Local, regional, and national professionals who apply current thinking and knowledge on:
 - Medical plans, including consumer-driven health plans, health savings accounts and health risk assessment/wellness programs
 - Life insurance and accidental death and dismemberment coverage
 - Long-term and short-term disability
 - Voluntary and worksite benefits

The many specialized services available to the Bureau of Legislative Research's HR department include:

- Compliance consulting to meet your regulatory obligations, compliance newsletters, alerts and seminars on FMLA, COBRA, HIPAA, ERISA and cafeteria plan rules
- Benchmarking for plan competitiveness and cost-effectiveness
- Online benefits administration
- Online communication solutions
- Merger and acquisition due diligence support related to compliance and potential liability
- Retiree healthcare to help your organization cope with rising retiree and older employee health costs

At Gallagher, our teams specialize in analytics, finance, compliance, governance, wellness, risk management, retirement and other disciplines. Each practice team has industry-focused expertise in energy, healthcare, higher education, public sector,

hospitality and restaurant, private equity, religious and nonprofit, and other industries. They are uniquely qualified to assess your needs, provide guidance and help ensure benefits decisions align with your competitive objectives.

With the resources of a global partner and the customer focus of a dedicated team, the Bureau of Legislative Research can foster a culture of health and wellbeing, creating an organization that seizes opportunities, competes with confidence and thrives.

Healthcare Analytics

Strategic healthcare benefits — benefits that attract, engage and retain top talent at the right cost — is just the start of creating a better workplace. Data and analytics on healthcare benefits drives deeper insights and better results. As a result, organizations need to monitor performance to ensure health plans are meeting employee needs, cost-effectively.

Gallagher's proprietary system synthesizes data from a wide range of sources to uncover the underlying cost drivers that affect the Bureau of Legislative Research's healthcare benefits. Real-world data helps identify problem areas and provides a framework for prioritizing your needs, vetting solutions and analyzing results. Using raw claims data, our consultants detect performance issues that can be addressed, tracked and verified.

Data drives strategy at Gallagher — we leverage diagnostics to identify opportunities for cost savings and benefits improvements. An in-house team of analysts, actuaries and clinicians use predictive models, health risk assessment tools, benchmarks and data from more than 1,200 Gallagher client companies through GBSInsider, our healthcare data warehouse. the Bureau of Legislative Research can partner to the only benefits firm with consulting expertise *and* proprietary data warehousing under one roof.

Healthcare analytics from Gallagher will assure the Bureau of Legislative Research that your plan is performing against customized benchmarks. Through strategic insights recommendations, we will help optimize vendor performance to optimize medical outcomes and contain costs, maximizing the return on your employee health benefits for years to come.

HR & Benefits Technology

How can a technology service provider make your workplace better? With myriad options available, it's important to identify tech solutions and providers that not only perform well, but that will enable the Bureau of Legislative Research to attract, engage and retain your workforce, align with goals and meet budget constraints.

Gallagher's HR & Benefits Technology consulting team possesses in-depth knowledge of the HR and benefits technology market and its many players. Our market understanding is backed by client engagement experience and our proprietary market scans of more than 800 service providers. Gallagher will partner with the Bureau of Legislative Research to assess options, identify and mitigate organizational risk, evaluate providers and provide a smooth transition with implementation support. This comprehensive approach helps find technology service providers that align with your people strategy and overall business goal — so you maximize your technology investment.

Gallagher can support the Bureau of Legislative Research with expertise across a wide range of industry verticals, including:

- Human Capital Management
- Benefit Administration
- COBRA
- Healthcare Spending Accounts
- Private Exchanges
- Decision Support and Engagement Tools
- PPACA Compliance Tools
- Leave Management
- Reference-Based Pricing.

With unsurpassed knowledge of the market and the technology itself, Gallagher's HR & Benefits Technology Consulting team can help you identify, design and secure technology solutions that optimize organizational wellbeing. The process begins identifying requirements, then a review of our proprietary database to provide a list of suggested service providers that meet your requirements. The process ensures you have maximum options and can choose best-fit service providers. Once a service provider is selected, Gallagher can review contract agreements and oversee implementation if needed.

Human Resources & Compensation Consulting

What's your strategy to attract, engage and retain top talent at the right cost? In that vein, how does your employee benefits program increase engagement, and how do your benefits stack up against competitors? With Gallagher's Human Resources & Compensation Consulting team, you will have a partner who understands the important, strategic role of human resources, and can customize solutions that will help the Bureau of Legislative Research and achieve successful business outcomes.

Your Gallagher team will pinpoint the root causes of problems, while in-depth audits and industry surveys help you see the big picture — you'll gain a full understanding of how business affects human resources and how the Bureau of Legislative Research's HR practices compare to industry peers. Our consultants will combine these insights with intellectual capital and years of practical experience to create unique solutions covering everything from employee and executive compensation to benefits administration and the design of policies and procedures.

Because our practice is dedicated to human resources and compensation, we provide flexible, custom solutions informed by data analysis and competitive benchmarking. We bring broad-based knowledge and cross-industry experience to bear on your problems and opportunities — so you can see them from all sides.

We can strengthen the Bureau of Legislative Research with the following:

- A holistic approach to customized human resources solutions that support long-range corporate strategies and goals
- Broad-based compensation assistance, including research, analysis and strategic recommendations for pay plan, incentive and sales compensation design
- Executive compensation program design to balance base salary, incentives and perquisites
- Support for HR teams — administration, program design and implementation of all HR activities
- Customized salary and benefit surveys by Gallagher Surveys

Your Gallagher consultant will guide you through our consultative process. Our partnership and the solutions that emerge from it make sense for your organization, timetable and budget. Together, we'll take a holistic approach to bring meaningful change, sustainable growth and a competitive edge to the Bureau of Legislative Research.

Institutional Investment & Fiduciary Services

Both short- and long-term investment objectives face daily threats in changing market conditions. Achieving the Bureau of Legislative Research's portfolio goals requires the combined experience of skilled financial and fiduciary professionals. Gallagher's Institutional Investment & Fiduciary team approaches traditional and alternative investments as both a consultant and a discretionary fiduciary, including an Outsourced Chief Investment Officer ("OCIO"), over defined benefit plans, VEBAs, defined contribution plans, hybrid or "variable" pension plans, and healthcare and religious portfolios.

Your team of senior investment and fiduciary professionals will conduct the analysis for the Bureau of Legislative Research, working directly with you to make educated and timely decisions informed by extensive research and market knowledge. Gallagher will operate with objectivity — independent and free of conflicts of interest. An open investment platform promotes customized solutions with only third-party investment funds (no proprietary funds); no "pay to play" money from investment managers and no soft dollars.

With a clear understanding of the benefits and risks to investment decisions, Gallagher will help the Bureau of Legislative Research make well-founded, informed choices. We can help you achieve your investment goals and manage your fiduciary liability.

Multinational Benefits & Human Resources

As worldwide markets connect in more ways than ever, the business of business is truly global. That means protecting the Bureau of Legislative Research from regulatory and compliance risks — while still meeting the needs of an international workforce — is an essential element of doing business.

At Gallagher, multi-discipline consulting expertise and proprietary technology allows your HR team to stay current with an evolving benefit landscape, so you understand global employment conditions, legislative changes, and regulatory and compliance issues. Your Multinational Benefits & Human Resources team will help the Bureau of Legislative Research

manage your global benefits, and meet the workforce's expectations with a comprehensive process, uniform reporting and expert advisors.

You will access extended support from our global network of partners, many who live and work in the countries where the Bureau of Legislative Research does business — your Gallagher team has a wealth of international benefits and global HR experience. From actuaries to risk-management consultants, the Gallagher Multinational Benefits & Human Resources team will provide complete services and expertise, helping your organization and employees thrive no matter where you do business.

Gallagher will strengthen the Bureau of Legislative Research with the following:

- Single-source accountability in the delivery of multinational services worldwide
- A Global Benefits Management System that manages HR activities worldwide from one dashboard
- Risk management strategies such as captives to help control global liabilities
- Information services, including compliance alerts and international news services
- Decades of experience in mergers and acquisitions, and harmonization of benefit programs

As your global benefits partner, Gallagher will partner with the Bureau of Legislative Research to create a comprehensive benefits and compensation solution that strengthens your multinational offering, your relationship with an international workforce, and your ability to compete worldwide.

Pharmacy Benefit Management Consulting

The pharmacy benefit is one of the largest and most complicated components of a healthcare benefits package. It's a challenge simply to stay informed about issues that affect your plan, making it even more difficult to ensure the pharmacy benefit delivers optimal value to the Bureau of Legislative Research and your employees.

But when you rely on Gallagher's Pharmacy Benefit Management Consulting team, you'll have a partner that allows you to focus on broader benefit strategies. We leverage real-world expertise and clinical insights to keep you current on issues that affect your prescription drug plan. And by assessing your PBM contract, we can help design your next contract and provide consulting focused on audits, managing costs and increasing plan satisfaction.

Gallagher can help the Bureau of Legislative Research manage prescription drug plans through tested, proven tactics, including:

- Contract review of PBM services, fees and rebate guarantees, including a thorough analysis to ensure you are receiving maximum value
- Managed implementation of new PBM if you decide to change vendors
- Ongoing consultation for pharmacy benefit design, including modeling of different copays, formulary analysis, network strategies and clinical utilization programs to control the rising costs of specialty drugs
- Pharmacy contract audits to ensure your PBM is adhering to pricing, rebates and service guarantees
- Auditing claims to ensure benefits are being billed and paid accurately
- Ongoing PBM management

The result? A healthy and energized workforce powering your organization, with lower costs for the Bureau of Legislative Research and your employees, and a PBM contract optimized for a constantly changing environment.

Retirement Plan Consulting

Do your retirement plans improve employees' financial wellbeing and meet organizational objectives? As your partner — part financial expert, strategist, analyst and communications expert — Gallagher can help the Bureau of Legislative Research satisfy your fiduciary obligations as plan sponsor and fully understand your liabilities.

The goal of retirement plans and programs should be financial wellness for the Bureau of Legislative Research and your employees. Gallagher will create an in-depth retirement strategy for your organization based on comprehensive view of the market, a deep understanding of retirement planning and an informed perspective. Our consultants address all aspects of employee retirement plans: investments, legislation, compliance, cost control, reporting requirements, ethics and everything else needed to design and implement a retirement plan that improves wellbeing.

The Bureau of Legislative Research will access Gallagher's national resources and on-the-ground teams who understand local cultures and demographics. We'll provide comprehensive plan and investment consulting solutions, including 401(k), 403(b), profit sharing and defined benefit plans, that help secure your employees' financial health. And since we're not aligned with a provider, guidance will come from consultants you know, with research and market insights customized for the Bureau of Legislative Research. We will help improve your plan and manage vendor relationships.

Gallagher strengthens the Bureau of Legislative Research with the following:

- Partnership and consultation to help you mitigate risk and avoid conflicts of interest
- A communications strategy to help employees understand their retirement plan options, responsibilities and liabilities
- A retirement program that aligns with your corporate objectives while helping employees meet their financial goals

With our well-planned fiduciary management process and hands-on, consultative approach, Gallagher can mitigate risk as a plan sponsor, prepare your workforce for retirement and improve confidence across the Bureau of Legislative Research.

Voluntary Benefits

A one-size-fits-all approach to employee benefits is usually not in the best interest of an organization or employees. A more effective strategy for the Bureau of Legislative Research is to offer a wide selection of voluntary benefits. Options such as life, disability and critical illness insurance often determine how employees rate their program and their employer.

Employee-paid and employer-subsidized voluntary benefits have become popular as employers see an opportunity to address the employee needs cost-effectively. This is shown in Gallagher's 2020 Benefits Strategy and Benchmarking Survey of more than 4,200 U.S. organizations. Three of the most popular voluntary benefits among participants were accidental death and dismemberment offered by 86% of survey participants, as well as stand-alone vision (74%) and employee assistance programs (70%).

Gallagher will help determine the voluntary options to allow the Bureau of Legislative Research to compete for top talent. Through single-source planning, record keeping and project management, we'll also support your overworked HR staff.

Your Voluntary Benefits team will start with determining industry standards, what's missing from your benefits package and your long-term strategy for attracting and retaining employees. Our planning and evaluation models look three to five years ahead, so the Bureau of Legislative Research can build a voluntary benefits program that provides immediate results *and* a foundation for growth.

Clear communications are important — from the C-suite to new hires. Our team will help the Bureau of Legislative Research educate your employees about the value of their benefits, and help them enroll.

Gallagher's enrollment processes are continuously measured, tested and refined. The focus is on ensuring the Bureau of Legislative Research's employees can make fully informed decisions, whether they're evaluating their benefits package, considering a wellness program or navigating changes in their benefits. Education and strong communications leads to increased participation and greater employee engagement.

Voluntary benefits will provide employees a choice of benefits that are most important to them, without additional organizational costs. Your Gallagher team will work with the Bureau of Legislative Research to identify and implement benefit options that increase employee job satisfaction, improve retention, boost productivity, enhance recruiting and ultimately, help differentiate your business as an employer of choice.

Wellbeing & Engagement

When the Bureau of Legislative Research has benefit and HR programs that support a changing, multigenerational workforce, it creates a culture focused on organizational health and employees' total wellbeing. Business success is a function of the people you employ and their engagement with your organization. And high engagement is linked to employee wellbeing and health.

Gallagher takes a strategic approach to wellbeing. We go beyond traditional wellness frameworks, helping the Bureau of Legislative Research create the right mix of social/emotional, financial, career, community and physical wellbeing initiatives. This includes how wellness integrates with your workers' compensation and safety programs.

Through a broad discovery process, together we will:

- Assess your unique culture, strategic business model and organizational objectives
- Understand the Bureau of Legislative Research's workforce and talent strategy to support employees' career wellbeing, by developing recommendations relevant to career stages and that support destination employer efforts
- Analyzing health metrics, claims and utilization data with employee focus group/survey information to assess readiness to change — thus identifying the prevailing population health risks
- Build a long-range wellbeing and engagement philosophy that enhances culture and improves business outcomes

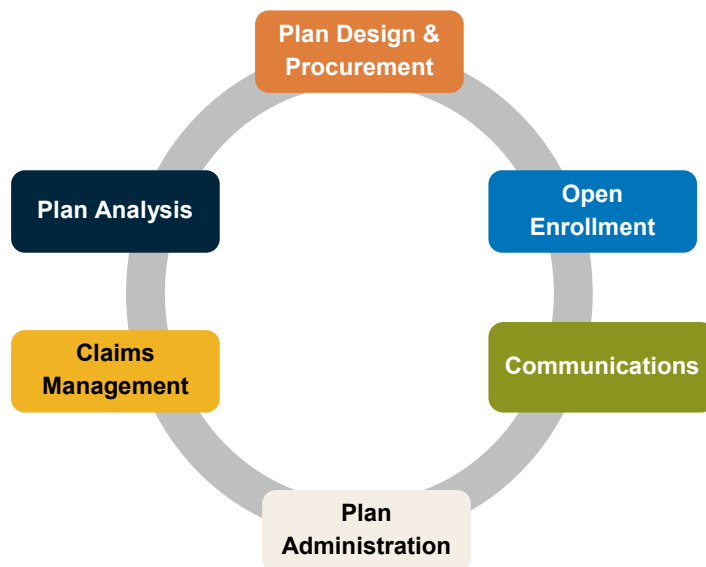
The Bureau of Legislative Research's team of dedicated Wellbeing & Engagement professionals at Gallagher will help you develop and implement plans that position wellbeing and engagement as a broad organizational solution — and delivers on your employee value proposition. In the process, we'll help you achieve goals that support your performance as a destination employer.

Benefits Delivery Process Solutions

Gallagher has a complete suite of solutions integral to benefits delivery. You can count on these solutions to increase the quality of the Bureau of Legislative Research's employee benefits programs, reduce your benefits costs, or both.

Compliance and technology are at the core of benefits delivery, and serve as the foundation for our services. Please refer to the illustration below for the Gallagher Benefits Delivery Process.

BENEFITS DELIVERY PROCESS



Legislative and Corporate Compliance Support*

Gallagher's compliance practice has a national canvas with a regional and local focus. More than 30 dedicated experts, of which more than 20 are licensed attorneys, average more than a decade of experience in benefits compliance. These experienced professionals monitor legislative initiatives, regulatory developments, court cases and industry trends, and analyze the impact of these changes on the Bureau of Legislative Research's benefit plans. These resources will assure that we apply our understanding of the latest developments to help you manage your benefits program.

Gallagher will help the Bureau of Legislative Research compliance with state and federal laws and regulations. Our experts will evaluate your benefit plans, and review relevant documents such as summary plan descriptions, insurance contracts and your employee benefit communications. Gallagher will help identify potential problem areas, and conduct a year-end review using our proprietary tools and resources to ensure compliance with COBRA, ERISA, FMLA, HIPAA, cafeteria plan rules, healthcare reform, and other relevant laws and regulations.

Keeping the Bureau of Legislative Research well informed is a top priority. In addition to hosting regular seminars and webinars, Gallagher publishes newsletters and bulletins to keep you current on benefit issues. They include:

- **Directions** — A monthly publication featuring general interest articles on employee benefits and human resources
- **HCR Update** —When regulations change or there is new legislative guidance, healthcare reform updates will keep you informed of the latest news and the impact on your organization
- **Technical Bulletin** — Detailed white papers on proposed or new legislation

*It is understood and agreed that any such services provided by Gallagher shall not constitute the practice of law.

GBS Insight – HR Administration Portal

GBS Insight uses a powerful portal framework to deliver secure, personalized online access to the latest information and tools that the Bureau of Legislative Research needs to effectively manage human resources and employee benefit programs.

You can access these complimentary core features of GBS Insight, including:

- **Dashboard** — The Dashboard features the latest news in the insurance industry, and provides a menu for single sign-on to document sharing, HReSource, and service requests.
- **Documents** — This allows secure transfer of documents from your personalized company folder. The Documents tool provides an audit trail of document history, and complies with HIPAA regulations.
- **My Service Requests** — Using My Service Requests, securely send PHI inquiries to your Gallagher account team, respond to request information and track your requests.

Optional GBS Insight services add flexibility:

- **HReSource** — This dynamic search engine and knowledge base, powered by Bloomberg BNA, delivers human resources, employee benefits, compensation, employment and regulatory information. HReSource can conduct searches, create internal policies and procedures using model documents, and keep abreast of breaking news in the industry.
- **GBSInsider** — This proprietary data warehouse and online analytics reporting system provides medical and prescription drug claims information, and uses established resources to provide low-cost analytics.

Plan Design & Procurement

ACTUARIAL SERVICES

Actuarial services are provided through the Bureau of Legislative Research's local Gallagher team and our Healthcare Analytics group. The Healthcare Analytics group's experience in employee benefits actuarial work, including modeling, will help you measure expected cost differences. You'll be able to assess costs associated with different types of medical delivery systems, different provider networks, fee schedules within similar systems and variations in benefits plans.

PREDICTIVE MODELING OF PLAN DESIGNS

Gallagher's in-house team of analysts, actuaries and clinicians use predictive models, health risk assessment tools, benchmarks and data from more than 1,200 client companies through the GBSInsider data warehouse. Modeling different plan design scenarios and helps optimize plan design for the Bureau of Legislative Research. As our partner, you can access the only benefits firm with consulting expertise *and* proprietary data warehousing under one roof.

Healthcare analytics from Gallagher will assure the Bureau of Legislative Research's plan is performing against customized benchmarks. Through objective insights and strategic recommendations, we'll help you optimize vendor performance, which will help create the best medical outcomes at the lowest possible cost. This disciplined, detailed approach supports a maximum return on your employee benefits investment long-term.

If you have needs related to stop-loss coverage, Gallagher can address them through broad experience and close working relationships with the country's major stop-loss carriers. Given our expertise in data modeling, data warehousing and consulting with reinsurers, we understand the mechanisms behind setting stop-loss rates. We'll bring that experience and expertise to the negotiating table on the Bureau of Legislative Research's behalf.

Open Enrollment

OPEN ENROLLMENT AND NEW HIRE ORIENTATION

Two of your best opportunities to show your concern for employee wellbeing coincide with two major administrative tasks: open enrollment and new hire orientation. These are key opportunities to shape the employee experience, so they demand a carefully considered strategic approach. Designing programs specifically for your workforce and culture will generate the greatest return on your investments in time, effort and finances.

We can help you plan and execute effective approaches to open enrollment and new hire orientation based on the Bureau of Legislative Research's communication style, including:

- Enrollment strategy
- Customized communications such as announcement letters, executive communications, enrollment forms, open enrollment brochures, posters, articles for internal newsletters and intranets, electronic information, payroll stuffers and other vehicles

- Customized presentation of open enrollment programs
- Open enrollment meetings
- Employee health fairs

To deliver the most impact, Gallagher applies industry best practices in communications. The Bureau of Legislative Research will have dedicated, in-house communications professionals supporting this effort. Gallagher's corporate graphics department, highly experienced in benefits enrollment communications design, is at these professionals' disposal.

You can also automate your open enrollment and new employee orientation, optimizing the experience for your employees by giving them 24/7 access to answers for their questions. These services are provided by one of Gallagher's preferred vendors.

EMPLOYEE EDUCATION

High employee satisfaction and lower claims experience can be directly linked to employee understanding of benefit programs. But even to the most knowledgeable of the Bureau of Legislative Research employees, benefit programs can be confusing.

Gallagher will offer the Bureau of Legislative Research online employee education and benefits plan tools, such as benefit portals, total compensation statement software and an automated form population module. In addition, our integrated eligibility management platform provides the foundation for coordinating online enrollment tools (if you decide to implement this option). We'll also help you evaluate the most current enrollment tools and techniques.

Communications

EMPLOYEE COMMUNICATIONS

It is imperative that the Bureau of Legislative Research's employees clearly understand your benefits program and the role it plays as a part of their total compensation package. Employees with a thorough understanding of their benefits will value them more — and are more likely to stay with their organization. As a result, a strong communications program is important in a competitive recruiting environment.

Your communications strategy will address and adhere to the Bureau of Legislative Research's cultural and financial constraints. At the same time, it will provide employees with a competitive benefits program that they value. By aligning employer and employee needs, this approach allows validates and defines an effective long-term benefits strategy.

In addition to developing an employee communications strategy, Gallagher's communications services, resources and technology solutions include:

- Open enrollment and new hire orientation materials
- Employee education programs and websites
- Total compensation and benefits statements
- Employee newsletters
- Benefits confirmation statements
- Employee communication sites
- Employee satisfaction surveys

Gallagher has the expertise and commitment necessary to communicate thoughtful, compelling messaging that conveys the true value of the Bureau of Legislative Research's benefits program.

WEB-BASED EMPLOYEE COMMUNICATIONS

Employees don't want to wait for responses to requests and answers to questions about benefits. They expect anytime access to benefits information. Gallagher can help the Bureau of Legislative Research reduce the burden on your HR administration and respond to your employees' needs through online, 24/7 access to benefits information and resources.

Through our relationships with leading technology companies, we will connect you with online communications, administrative services and tools, and enrollment solutions to help you and your employees fulfill benefits needs efficiently and effectively.

EMPLOYEE BENEFIT AND TOTAL COMPENSATION STATEMENTS

Well-informed employees are more satisfied employees, which is why it's important for the Bureau of Legislative Research to make employees aware of all their employee benefits.

Following your open enrollment period, Gallagher will provide a personalized annual benefits statement to each employee that presents the exact details of their benefits. We'll also provide total compensation statements, also known as "hidden paychecks," to show the monetary value of these benefits. Improving employee understanding of their benefits and compensation packages' total value can help attract, engage and retain top talent at the right cost, positioning the Bureau of Legislative Research as a destination employer.

Plan Administration

THIRD-PARTY ADMINISTRATION

With years of experience working with third-party administrator (TPA) organizations, Gallagher can identify, negotiate and manage your TPA relationships, freeing your staff to concentrate on your broader HR strategy.

FLEXIBLE SPENDING ACCOUNT (SECTION 125 PLAN) ADMINISTRATION

Flexible spending accounts provide employees with an additional option to manage their healthcare costs, and are a component of a top-quality benefits program. Gallagher can administer all aspects of these plans, including plan structuring, compliance management and employee communications.

COBRA ADMINISTRATION

Handling the medical coverage of former employees can be time consuming. Gallagher can manage the Bureau of Legislative Research's COBRA enrollment, monitoring and billing, and ensure compliance with all federal regulations.

5500 FILINGS

Gallagher can assist the Bureau of Legislative Research in the preparation and annual filing of 5500 forms. To meet your needs, we have partnered with Wrangle LLC, a leading Form 5500 outsourcing firm. Wrangle has completed thousands of Form 5500s, and has the experience and expertise to handle most every situation. Gallagher and Wrangle can eliminate the burden of Form 5500 filing so that you can spend your time performing valuable work — while gaining some peace of mind.

BENEFITS ADMINISTRATION ASSESSMENT

Having worked with thousands of human resources departments over many years, we are intimately familiar with industry best practices. Gallagher will review the Bureau of Legislative Research's HR practices and procedures related to administering your benefit programs, and will provide a report with recommendations that cites opportunities for cost savings and other improvements.

Claims Management

CASE MANAGEMENT AND UTILIZATION REVIEW

To properly fund the Bureau of Legislative Research's program and meet your financial and benefit goals, it is important for you to understand carrier and third-party administrator (TPA) utilization reports. Gallagher has the expertise to analyze and evaluate this data.

A proprietary TPA claims audit allows a meticulous review and analysis of large, valid claims samples. We pay special attention to areas in which you are likely to minimize costs, including COBRA, claims paid post-termination, recovery of overpayments, student dependents, claimant and provider eligibility, referral authorization and negotiated provider discounts. We also electronically audit claims, searching for duplicates and verifying eligibility against actual claims data.

Gallagher can manage the cases of the small percentage of employees who make up the bulk of the Bureau of Legislative Research's healthcare costs. Through our utilization review process, we can negotiate better rates on products and services.

WELLBEING AND PRODUCTIVITY STRATEGIES

Improving the health and wellbeing of the Bureau of Legislative Research's employees is good business. Healthy, stable employees are engaged, productive and reliable. A successful wellness program also helps contain costs. Gallagher's model

combines strategies and tactics for health promotion, risk identification, risk stratification, lifestyle programs, clinical programs and access to care.

Gallagher has helped many clients implement successful wellness strategies and programs. As we are data driven, we will analyze the Bureau of Legislative Research's medical and pharmaceutical data to identify hidden program costs. Predictive modeling will provide insights into future costs; modeling data will be compared to an in-depth analysis of your current workforce demographics, and the results will speak to the alignment between your financial outcomes, plan design and employee composition.

When determining employee wellbeing, we integrate five dimensions of wellbeing: physical, emotional, financial, career and community. With your goals in mind — and a focus on plan execution and measurement over time — Gallagher can:

- Assess current wellness programs, and make recommendations on expansion and improvement
- Develop multi-year health and productivity strategies and budgets to achieve measurable health and productivity gains
- Create and implement data-driven health and productivity-based programs that support and enhance your organization's multi-year health strategy
- Identify health and productivity programs that will be put out to bid; we will conduct RFPs, select wellness partners and negotiate and outline the scope and pricing of these programs
- Assist in developing incentive programs tied to health and productivity programs to increase participation, engage employees and encourage behavioral change

Gallagher will also manage all facets of your wellness program to ensure alignment of the plan's components, including vendor and community partners, to maintain the integrity of the program and achieve program goals.

DISEASE MANAGEMENT PROGRAMS

A disease management program can have a significant and favorable effect on the Bureau of Legislative Research's benefit costs. With this program in place, you can reduce your expense as much as 10 percent by carefully monitoring the needs of the small number of employees who account for the majority of your healthcare spending.

Gallagher has developed a proprietary health management program designed for employers with 50 to 50,000 employees. This total health management program helps drive behavioral change and significant outcomes for clients. Gallagher can institute a factor, and will evaluate the program for cost savings generated. With this detailed view, you will be able to base your future disease management efforts on the effectiveness of actual program results.

Plan Analysis

DATA ANALYSIS AND CLAIMS BENCHMARKING

Gallagher accesses vast benchmarking data from proprietary tools and subscription sources. We can provide the Bureau of Legislative Research with benchmarking information on benefits, employer and employee contributions, medical utilization, cost analytics and cost and network information. Gallagher makes actuarial services available for testing assumptions about multiple enrollment scenarios and benefits design.

In addition, Gallagher uses two additional benchmarking resources. They include:

- **GBSInsider** — Gallagher's proprietary data warehouse platform will analyze data within your organization to illustrate the costs associated with your medical benefit plan. With the GBSInsider, you'll be able to assess where, how and why healthcare costs are incurred, and then compare your results with cost and utilization benchmarks in more than 40 different medical service categories.
- **BenefitPoint** — Our proprietary nationwide client database correlates data from thousands of clients, giving you access to specific client-focused benchmarking information, down to a specific industry, locale or plan detail.

Gallagher is also highly experienced in conducting client-specific benchmarking, and can target the specific industries in which you compete.

EMPLOYEE SATISFACTION SURVEYS

Knowing the Bureau of Legislative Research's employees' benefits program preferences and concerns will strengthen offerings and show employees you value their opinions. Using our online program, GBS Viewpoints, we can develop and implement employee surveys, handling each step from design through analysis.

Survey results can be cross-tabulated by location or other variables, and supported by detailed and summary reports, as well as recommendations based on results. When Gallagher conducts your employee satisfaction surveys, the results are highly credible, because they show employees' true impressions of your programs.

CUSTOM MARKET STUDIES

Gallagher's Healthcare Analytics team can provide the Bureau of Legislative Research. Internet-based custom salary market studies. All studies meet U.S. Department of Justice anti-trust guidelines for salary surveys and include these options:

- Local area surveys
- Industry surveys
- Trade and professional associations
- Single job surveys

Transition to Gallagher

The Transition Process

Gallagher assures the Bureau of Legislative Research an employee benefits plan transition that causes no disruptions to HR staff or employees, and maintains employee confidence in your program — our methodology has successfully transitioned thousands of plans.

The transition process features a dedicated team expert in plan design, employee communications, carrier negotiations and customer service. First, your Gallagher team will present the Bureau of Legislative Research's HR management with a detailed transition plan that includes delivery dates and accountabilities. Regular meetings and status reports will keep you informed and confident that we can identify and rectify any issues before they become problematic.

Privacy and Security

Gallagher diligently protects the privacy and security of the Bureau of Legislative Research's plan data and takes extra precautions in handling that information. Because we follow strict security policies and procedures, all Gallagher employees with access to confidential information are regularly trained on security issues and HIPAA compliance.

All Gallagher locations have disaster recovery plans. Each location has set contingencies for office space, computers and equipment, and each provides detailed communications instructions, including staff contact trees.

All of your data is stored on secure servers that are backed up each night and stored offsite, while standby servers perform online duplication. Finally, online access to relevant areas of Gallagher's website is available only through a Secure Sockets Layer (SSL) enabled web browser that supports encryption technology.

Fees and Commissions

Annually, the Bureau of Legislative Research will receive a full disclosure of all commissions and fees paid to Gallagher during the specific plan year.

Gallagher may be compensated through direct fees or insurance company commissions, including supplemental and contingent commissions, or a combination of sources. Each client makes that choice based on philosophical and budget considerations.

Direct consulting fees include compensation to Gallagher paid directly by the plan sponsor. Indirect fees are defined as compensation to Gallagher paid by a third party and include, among other things, the payment of "finders' fees" or other fees to Gallagher for a transaction or service involving the plan.

Commissions include all commissions and fees paid to Gallagher that can be attributed to a contract or policy between a plan and an insurance company, or an insurance service. A supplemental commission is a commission paid by an insurance carrier that is above the base commission paid. The insurance carrier determines the supplemental commission that is eligible to be paid annually based on historical performance criteria in advance of the contractual period. A contingent commission is a commission paid by an insurance carrier based on the overall profit and/or the overall volume of business placed with that insurance carrier during a particular calendar year. This type of commission is determined after the contractual period.

All revenue received directly or indirectly that is related to services or products provided to the Bureau of Legislative Research, or placed on your organization's behalf, must be disclosed to the Bureau of Legislative Research. This requirement applies to ERISA and non-ERISA plans.

Disclosure is done through the Client Coverage Acknowledgement Form as well as the GBS Consulting Agreement when appropriate, or the Brokerage Service Agreement. Accurate, timely disclosure is a required component of Gallagher business operations.

[Please see Sample Consulting Agreement.](#)

Mergers & Acquisitions, Liability Insurance and Litigation

Mergers and Acquisitions

Mergers and acquisitions can be taxing on employees and HR departments — we know this firsthand, as Gallagher has acquired hundreds of companies over the last decade.

This background uniquely prepares us to guide the Bureau of Legislative Research through M&A activity, and help restructure your benefit plans in a merger. Your Gallagher team brings years of experience in all HR aspects of M&A, including plan consolidation, vendor consolidation, transition planning, transition timing and employee communications.

Liability Insurance

Please see the attached sample liability and E&O certificates.

Litigation

Arthur J. Gallagher & Co. faces no pending litigation that would affect our ability to provide the services described in this proposal to the Bureau of Legislative Research.

Conclusion

Thank you for the opportunity to provide Bureau of Legislative Research with this response to your proposal request.

Gallagher combines specialized, local employee benefits and HR expertise with global resources to help navigate complex regulatory, legislative, financial and organizational issues to build a better workplace. We'll be your expert, advocate and guide in developing and managing holistic, cost-effective benefit and compensation solutions as your needs and goals change in an evolving marketplace.

Recognizing that your decisions affect the health and welfare of your employees and their families, we're committed to helping cultivate a workplace that attracts, retains and engages employees, while reducing risk and keeping costs in check.

We look forward to a partnership that delivers a holistic people strategy that firmly positions the Bureau of Legislative Research as a destination employer, increases your growth potential and results in a workplace that simply works better. While your best may be finite, your better is never finished.



Disclosure

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc., a non-investment firm and subsidiary of Arthur J. Gallagher & Co., is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services." Investment advisory services and corresponding named fiduciary services may be offered through Gallagher Fiduciary Advisors, LLC, a Registered Investment Adviser. Gallagher Fiduciary Advisors, LLC is a single-member, limited-liability company, with Gallagher Benefit Services, Inc. as its single member. Certain appropriately licensed individuals of Arthur J. Gallagher & Co. subsidiaries or affiliates, excluding Gallagher Fiduciary Advisors, LLC, offer securities through Kestra Investment Services (Kestra IS), member FINRA/SIPC and or investment advisory services through Kestra Advisory Services (Kestra AS), an affiliate of Kestra IS. Neither Kestra IS nor Kestra AS is affiliated with Arthur J. Gallagher & Co., Gallagher Benefit Services, Inc. or Gallagher Fiduciary Advisors, LLC. Neither Kestra AS, Kestra IS, Arthur J. Gallagher & Co., nor their affiliates provide accounting, legal, or tax advice.



The Gallagher Way.

Shared Values at Arthur J. Gallagher & Co. are the rock foundation of the Company and our Culture. What is a Shared Value? These are concepts that the vast majority of the movers and shakers in the Company passionately adhere to. What are some of Arthur J. Gallagher's & Co.'s Shared Values

- 01 WE ARE A SALES AND MARKETING COMPANY DEDICATED TO PROVIDING EXCELLENCE IN RISK MANAGEMENT SERVICES TO OUR CLIENTS.
- 02 WE SUPPORT ONE ANOTHER. WE BELIEVE IN ONE ANOTHER. WE ACKNOWLEDGE AND RESPECT THE ABILITY OF ONE ANOTHER.
- 03 WE PUSH FOR PROFESSIONAL EXCELLENCE.
- 04 WE CAN ALL IMPROVE AND LEARN FROM ONE ANOTHER.
- 05 THERE ARE NO SECOND-CLASS CITIZENS — EVERYONE IS IMPORTANT AND EVERYONE'S JOB IS IMPORTANT.
- 06 WE'RE AN OPEN SOCIETY.
- 07 EMPATHY FOR THE OTHER PERSON IS NOT A WEAKNESS.
- 08 SUSPICION BREEDS MORE SUSPICION. TO TRUST AND BE TRUSTED IS VITAL.
- 09 LEADERS NEED FOLLOWERS. HOW LEADERS TREAT FOLLOWERS HAS A DIRECT IMPACT ON THE EFFECTIVENESS OF THE LEADER.
- 10 INTERPERSONAL BUSINESS RELATIONSHIPS SHOULD BE BUILT.
- 11 WE ALL NEED ONE ANOTHER. WE ARE ALL COGS IN A WHEEL.
- 12 NO DEPARTMENT OR PERSON IS AN ISLAND.
- 13 PROFESSIONAL COURTESY IS EXPECTED.
- 14 NEVER ASK SOMEONE TO DO SOMETHING YOU WOULDN'T DO YOURSELF.
- 15 I CONSIDER MYSELF SUPPORT FOR OUR SALES AND MARKETING. WE CAN'T MAKE THINGS HAPPEN WITHOUT EACH OTHER. WE ARE A TEAM.
- 16 LOYALTY AND RESPECT ARE EARNED — NOT DICTATED.
- 17 FEAR IS A TURNOFF.
- 18 PEOPLE SKILLS ARE VERY IMPORTANT AT ARTHUR J. GALLAGHER & CO.
- 19 WE'RE A VERY COMPETITIVE AND AGGRESSIVE COMPANY.
- 20 WE RUN TO PROBLEMS — NOT AWAY FROM THEM.
- 21 WE ADHERE TO THE HIGHEST STANDARDS OF MORAL AND ETHICAL BEHAVIOR.
- 22 PEOPLE WORK HARDER AND ARE MORE EFFECTIVE WHEN THEY'RE TURNED ON — NOT TURNED OFF.
- 23 WE ARE A WARM, CLOSE COMPANY. THIS IS A STRENGTH — NOT A WEAKNESS.
- 24 WE MUST CONTINUE BUILDING A PROFESSIONAL COMPANY — TOGETHER — AS A TEAM.
- 25 SHARED VALUES CAN BE ALTERED WITH CIRCUMSTANCES — BUT CAREFULLY AND WITH TACT AND CONSIDERATION FOR ONE ANOTHER'S NEEDS.

—ROBERT E. GALLAGHER, MAY 1984

Times Change. Ethics Don't.



Gallagher named one of the world's most ethical companies for 2021*

Arthur J. Gallagher & Co. was named one of the World's Most Ethical Companies for 2021. Gallagher, the only insurance broker to make the list, joins a small, distinguished group of companies committed to operating at the highest standards of ethical behavior.

"World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC.



Gallagher

Insurance | Risk Management | Consulting

Professional Experience

Nick Long

Nick was a founding partner of The Garza Long Group, which grew to be one of the largest HUB certified independent benefit consulting firms in Texas. After, The Garza Long Group was acquired by Gallagher Benefit Services, Nick accepted a position as Area Vice President in the South Central Region.

Throughout his career Nick has focused on the unique needs of Public Employers. Before cofounding the GL Group, Nick spent several years at Aetna and rose to Vice President in the Public & Labor division responsible for Sales and Client Retention of public accounts across the State of Texas.

Nick has maintained his concentration in Public employers and is currently part of the Gallagher Public Entity, Hospital & Scholastic Group. This specialized group inside of Gallagher is exclusively dedicated to serving the Public sector and has access to a variety of exceptional resources to meet their needs.

Nick has a BBA in Finance and a MBA from the University of Texas at Austin. He is active in his community and currently serves on the League City Council and has served on the City of League City Finance Committee, CCISD District Educational Improvement Committee, CCISD Student Health Advisory Committee and the University of Texas Chancellor's Committee. He is married to his high school sweetheart, Kari, who also works for Gallagher. They have two children, Sterling and Walker, and live in their hometown of League City, Texas.



Nick Long
Area Vice President

Chris Newell

Chris Newell began his career in 1987 and had his own agency for 25 years as an employee benefit broker/consultant in Little Rock, AR. In 2015 he became a merger partner with Gallagher Benefit Services, Inc. and joined as an Area Vice-President.

Chris has a long history of taking care of his clients with unmatched customer service and cutting edge solutions. One of his current specialties is helping employers control health care costs while greatly improving health care outcomes.

He is married with two grown daughters and enjoys many hobbies including being a musician, riding his bicycle, boating on the lake, volunteering for church and charity, and spending time with family and friends.



GBS – Little Rock, AR
Area Vice President

GALLAGHER BENEFIT SERVICES, INC.

6325 Ranch Drive

Little Rock, AR 72223

501.517.6598

chris_newell@ajg.com

Ron Novak

Ron joined Arthur J. Gallagher & Companies Arkansas-Oklahoma Branch in 2011 when Group Benefits of Arkansas was acquired. He began his career in the Employee Benefits field in 1997 working for Group Insurance Consultants as an Employee Benefits Producer. In April of 2004, Ron Novak along with Andy Jackson opened their own agency, Group Benefits of Arkansas, and quickly became one of the fastest growing agencies in Arkansas. Ron merged his company with Arthur J. Gallagher & Co. in order to allow him and his team to become the premier brokerage and consulting agency in the state.

With more than 20 years of experience in the field of Employee Benefits, Ron has developed extensive knowledge and experience in areas of plan and funding analysis, for both fully insured and self-funded clients. His knowledge in this area gives him a solid base from which to negotiate reinsurance rates and contracts and to ensure that the exposures facing his clients are well protected and insured. In his role as Area Vice President and Producing Consultant, Ron is responsible for the sale of new business as well as the overall management of the clients he serves. His commitment to excellent client service is clearly defined and he works closely with his team of Account Management and Compliance staff to ensure delivery of innovative and state of the art solutions to unique needs. In the rapidly changing regulatory environment that governs the plans that his clients offer, Ron is dedicated to staying current on legislative activity and providing guidance as to how his clients need to act in order to remain compliant.

Ron is a graduate of the University of Arkansas. He resides in Fayetteville, Arkansas with his wife Abby, daughter Emma, and son Sam, where they are involved with their church and many community organizations. In his free time, he enjoys running, reading, and spending time with his family and friends.



GBS - Arkansas

Area Vice President / Consultant

GALLAGHER BENEFIT SERVICES, INC.

901 N. 47th Street, Suite 303

Rogers, AR 72756

479-221-9710

Ron_Novak@ajg.com



Gallagher

Insurance | Risk Management | Consulting

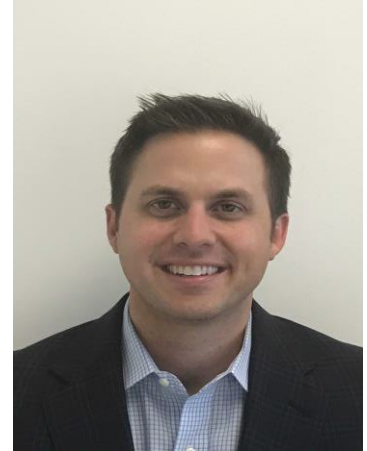
Tim Brown

Tim joined the Gallagher Benefit Services team in 2017. Prior to joining the Gallagher team Tim spent 10 years working for a major insurance carrier, Aetna, where he specialized in group benefits for large employers. Tim's time on both the consultant and carrier side provides him with a unique perspective and a strong knowledge base to meet his client's employee benefit needs.

As a Benefits Consultant, Tim is responsible for cultivating new client relationships as well as working with current clients to build and maintain their employee benefit programs. His customer-focused consultative approach involves cost-containment and client service strategies that bring reliable results to his clients. His time spent on the carrier side allows him to leverage vendor relationships to benefit his clients and ensure that their needs are met. Tim specializes in Gallagher's proprietary forensic contract review and opportunity identification process.

Tim is a native Texan and currently lives in Houston with his wife and two sons. He is a graduate of the University of Texas at Austin where he studied Economics.

Tenet 12 – No department or person is an island



GBS - Houston
Benefits Consultant

GALLAGHER BENEFIT SERVICES, INC.

1900 West Loop South, Houston, TX 77027

Suite 1600

713.935.8812

Tim_Brown@ajg.com

Gary Hysell

Gary has been a benefits professional for over 30 years and has a wide array of experience within the industry. He began his career in 1983 with John Hancock in underwriting and has worked with all types of industries within various geographies. He made a move to Aetna in 1998 and rose to heading up the underwriting department for the western region.

During his career, Gary has had over 15 years working for consulting firms as both an account executive and financial consultant. He has worked with public and private sectors, for large and small clients. His experience includes servicing of client needs, strategic direction for their benefit programs, and financial analysis. He also has a good knowledge of the Affordable Care Act and how it impacts employees and employers.

Gary joined Gallagher in September 2014 after relocating to Texas for family. He leads the service team and helps grow the business within the South Texas region. He resides in Wimberley, Texas with his wife, daughter and grandson. He has a Bachelor of Science in Marketing from Michigan State University and is currently pursuing his CEBS designation.



GBS – San Antonio
Area VP of Client Services

GALLAGHER BENEFIT SERVICES, INC.

70 NE Loop 410, Suite 325
San Antonio, TX 78216
925.759.2684
gary_hysell@ajg.com

Lou Arias

Lou has been a benefits professional for just over 20 years with experience in many aspects in benefits administration. He began his career in El Paso, Texas in 1995, with Access Administrators as a Customer Service Representative for Public Sector Entities. He was promoted to Account Manager a year later. In 1998, he took a position as a Sales Executive with Prudential Healthcare which was eventually acquired by Aetna also in El Paso, Texas.

In 2003, Lou left Aetna for an opportunity to move to Austin, Texas with Humana as a Large Group Sales Executive. Lou continued to work with large groups mostly on a Self-Funded basis. Lou held several positions with Humana, including the Humana Veterans Initiative and later with Humana Specialty. In 2015, Lou accepted a position with TML Intergovernmental Employee Benefits Pool and PEBA as a Sales and Distribution Specialist in Austin. Lou provided benefit solutions by promoting TML IEBP/PEBA to political sub-divisions in Texas and Oklahoma. He also provided ACA education and Pre and Post 65 Retiree solutions to prospective clients for IEBP.

Lou joined Arthur J. Gallagher & Co as an Account Executive in 2016, as part of the Public Entity and Scholastic Group team in Texas.

Lou attended the University of Texas at El Paso, where he majored in Business Administration. Lou lives just north of Austin, in the growing city of Hutto, Texas. Lou is also an active member of Austin Association of Health Underwriters and has served as President for El Paso Association of Health Underwriters.



Lou Arias
Account Executive

Kandace Stepchinski

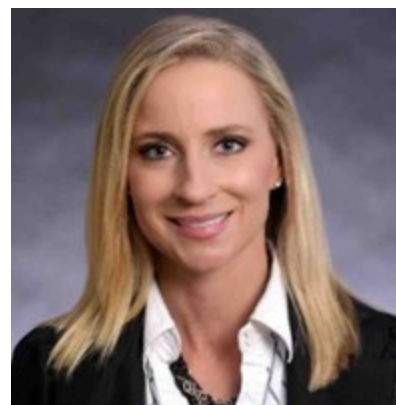
Kandace joined Gallagher Benefit Services team in 2016, and brings 10 years of experience from both the public and private sector employee benefit markets.

In her role as Account Manager, Kandace is a part of the Gallagher Public Entity, Hospital and Scholastic Group and works with large municipality, county and school district clients all across Texas.

As an Account Manager, she is responsible for day-to-day client assistance related to their employee benefit plans, client communications, assist clients in preparation of marketing documents, assisting in the renewal process, new carrier implementation processes, preparation of client deliverables and implementation of new accounts.

Her strong values, work ethic, attention to detail and commitment to excellence makes her a trusted team leader to both her clients and her Gallagher team.

Kandace attended Texas A&M University and currently resides in League City with her husband and 2 children. She stays busy with her children's various activities, and enjoys crossfit, reading and being outdoors.



GBS - San Antonio
Account Manager

GALLAGHER BENEFIT SERVICES, INC.

70 NE Loop 410, Suite 325

San Antonio, TX 78216

210.348.3147

Kandace_Stepchinski@ajg.com

Cas Petkovic

Cas has been working in Insurance for 15 years. He started on the service side taking care of claims for customers and building his foundation of responsiveness and customer satisfaction. He currently works as a consultant in the South Central Region for Gallagher.

Early on his career, Cas worked for Unum and MetLife where he managed private and public sector clients and partnered with agents and consultants to put the best possible benefit packages together for clients whether that be employer or employee paid. He focused on dental, vision, life and disability benefit plans for large groups. He also learned the many different ways to help communicate and educate employees to assist them in understanding their employee benefit plans and help them make educated decisions around their employers benefit plans.

Cas is dedicated to helping each of his clients achieve a customized solution that is the best fit for their employees and is always looking to stay current and innovative in what is available in the market to maximize benefits and technology.



Cas Petkovic
Consultant

Kisheia Mitchell

Kisheia Mitchell has fifteen years of experience in the insurance industry and eighteen years of experience in sales support and service. She started her insurance career in 2004 rotating in various roles within the insurance carrier side, getting to know how to service demanding and complex clients and always maintaining a high level of integrity.

In her current role as Account Manager in our Pubic Sector division, Kisheia will work alongside our account executive in making sure our client's needs are met and any outstanding issues are completed to our client's satisfaction.

Prior to joining Gallagher, she served as a Middle Market Service Manager where she engaged the sales support teams in driving sales results and oversaw twelve Sales Support Specialists to help with administration, RFP, and cold case processes, renewals, acquisitions and service escalations. Additionally, she managed a book of business consisting of employers ranging in size from 100 to 7,500 employees.

Kisheia's experience spans across all lines of business including Dental, Vision, Life, Disability, Voluntary Benefits and continually strives to exceed client's expectations and partners as an extension of her clients. She has continually focused on their overall strategy to ensure creative delivery of appropriate products, services and support. She looks forward to providing you with the industry-leading value and quality service you expect from Gallagher.



GBS -San Antonio
Account Manager

GALLAGHER BENEFIT SERVICES, INC.

2245 Texas Drive, Suite 140

Sugar Land, TX 77479

210.348.4105

Kisheia.Mitchell@ajg.com

Allyson Stansberry – Brooks,

has recently joined the Gallagher Benefit Service public niche team. After spending the last 7 years in procurement, public and private, Allyson has decided to diversify her career experience and serve as the go to person for assisting public entities, focusing on school districts and other public municipalities.

Allyson holds a dual degree with a BS in Business Marketing and Business Supply Chain Management from Clark Atlanta University, Atlanta GA class of 2010. She is also a graduating candidate for Master's in Public Administration from Texas Southern University, Houston, TX class of May 2020. During her tenure at Texas Southern University, she was presented with the opportunity to study abroad in Public Policy and International Affairs in Accra, the capitol of Ghana. Having the study abroad experience has definitely affirmed the importance of "diversity" and knowing that in when working to build meaningful relationship with clients, listening to understand their needs is equally important as providing solutions that are a great fit.

When not working Allyson loves to spend time outdoors like running the Hermann Park trail, attending sons athletic games and competitions, and volunteer work with female high school and college students from her alma mater. Allyson credits the fact that she is a part of a dynamic team and company and is very ecstatic about making a real difference in the days to come by conducting business the Gallagher Way!



GBS - Branch
Account Manager

GALLAGHER BENEFIT SERVICES, INC.

1900 West Loop South, Suite 1600

Houston, TX 77027

Phone: 713.935.8849

Email: Allyson_StansberryBrooks@ajg.com

Matt Adams

Matt joined Gallagher Benefit Services, Inc. in September 2012 as a South Central Underwriter after earning a B.S. in Actuarial Science from The University of Texas at Dallas.

Since joining GBS in 2012, Matt has been an integral part of growing the SCR Pharmacy Department as well as assisting with the training and development of the Junior Underwriters.

Matt's primary responsibilities include data collection, communication and coordination with the bidding carriers, and evaluating the financial results generated by GBS' proprietary pricing model for all Pharmacy Benefit Manager (PBM) Procurements.

Matt also conducts PBM Contract Reviews, Ad Hoc reporting, and routine analysis including but not limited to developing and maintaining intricate Rx dashboards, monitor drug spend and utilization trends, ROI calculations for the consulting services we provide, and claims repricing.

Matt resides in League City, Texas with his wife Alex and his daughter Kennedy. He enjoys fishing, golfing, and spending time with his family.



Matt Adams
Pharmacy Consultant

GALLAGHER BENEFIT SERVICES, INC.

713.358.5234 direct

832.671.8214 cell

713.358.5235 fax

Matthew_Adams@ajg.com

Tom Tran - Pharm.D.

Dr. Tom Tran joined Gallagher Benefit Services, Inc. in August 2015. He began his career in the Health & Wellness industry in 1995 and moved into Employee Benefits in 1999. Prior to joining the Gallagher Benefit Services Houston office, Tom served in senior leadership roles for health plan carriers and pharmacy benefit manager (PBM) companies.

With over 16 years working as a pharmacist in the field of employee benefits, Tom has developed extensive skills at helping employers optimize their PBM contract, pharmacy benefit plan designs, and developing and implementing clinical programs that have proven value.

In his role as Lead Pharmacy Practice Consultant, Tom's primary focus is to partner with employers to maximize their drug spend and to provide employers with their own personal pharmacist who can help them navigate through the ever changing pharmaceutical landscape. Tom's strong clinical and analytical skills and commitment to excellent customer service makes him a trusted advisor to both clients and his Gallagher team.

Tom is a graduate of Baylor University with a Bachelor of Arts in Biology. He received his Doctorate of Pharmacy degree from the University Of Houston College Of Pharmacy. He is a registered pharmacist with the Texas State Board of Pharmacy. Tom resides in Dallas, TX with his wife and 2 sons. He enjoys tennis and spending time with his family.



South Central Region
Lead Pharmacy Practice
Consultant

GALLAGHER BENEFIT SERVICES, INC.

Direct: 713.358.5214

Cell: 469.307.6428

Tom_tran@ajg.com

Mai Ly Hoang, Pharm.D.

Mai Ly joined Arthur J. Gallagher (AJG) in April 2018. She is a licensed pharmacist and has nineteen years of experience in managed care, including different roles within pharmacy benefit manager (PBM) companies and as a consultant.

In her role as Lead Pharmacy Practice Consultant, Mai Ly's primary focus is help clients manage their pharmacy spend and to navigate through the complex and dynamic pharmacy marketplace.

Mai Ly is a graduate of University of North Texas with a Bachelor of Arts in Biology and French. She received her Doctorate of Pharmacy degree from the University of Houston College of Pharmacy. She resides in Dallas, TX with her husband and two sons.



South Central Region
Lead Pharmacy Consultant

GALLAGHER BENEFIT SERVICES, INC.

5420 LBJ Frwy, Suite 400

Dallas, TX 75240

972.663.6135

maily_hoang@ajg.com

Andrew Malahowski, JD

Andrew Malahowski joined Gallagher's Dallas, Texas office in 2014. Andrew was previously a partner with an employment and benefits law firm in Chicago, Illinois, where he represented both public and private sector employers in a broad range of employee benefits matters. His counseling experience includes the design and administration of employee benefit plans, and he has counseled clients with respect to compliance obligations under ERISA, PPACA, COBRA, HIPAA, and various other employee benefits laws and regulations.

As Compliance Counsel, he assists the many offices of Gallagher's Heartland and South Central Regions with both day-to-day and strategic compliance questions related to health and welfare plans. He has also assisted clients with benefit plan audits and filings with the IRS and DOL. Andrew's additional depth of experience from his prior law practice allows him to strategize with clients on other angles affecting their employee benefit plans, such as collective bargaining, worker classification, and the management of employee leaves of absence.

Andrew lives with his family in Coppell, Texas, and is a "Double Domer" graduate of the University of Notre Dame and the University of Notre Dame Law School. Andrew is a licensed attorney in the states of Illinois (inactive status) and Texas.



Heartland and South Central Region

Area Senior Vice President,
Compliance Counsel

GALLAGHER BENEFIT SERVICES, INC.

Two Lincoln Centre 5420 LBJ Freeway, Suite 400
Dallas, Texas 75240
972-663-6171
Andrew_Malahowski@ajg.com

Janet Downs, JD

Janet joined Gallagher Benefits Services in 2014 with fifteen years of experience in administering and providing compliance guidance to employer sponsors of benefit plans. Prior to Gallagher, Janet worked at Fortune 100 companies in the energy and manufacturing sectors designing, administering, and providing compliance guidance for health and welfare, qualified retirement, and executive compensation plans. In addition, she has developed audit and educational programs to ensure compliance of those plans among staff and clients. Janet is a frequent speaker at local and national employee benefits and human resources associations on various employee benefits topics.

In her role as Area Assistant Vice President, Compliance Counsel, Janet assists clients with compliance issues related to health & welfare plans, including ERISA, PPACA, HIPAA, COBRA and various other employee benefit regulations. Her experience working as a plan sponsor, plan administrator and attorney provides her with multi-faceted experience and knowledge to assist employers in finding practical solutions to comply with the myriad of complex regulations.

Janet is a graduate of the University of Texas at Austin and graduated *cum laude* from South Texas College of Law. Janet is a licensed attorney in the state of Texas.



Heartland and South Central Region

Area Assistant Vice President,
Compliance Counsel

GALLAGHER BENEFIT SERVICES, INC.

1900 West Loop South, Suite 1600
Houston, Texas 77027
713-358-7870
Janet_Downs@ajg.com



Gallagher

Insurance | Risk Management | Consulting

Ruben Reyes, J.D., LL.M.

Ruben joined Gallagher Benefit Services, Inc. in 2014, and brings over 14 years of employee benefits and ERISA experience from both a corporate and law firm environment. As Compliance Counsel, he handles a broad range of group health and welfare benefit plan matters including: plan design, administration, reporting and disclosure requirements, government filings and various federal regulations that impact group plans under PPACA, HIPAA, COBRA and FMLA.

Ruben is a frequent speaker at several state and national professional organizations, such as: The Society for Human Resource Management (SHRM), California State Bar Association, BIO Human Resources and is a web series contributor for ExecSense, the world's largest eLearning publisher of professional webinars and eBooks. Ruben has also lectured on the topic of PPACA at U.C. Berkeley, School of Law (Boalt Hall).

Ruben received his BA from the University of California, Santa Cruz. He received his JD from San Francisco Law School and his LL.M. in Taxation from Golden Gate University, School of Law. He is a licensed attorney.



Heartland and South Central Region

Area Assistant Vice President,
Compliance Counsel

GALLAGHER BENEFIT SERVICES, INC.

1900 West Loop South, Houston, TX 77027

Suite 1600

713.358.5786

Ruben_Reyes@ajg.com

Ryan Westbrook

Ryan joined the Gallagher Benefit Services Houston office in December 2012. He started his career at Towers Perrin in June 2007 after graduating from college. He worked for Towers Perrin/Towers Watson for five years in various roles including Analyst, Senior Actuarial Analyst, and Project Manager.

His duties during this time included developing financial reports and modeling tools, producing and presenting client deliverables, managing client billings and budgets, developing creative strategies to help clients achieve their benefit plan goals, and communicating with senior leadership.

As the Managing Director of the South Central Region Underwriting Unit, Ryan is primarily responsible for development of Underwriting/Actuarial tools and development of the regional Underwriting unit. This unit helps with claim projections, employee and employer funding projections, plan benefit modeling, network discount analysis, claim reserve estimates, analysis of reinsurance terms and rates, carrier negotiations, and other group health plan financial analysis needs. Ryan's analytical abilities, as well as his positive attitude toward getting the job done, make him a valuable resource to the South Central Region branch offices and our clients.

Ryan received his B.S. in Applied Mathematics in December 2004 and M.S. in Mathematics in May 2007, both from Texas A&M University. During his time at Texas A&M, Ryan served as a TA and also taught classes on actuarial exams. He received his designation as an Associate in the Society of Actuaries in May 2012 and plans to pursue designation as a Fellow of the Society of Actuaries.

Ryan currently resides in Houston with his wife and two young sons. He is a member of Bayou City Fellowship Church where he volunteers regularly and is a community group teacher. He has been on trips to Honduras and Nicaragua to drill water wells in areas without fresh, clean water with Living Water International.



GBS South Central Region
Managing Director, Underwriting Unit

GALLAGHER BENEFIT SERVICES, INC.

1900 West Loop South, Suite 1600

Houston, TX 77027

713.358.5728

Ryan_Westbrook@ajg.com

Andrew Trenchard

Andrew joined Gallagher Benefit Services, Inc. in February of 2018. He began his career in the healthcare industry in January 2015 as a Medical Underwriter with Cigna HealthCare before coming to Gallagher in 2018.

In his role as a Financial Benefits Consultant, Andrew's primary focus is on providing projections, financial reports, and reserve calculations. Andrew's strong analytical skills and commitment to excellent customer service makes him a trusted advisor to both clients and his Gallagher team.

Andrew is a graduate of Texas A&M University where he received his B.S. in Applied Mathematics. He also holds a M.A. in physics from Fisk University and a B.S. in physics from Sam Houston State University. He is currently pursuing the designation of Associate in the Society of Actuaries. Andrew currently resides in Houston with his wife and 2 children.



South Central Region
Financial Benefits Consultant

GALLAGHER BENEFIT SERVICES, INC.

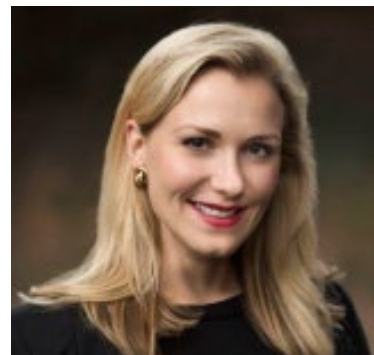
1900 West Loop S
Houston, Texas 77027
713.722.1632
andrew_trenchard@ajg.com

Jenna Sneed, MPH

As a Wellbeing & Engagement Consultant, Jenna assists clients with creating meaningful, strategic and impactful employee experiences. In partnership with clients, Jenna provides solutions that support the whole employee by addressing multiple wellbeing domains – resulting in a more engaged workforce. Jenna thrives on creative problem solving, building positive relationships, and implementing sustainable solutions that improve business advantage. Ultimately, Jenna uses her wellbeing and talent strategy workplace experience to enhance employers' effectiveness to provide valuable wellbeing support.

Prior to joining Gallagher Benefits Services (GBS), Jenna gained over eight years of experience in the field of wellbeing & talent strategy, ranging from startups to large organizations. Jenna started her career as a holistic health coach. Since then, she has helped develop, implement and evaluate wellbeing and talent strategy initiatives for Texas Children's Hospital, UT McGovern Medical School, Houston Independent School District, and Revolution Studio.

Jenna is a graduate of Texas A&M University and received her Masters of Public Health in Health Promotion Behavioral Science from the University of Texas Health Science Center. Continuing there, she is pursuing a PhD in Healthcare Management with a focus on holistic leadership. Outside of work, Jenna is a certified yoga instructor and an American Heart Association spokesperson. She also enjoys cooking, hiking, photography, snow skiing, and spending time at her family ranch.



Jenna Sneed, MPH
Wellbeing & Engagement
Consultant

GALLAGHER BENEFIT SERVICES, INC.

1900 West Loop S
Houston, Texas 77027
713.772.1646
Jenna_sneed@ajg.com



Gallagher

Insurance | Risk Management | Consulting

Licenses & Insurance

GALLAGHER BENEFIT SERVICES INC
JONATHON A. REED
545 METRO PLACE SOUTH
SUITE 150
DUBLIN OH 43017

License No: 100106177

State of Arkansas

FEIN: 36-4291971

Insurance License

Arkansas Insurance Department

GALLAGHER BENEFIT SERVICES INC

This is to certify that the above named individual is licensed to engage in the business of insurance in the State of Arkansas in the following capacity:

NON-RESIDENT

LICENSE TYPE	LICENSE EFFECTIVE DATE	LICENSE EXPIRATION DATE	LINES OF AUTHORITY
Insurance Producer	10/01/2020	09/30/2021	Accident and Health or Sickness, Casualty, Life, Property, Variable Life and Variable Annuity



Alan McClain

ALAN MCCLAIN
Insurance Commissioner

For questions regarding a license, contact Arkansas Insurance Department at 501-371-2750 or E-mail: insurance.license@arkansas.gov

License No: 100106177

State of Arkansas
Insurance License

FEIN: 36-4291971

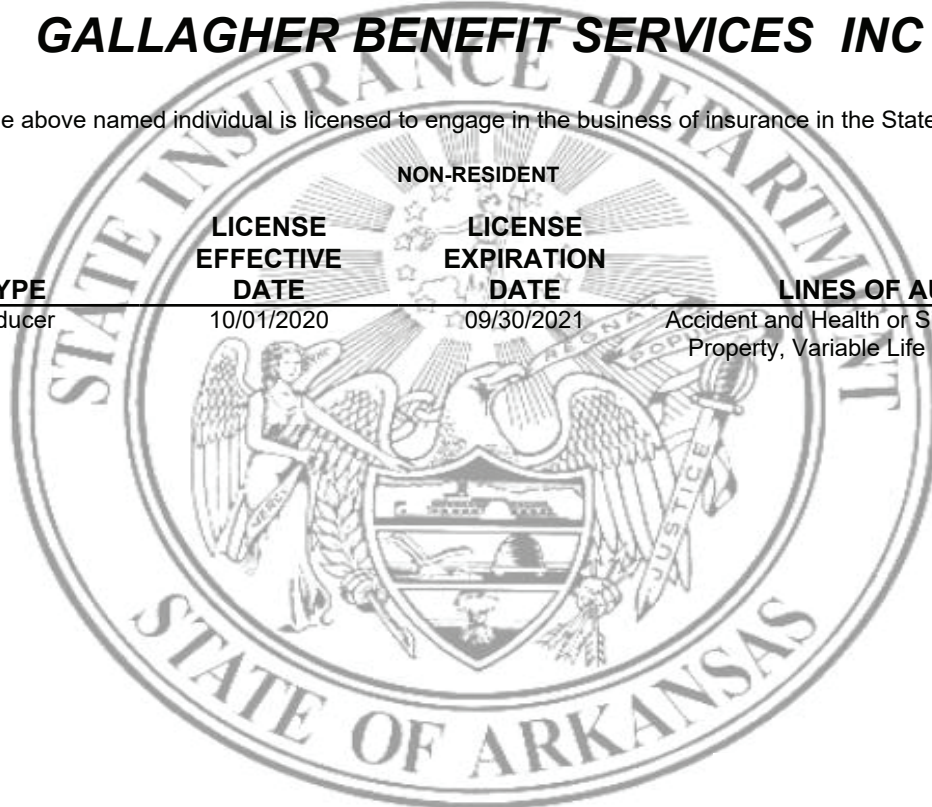
Arkansas Insurance Department

GALLAGHER BENEFIT SERVICES INC

This is to certify that the above named individual is licensed to engage in the business of insurance in the State of Arkansas in the following capacity:

NON-RESIDENT

LICENSE TYPE	LICENSE EFFECTIVE DATE	LICENSE EXPIRATION DATE	LINES OF AUTHORITY
Insurance Producer	10/01/2020	09/30/2021	Accident and Health or Sickness, Casualty, Life, Property, Variable Life and Variable Annuity



Alan McClain

ALAN MCCLAIN
Insurance Commissioner

For questions regarding a license, contact Arkansas Insurance Department at 501-371-2750 or E-mail: insurance.license@arkansas.gov

Christopher R Newell
 11219 FINANCIAL CENTRE PKWY STE 311
 LITTLE ROCK AR 72211-3868

License No: 558901

State of Arkansas
 Insurance License
 Arkansas Insurance Department
Christopher R Newell

This is to certify that the above named individual is licensed to engage in the business of insurance in the State of Arkansas in the following capacity:

LICENSE TYPE	LICENSE EFFECTIVE DATE	LICENSE EXPIRATION DATE	LINES OF AUTHORITY
Consultant	05/02/2019	05/31/2020	Accident and Health or Sickness, Life
Exchange Producer	10/01/2018	09/30/2019	Exchange Health
Insurance Producer	06/01/2019	05/31/2021	Accident and Health or Sickness, Casualty, Life, PrePaid Legal, Property, Variable Life and Variable Annuity

For questions regarding a license, contact Arkansas Insurance Department at 501-371-2750 or E-mail: insurance.license@arkansas.gov


ALLEN KERR
 Insurance Commissioner

License No: 558901

State of Arkansas
Insurance License
 Arkansas Insurance Department
Christopher R Newell

This is to certify that the above named individual is licensed to engage in the business of insurance in the State of Arkansas in the following capacity:

RESIDENT			
LICENSE TYPE	LICENSE EFFECTIVE DATE	LICENSE EXPIRATION DATE	LINES OF AUTHORITY
Consultant	05/02/2018	05/31/2020	Accident and Health or Sickness, Life
Exchange Producer	10/01/2018	09/30/2019	Exchange Health
Insurance Producer	06/01/2019	05/31/2021	Accident and Health or Sickness, Casualty, Life, PrePaid Legal, Property, Variable Life and Variable Annuity


ALLEN KERR
 Insurance Commissioner

For questions regarding a license, contact Arkansas Insurance Department at 501-371-2750 or E-mail: insurance.license@arkansas.gov

RONALD NOVAK
 C/O GALLAGHER BENEFIT SERVICES, INC.
 901 N 47TH ST STE 303
 ROGERS AR 72756-9632

License No: 1655148

State of Arkansas
 Insurance License
 Arkansas Insurance Department

RONALD NOVAK

This is to certify that the above named individual is licensed to engage in the business of insurance in the State of Arkansas in the following capacity:

RESIDENT

LICENSE TYPE	EFFECTIVE DATE	EXPIRATION DATE	LINES OF AUTHORITY
Consultant	02/01/2020	01/31/2022	Accident and Health or Sickness, Casualty, Life, Property, Variable Life and Variable Annuity
Insurance Producer	02/01/2020	01/31/2022	Accident and Health or Sickness, Casualty, Health Maintenance Dental, Health Maintenance Org, Life, PrePaid Legal, Property, Variable Life and Variable Annuity

For questions regarding a license, contact Arkansas Insurance Department at 501-371-2750 or E-mail: insurance.license@arkansas.gov

Alan McClain
ALAN MCCLAIN
 Insurance Commissioner

License No: 1655148

State of Arkansas

Insurance License

Arkansas Insurance Department

RONALD NOVAK

This is to certify that the above named individual is licensed to engage in the business of insurance in the State of Arkansas in the following capacity:

RESIDENT			
LICENSE TYPE	LICENSE EFFECTIVE DATE	LICENSE EXPIRATION DATE	LINES OF AUTHORITY
Consultant	02/01/2020	01/31/2022	Accident and Health or Sickness, Casualty, Life, Property, Variable Life and Variable Annuity
Insurance Producer	02/01/2020	01/31/2022	Accident and Health or Sickness, Casualty, Health Maintenance Dental, Health Maintenance Org, Life, PrePaid Legal, Property, Variable Life and Variable Annuity

Alan McClain

ALAN MCCLAIN
 Insurance Commissioner

For questions regarding a license, contact Arkansas Insurance Department at 501-371-2750 or E-mail: insurance.license@arkansas.gov



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/2/2020

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 have ADDITIONAL INSURED provisions or 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).

PRODUCER Arthur J. Gallagher Risk Management Services, Inc. 300 S. Riverside Plaza, Suite 1500 Chicago IL 60606	CONTACT NAME: Direct All Inquires via E-mail PHONE (A/C, No, Ext): 312-704-0100 FAX (A/C, No): 312-803-7443 E-MAIL ADDRESS: CertRequests@ajg.com														
INSURED ARTHJGA113 Arthur J. Gallagher & Co. and its Subsidiaries 2850 West Golf Road Rolling Meadows, IL 60008	<table><tr><th>INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr><tr><td>INSURER A : Lexington Insurance Company</td><td>19437</td></tr><tr><td>INSURER B : XL Specialty Insurance Company</td><td>37885</td></tr><tr><td>INSURER C :</td><td></td></tr><tr><td>INSURER D :</td><td></td></tr><tr><td>INSURER E :</td><td></td></tr><tr><td>INSURER F :</td><td></td></tr></table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Lexington Insurance Company	19437	INSURER B : XL Specialty Insurance Company	37885	INSURER C :		INSURER D :		INSURER E :		INSURER F :	
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A : Lexington Insurance Company	19437														
INSURER B : XL Specialty Insurance Company	37885														
INSURER C :															
INSURER D :															
INSURER E :															
INSURER F :															

COVERAGES**CERTIFICATE NUMBER:** 1126692594**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 OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☐ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC ☐ OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB ☐ OCCUR EXCESS LIAB ☐ CLAIMS-MADE DED ☐ RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ Y / N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N / A				PER STATUTE ☐ OTH-ER ☐ E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A B	Errors & Omissions Excess Errors & Omissions			017018163 ELU16326519	9/1/2019 9/1/2019	9/29/2021 9/29/2021	Per Claim/Aggregate \$12,000,000 Per Claim/Aggregate \$13,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Coverage extends to:
Gallagher Benefit Services, Inc.
2850 West Golf Road
Rolling Meadows, IL 60008
Gallagher Benefit Services, Inc., is an insured under the policies referenced above. The definition of Insured in the policy extends coverage to all employees while acting within the scope of his or her duties as such as an employee of Arthur J Gallagher and subject to all policy terms and conditions.

CERTIFICATE HOLDER**CANCELLATION**

Evidence of Insurance

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

© 1988-2015 ACORD CORPORATION. All rights reserved.

ARTHUR J. GALLAGHER & CO. MEMORANDUM OF INSURANCE

This Memorandum of Insurance ("Memorandum") is produced as a matter of information only to authorized viewers for their internal use only and confers no rights upon any viewer of the Memorandum. This Memorandum does not amend, extend or alter the coverage described below. Copyright 2005, Arthur J. Gallagher Risk Management Services, Inc. ("Gallagher"). Gallagher grants permission to you to view, copy, print and distribute the information found on the Memorandum website ("Site") provided that the above copyright notice appears on all copies, that use is internal to you or for personal noncommercial informational purposes only, and that no modification is made to any materials. Any modification, use, reproduction or distribution of this Memorandum, the Site or its contents must be first approved by Gallagher in writing. You will not suffer or permit any unauthorized use of any Gallagher trademark, service mark or logo. This Memorandum, the Site and its contents, including but not limited to text, graphics, images, software, copyrights, trademarks, service marks, logos, and brand names ("Content"), are protected under both United States and foreign laws, and Gallagher or its affiliated entities retain all right, title and interest in and to the Content, all copies thereof, and all copyrights and other proprietary rights therein. The information contained herein is as the date referred to above. Gallagher shall be under no obligation to update such information.

DATE: 11/5/2019

INSURED:

Arthur J. Gallagher & Co. and its subsidiaries
2850 West Golf Road
Rolling Meadows, IL 60008

Insurance Companies

A: ARCH INSURANCE COMPANY

B: ACE PROPERTY AND CASUALTY INSURANCE COMPANY

C: LIBERTY MUTUAL FIRE INS. COMPANY

D: FEDERAL INSURANCE COMPANY

E: LEXINGTON INS. COMPANY

F: XL SPECIALTY INS. COMPANY

G. ILLNOIS NATIONAL INSURANCE COMPANY

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 of any contract or other document with respect to which this Memorandum may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies. Limits shown may have been reduced by paid claims.

CO. LTR.	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE	POLICY EXPIRATION	LIMITS (In USD unless otherwise indicated)	
A	Commercial General Liability Occurrence Per location Aggregate	41GPP4938412	10/01/19	10/01/20	General Aggregate	3,000,000
					Products - Comp/Op Agg	3,000,000
					Personal and ADV Injury	1,000,000
					Each Occurrence	1,000,000
					Damage to Rented Premises (Each occurrence)	1,000,000
A	Automobile Liability Any Auto	41CAB4939012 41CAB4938312	10/01/19	10/01/20	Combined Single Limit	3,000,000
					Bodily Injury (per person)	
					Bodily Injury (per accident)	
B	Excess/Umbrella Liability Retention: \$10,000	XOO G46820149 003	10/01/19	10/01/20	Each Occurrence	25,000,000
					Aggregate	25,000,000
A	Workers Compensation and Employers Liability	41WCI4938112	10/01/19	10/01/20	Workers Comp Limits	Statutory
					EL Each Accident	1,000,000
					EL Disease - Each Employee	1,000,000
					EL Disease - Policy Limit	1,000,000
C	Property	YACL9L452870019	10/01/2019	10/01/20	Blanket Bldg. & PP	10,000,000
D	Crime/Fidelity Bond (Employee Dishonesty)	81326283	09/01/20	09/01/21	Single Loss Limit	15,000,000
E	Errors & Omissions (Primary Policy)	01-701-81-63	09/01/19	09/29/21	Per Claim and Aggregate	12,000,000
F	Errors & Omissions (Excess Policy)	ELU163265-19	09/01/19	09/29/21	Per Claim and Aggregate	13,000,000
G	Cyber Liability	023067502	10/31/19	10/31/20	Limit of Liability	10,000,000

Description of Operations / Other Information: See ADDITIONAL INFORMATION on the following page.

This Memorandum of Insurance serves solely to list insurance policies, limits and dates of coverage. Any modifications hereto are not authorized by Gallagher or the Insurance Companies.

ARTHUR J. GALLAGHER & CO. MEMORANDUM OF INSURANCE

ADDITIONAL INFORMATION

As respects GENERAL LIABILITY POLICY

ADDITIONAL INSURED – MANAGERS OR LESSORS OF PREMISES *

Endorsement Form # CG 20 11 04 13 modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

1. Designation of Premises (Part Leased to You): ANY PREMISES OR PART THEREOF LEASED TO YOU.
2. Name of Person or Organization (Additional Insured): ANY AND ALL PERSONS OR ORGANIZATIONS CONTRACTUALLY REQUIRING ADDITIONAL INSURED STATUS AS THE MANAGER OR LESSOR OF PREMISES TO YOU.
3. Additional Premium: INCLUDED

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

We waive any right of recovery we may have against the person or organization where required by written contract because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only where required by written contract.

As respects PROPERTY

This policy insures against "All Risks" of physical loss or damage, except as excluded, to covered property while on Described Premises, provided such physical loss or damage occurs during the term of this policy. Coverage is subject to policy deductibles, terms, conditions and exclusions. Loss Payable clause included for whom Insured has agreed to per written contract.

IMPORTANT NOTICE

*All other Additional Insureds requests requires Legal approval and issuance of a Certificate of Insurance.

This Memorandum of Insurance serves solely to list insurance policies, limits and dates of coverage. Any modifications hereto are not authorized by Gallagher or the Insurance Companies.

Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

► Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type.
See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. GALLAGHER BENEFIT SERVICES, INC.	
2 Business name/disregarded entity name, if different from above	
3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. ☐ Individual/sole proprietor or single-member LLC ☒ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate ☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. ☐ Other (see instructions) ►	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) 5 Exemption from FATCA reporting code (if any) E (Applies to accounts maintained outside the U.S.)
5 Address (number, street, and apt. or suite no.) See instructions. 2850 GOLF ROAD	Requester's name and address (optional)
6 City, state, and ZIP code ROLLING MEADOWS, IL 60008	
7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

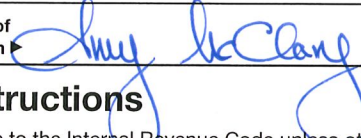
Social security number								
			-					
or								
Employer identification number								
3	6		-	4	2	9	1	9 7 1

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person 	Date 01/06/2020
------------------	--	------------------------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
 - Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
 - Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
 - Form 1099-S (proceeds from real estate transactions)
 - Form 1099-K (merchant card and third party network transactions)
 - Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
 - Form 1099-C (canceled debt)
 - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.



Gallagher

Insurance | Risk Management | Consulting

Sample Consulting Agreement

CONSULTING AGREEMENT

This Consulting Agreement (this “**Agreement**”) is made by and between Gallagher Benefit Services, Inc., (“**Gallagher**”) and Full Legal Name of Client (“**Client**”).

Client wishes to enter into a consulting relationship with Gallagher on the terms and conditions set forth in this Agreement, and Gallagher is willing to accept such a consulting relationship. In consideration of and in reliance upon the terms and conditions contained in this Agreement, Client and Gallagher agree as follows:

1. **Engagement of Services**

Client hereby engages Gallagher as a professional consultant to provide the consulting and/or brokerage services as more fully described in Exhibit A attached to this Agreement and incorporated herein. During the time that Gallagher is performing services for Client under this Agreement, and for all purposes outlined in this document, Gallagher's status will be that of an independent contractor for Client.

2. **Term and Termination**

The Effective Date of this Agreement is month day, year. The term of Gallagher's engagement under this Agreement (the “Consulting Period”) will begin as of the Effective Date and will remain in effect for one (1) year from the Effective Date. The Consulting Period will be automatically extended for an additional year on each anniversary of the Effective Date. Either party may terminate this Agreement by giving the other party at least thirty (30) days written notice of its intent to terminate. In the event such termination is effective during the Consulting Period (including any renewed Consulting Period), Client shall be responsible for compensating Gallagher for any services performed prior to the date of termination and Gallagher shall be responsible to Client to continue to provide services until the date of termination of this Agreement.

3. **Compensation**

As compensation for its services under this Agreement, Gallagher will receive carrier commissions and/or direct fees paid by the Client, as set forth in the Compensation Disclosure Statement attached hereto as Exhibit B. Additional information regarding Gallagher compensation can also be found in Exhibit B. Gallagher shall disclose the amount of commissions payable to it by each insurance company at the time it presents rates to Client. Client is responsible for payment of Gallagher's fees (if applicable) within thirty (30) days of invoice receipt. Any amounts not paid when due will accrue interest at the rate of one percent (1%) per month or the highest rate permitted by applicable law, whichever is less. If any amount is not paid in full when due without a good faith basis to withhold, that nonpayment will constitute a material breach of this Agreement.

4. **Performance and Scope**

(a) Representations and Warranties. Each party represents, warrants and covenants to the other that: (i) it has full power and authority to make, execute, deliver and perform its obligations under this Agreement; (ii) the performance of its obligations pursuant to this Agreement shall be in accordance with all applicable laws; (iii) this Agreement has been duly executed and delivered by an authorized representative of such party and constitutes the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms; and (iv) there are no other agreements presently in force which would encumber or prevent either party's compliance with any terms of this Agreement.

(b) Standard of Care. Gallagher will perform its duties, responsibilities and obligations with the care, skill, prudence and diligence that a prudent employee benefits consultant or insurance broker acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims under the circumstances then prevailing.

As appropriate, Gallagher will coordinate fiduciary review services and other related duties with the plan's claims administrator and/or insurance carrier(s). However, Gallagher generally does not accept any fiduciary duties or obligations with respect to a plan given that these are typically performed by the plan's claims administrator or insurance carriers.

(c) Reliance. In the performance of its duties, Gallagher may rely upon, and will have no obligation to independently verify the accuracy, completeness, or authenticity of, any written instructions or information provided to Gallagher by Client or its designated representatives and reasonably believed by Gallagher to be genuine and authorized by Client.

(d) No Practice of Law. Gallagher will not be obligated to perform, and Client will not request performance of, any services which may constitute the unauthorized practice of law. Client will be solely responsible for obtaining any legal advice, review or opinion as may be necessary to ensure that its own conduct and operations, including the engagement of Gallagher under the scope and terms herein, conform in all respects with applicable State and Federal laws and regulations (including ERISA, the Internal Revenue Code, State and Federal securities laws and implementing regulations) and, to the extent that Client has foreign operations, any applicable foreign laws and regulations.

(e) Subcontractors. Gallagher may cause another person or entity, as a subcontractor to Gallagher, to provide some of the services required to be performed by Gallagher hereunder; provided that Gallagher shall remain responsible for all acts and omissions of any such subcontractors (each of which shall be bound by Gallagher's obligations under this Agreement). Gallagher shall seek prior written approval from Client for any subcontractors providing substantive consulting, professional or managerial services. Prior written approval shall not be required for clerical, office, secretarial, IT back-up, administrative or similar support services.

(f) Conflict of Interest. Gallagher's engagement under this Agreement will not prevent it from taking similar engagements with other clients who may be competitors of Client. Gallagher will, nevertheless, exercise care and diligence to prevent any actions or conditions which could result in a conflict with Client's best interest.

(g) Acknowledgements. In connection with Gallagher's services under this Agreement, Client agrees that:

(i) Although Gallagher will apply its professional judgment to access those insurance companies it believes are best suited to insure Client's risks, there can be no assurance that the insurance companies Gallagher has accessed are the only or are the best suited to insure Client's risks. The final decision to choose any insurance company has been made by Client in its sole and absolute discretion. Client understands and agrees that Gallagher does not take risk, and that Gallagher does not guarantee the financial solvency or security of any insurance company.

(ii) Any compensation of the types described above and disclosed to it does not constitute a conflict of interest and Client expressly waives any claims alleging any such conflict of interest.

(iii) The compensation payable to Gallagher is solely for the services set forth under this Agreement, as detailed in Exhibit A. To the extent any additional administrative, claims representative or other services are required, the parties may enter into a separate agreement covering such additional services.

5. Confidentiality

(a) Confidential Information.

(i) As used in this Agreement, "**Confidential Information**" means any nonpublic, proprietary or personal data and information furnished by either party or its agents or representatives to the other party or its agents and representatives, whenever furnished and regardless of the manner or media in which such information is furnished,

which the receiving party knows or reasonably should know to be confidential. Each party shall treat Confidential Information as confidential and only use it in the performance of its obligations under this Agreement.

(ii) The parties acknowledge that Confidential Information includes personal data provided to Gallagher by Client for the benefit of Client and/or its employees to facilitate the performance of services set forth in Exhibit A. Both Parties also agree that the Confidential Information may include information that alone, or in combination with other information, uniquely identifies an individual. Client agrees that Gallagher is permitted to disclose and transfer Client's Confidential Information to Gallagher's affiliates, agents or vendors that have a need to know the Confidential Information in connection with the services provided under this Agreement (including insurance carriers, as necessary, for quoting and/or placing insurance coverages). Gallagher has established security controls to protect Client Confidential Information from unauthorized use or disclosure. For additional information, please review Gallagher's Privacy Policy located at <https://www.ajg.com/privacy-policy/>.

(iii) Both Gallagher and Client agree to comply with all state and federal laws, rules, and orders that relate to privacy and data protection which are, or which in the future may be, applicable to Confidential Information, the services or the performance of obligations under this Agreement. Upon request, Gallagher will cooperate with Client pursuant to applicable law(s) to comply with requests from individuals regarding their personal information.

(b) HIPAA Privacy. Gallagher and Client will each comply with any prohibitions, restrictions, limitations, conditions, or other requirements to the extent they apply to them directly or indirectly pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing regulation concerning privacy of individually identifiable health information as set forth in 45 CFR Parts 160-164, as amended from time to time. When required, Client, as a representative of the health plans, and Gallagher will enter into a separate Business Associate Agreement.

(c) Use of Names; Public Announcements. No party will use, in any commercial manner, the names, logos, trademarks or other intellectual property of the other party without its prior written consent. Except as may be required by law, no party will issue any press releases or make any public announcements of any kind regarding the relationship between the parties without the other party's prior consent.

(d) Aggregated Data. Gallagher shall own any non-identifying, aggregated and statistical data that might be derived from providing services to Client (the "**Aggregated Data**"). Nothing herein shall be construed as prohibiting Gallagher from utilizing the Aggregated Data for purposes of operating Gallagher's business. Gallagher shall not: (i) disclose to any third party any Aggregated Data that reveals Client's identity or its Confidential Information; or (ii) reveal the identity, whether directly or indirectly, of any individual whose specific data might be used by Gallagher on behalf of Client.

6. Indemnification Rights and Limitation of Liability

(a) Indemnification. Each party agrees to defend, indemnify and hold the other party and its affiliates and their respective directors, officers, employees and agents harmless from any and all losses, liabilities, exposures, damages and all related costs and expenses, including reasonable legal fees, to the extent arising from or relating to any third party claims, demands, suits, allegations, or causes or threats of action based on the indemnifying party's: (i) breach of any representation, warranty or covenant made by such party hereunder, or (ii) grossly negligent acts or omissions or intentional misconduct; provided, however, that the indemnifying party's indemnification obligations hereunder shall be reduced to the extent that such losses and damages arise from the acts or omissions of the other party or its employees or agents.

(b) Limitation of Liability. Notwithstanding any other term or provision of this Agreement, each party shall only be liable for actual damages incurred by the other party, and shall not be liable for any indirect, special, exemplary, reliance, consequential or punitive damages, or for any attorneys' fees other than as described in Section 6(a) above (whether incurred in a dispute or an action against the other, or as alleged damages that any party incurred in any insurance coverage dispute, or otherwise). Furthermore, unless otherwise noted in Exhibit A, the aggregate liability under this Agreement, if any, of either party to the other for claimed losses or damages shall not exceed \$1,000,000. This provision applies to the fullest extent permitted by applicable law. No claim or cause of action, regardless of form (tort, contract, statutory, or otherwise), arising out of, relating to or in any way connected with this Agreement or any services provided hereunder may be brought by either party any later than two (2) years after the accrual of such claim or cause of action.

7. Notices

Any notices, requests or other communications pursuant to this Agreement will be addressed to the party at its address listed below. Such notices will be deemed to have been duly given, (i) if delivered in person or by courier, upon delivery; (ii) if sent by an overnight service with tracking capabilities, upon receipt; (iii) if sent by registered or certified mail, postage prepaid, within five (5) days of deposit in the mail; or (iv) if sent by fax or electronic mail, at such time as the party which sent the notice receives confirmation of receipt by the applicable method of transmittal.

If to the Client: Insert Company Name
 Attention: Insert Client Rep Name
 Insert Office Address
 Insert City, ST Zip Code

If to Gallagher: Gallagher Benefit Services, Inc.
 Attention: Insert name
 Insert Office address
 Insert City, ST Zip Code

Either party may, by written notice to the other, change the address to which notices to such party are to be delivered or mailed.

8. Miscellaneous

(a) Severability. The various provisions and subprovisions of this Agreement are severable and if any provision or subprovision or part thereof is held to be unenforceable by any court of competent jurisdiction, then such enforceability will not affect the validity or enforceability of the remaining provisions or subprovisions or parts thereof in this Agreement.

(b) Entire Agreement; Amendment. This Agreement, including all exhibits hereto, constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether oral or written, between the parties regarding the subject matter hereof. Except for changes in carriers and/or lines of coverage noted in Exhibit B, which may occur upon unilateral approval of Client, this Agreement may be modified or amended only by a written instrument executed by both parties. This Agreement may be executed by the parties in several counterparts, each of which shall be deemed to be an original copy.

(c) Waiver. No covenant, term or condition or the breach thereof will be deemed waived, except by written consent of the party against whom the waiver is claimed. Any waiver by either party hereto of any provision of this Agreement shall not be construed as a waiver of any other provision of this Agreement, nor shall such waiver be construed as a waiver of such provision with respect to any other event or circumstance, whether past, present or future.

(d) Governing Law; Rule of Construction. This Agreement will be construed, interpreted and enforced in accordance with the laws of the State of Illinois without giving effect

to the choice of law principles thereof or any canon, custom or rule of law requiring construction against the drafter.

(e) Successors. This Agreement shall be binding upon and shall inure to the benefit of all assigns, transferees and successors in the interest of the parties hereto.

(f) Warranties. Except as expressly set forth in this Agreement, Gallagher makes no other warranties of any kind with respect to the Services, including, without limitation, warranties that may be implied from a course of performance, dealing or trade usage.

(g) Force Majeure. Neither party shall be liable to the other for any delay or failure to perform any of its obligations under this Agreement (other than payment obligations) as a result of flood, earthquake, storm, other act of God, fire, derailment, accident, labor dispute, explosion, war, act of terrorism, sabotage, insurrection, riot, embargo, court injunction or order, act of government or governmental agency or other similar cause beyond its reasonable control.

(h) Assignment. This Agreement shall apply to and bind the successors and assigns of the parties hereto, including, in the event of a party's insolvency, debtors-in-possession and any appointed trustee or administrator. This Agreement shall be not be assignable by either party, except with the prior written consent of the other party; provided, however, that either party may assign this Agreement to an affiliate or in the event of a merger or sale, provided the assignee is willing and able to assume such party's obligations hereunder.

(i) Counterparts. This Agreement may be executed in multiple counterparts (including by scanned image or electronic signature), each of which shall be considered one and the same agreement, and shall become effective when signed by each of the parties hereto and delivered to the other party.

(j) Survival of Provisions. Sections 3, 5, 6, and 8 will survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date first written above.

INSERT FULL LEGAL NAME OF CLIENT

By: _____

Name: _____

Title: _____

Date: _____

GALLAGHER BENEFIT SERVICES, INC.

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A SCOPE OF SERVICES

Subject to any changes and additions as may be mutually agreed by the parties in writing, availability and delivery of data from the insurance carrier and other third party vendors, Gallagher will provide the following Services to Client on an “as needed” basis:

RENEWAL ANALYSIS:

- Review and evaluate carrier projections
- Prepare “shadow” renewal projection
- Create financial modeling reports using proprietary Apex software
- Coordinate carrier negotiations
- Create employee contribution modeling reports
- Review identified benchmarks of projected plan costs
- Develop “working” rates for Client analysis and approval
- Assist with budget projections
- Provide renewal alternatives with cost impact of benefit plan changes

PERIODIC PLAN FINANCIAL REPORTS: (FREQUENCY TO BE MUTUALLY AGREED UPON)

- Summary of plan costs
- Analysis of actual vs. budget
- Employee contributions
- Large claims tracking
- Identification of costs for specific line of coverage:
- Comparison of plan costs to aggregate stop-loss projections, if applicable
- Utilization review
- Comparison to prior claim period
- Plan trends

ANNUAL FINANCIAL REPORTS (END OF YEAR ACCOUNTING):

- Executive summary of program expenses
- Comparison of current costs to renewal costs
- Incurred But Not Reported (IBNR) claims analysis
- Overview of specific Stop-loss projections
- Future plan costs projections
- Dollars saved by contract negotiation
- Percent of benefit dollars paid by employee
- Claims by size
- Physician visit details
- Benefits paid by type of service
- Plan funding/budget comparison
- Fixed expense comparison

CARRIER MARKETING AND NEGOTIATIONS, AS DIRECTED BY CLIENT:

- Work with Client to develop a strategy to identify goals, analyze program costs and review both current and alternative funding arrangements
- Manage the renewal process with the current carrier to control costs
- Implement carrier renewal strategies with Client
- Develop timeline covering every aspect from RFP preparation to the delivery of employee communications
- Provide analysis of employee disruption report and preparation of geo-access report
- Provide analysis of discounts offered by various carriers by using CPT codes and carrier pricing data

- Manage RFP development that tailors the RFP to the desires, needs and financial directions provided by Client
- Explore alternative funding solutions
- Evaluate vendor responses to track variations in coverage and costs as they are identified
- Conduct finalist interviews to investigate and document intangibles such as personalities, service orientation and responsiveness
- Draft renewal analysis report, based on renewal negotiation, covers program and claims cost projections as well as complete information on benefit designs
- Facilitate decision process by coordinating close collaboration and discussions among the Gallagher team and Client

LEGISLATIVE AND CORPORATE COMPLIANCE SUPPORT:

- Provide legislative updates, including Technical Bulletins and Directions newsletters
- Evaluate plan design to assist with compliance with state and federal regulations
- Review benefit plan documents, including summary plan descriptions, contracts, employee summaries, and policies/procedures
- Conduct periodic seminars on regulatory issues
- Assist with the review and evaluation of COBRA and HIPAA compliance procedures
- Provide general information and guidance to assist with compliance with ERISA, FMLA, USERRA, Medicare Part D and other Federal legislation that directly affects the administration of plan benefits
- Provide template or sample compliance notices, certificates of creditable coverage and enrollment forms as reasonably requested by Client

DAY TO DAY ADMINISTRATIVE ASSISTANCE

- Provide assistance to Client's HR/benefits contacts to help with resolving carrier service issues
- Coordinate and participate in annual service meetings with Client and select carriers

EMPLOYEE EDUCATION PROGRAMS:

- Facilitate focus groups
- Monthly benefit communication directed to employees
- Educational meetings on coverage and trends

COMMUNICATION MATERIALS:

- Assist with the drafting and distribution of participant Satisfaction Surveys
- Assist with the drafting and distribution of Open Enrollment-New Member Orientation summary information and any other communications pertaining to the health and welfare program
- Provide annual open enrollment guidance and employee meeting materials
- Assist with marketing and oversight of Customized Enrollment Materials (if elected)
- (k)** Assist with participant wellness initiatives, as directed by Client

BENEFIT ADMINISTRATION ASSESSMENT:

- Periodic evaluation of internal plan enrollment and benefit termination processes
- Review, coordinate and implement Client agreed upon plan "best practices" to help limit plan liability and increase participant satisfaction
- Help identify opportunities for streamlining and improving administration procedures

MARKET BENCHMARKING STUDIES:

- Local Area Surveys
- Industry Surveys

BENEFIT PLAN DESIGN (OR REDESIGN):

- Help Client identify business and HR objectives that impact benefits
- Review with Client possible benefit strategies to meet their objectives
- Help Client evaluate/review current scope of benefits package – e.g., types & levels of coverage
- Work with Client to develop funding and contribution strategies
- Assist with budget projections for design alternatives

MERGER AND ACQUISITION:

- Project claim liability and cost implications of active employee health & welfare benefits plan integration or consolidation, as requested by Client
- Provide coverage comparison analysis and recommendations as to plan design, carrier selections and funding mechanisms
- Provide disruption analysis reports
- Assist with employee meetings to introduce integrated program(s) or plan changes

**EXHIBIT B
COMPENSATION DISCLOSURE STATEMENT**

Line of Coverage / Service	Company	Commission ¹	Supplemental Compensation ²	Third Party Compensation	Direct Client Fees ³	Effective Date
Consulting Services	n/a	n/a	n/a	n/a	\$	mo/dy/yr

*If needed insert additional supp comp information in this row – if extra space is not needed then **delete this statement***

It should also be noted that:

- Gallagher is not an affiliate of the insurer or vendor whose contract is recommended. This means the insurer or vendor whose contract is recommended does not directly or indirectly have the power to exercise a controlling influence over the management or policies of Gallagher.
- Gallagher's ability to recommend other insurance contracts or vendors is not limited by an agreement with any insurance carrier or vendor and Gallagher is effecting the transaction for applicable plan(s) in the ordinary course of Gallagher business. Thus, pertinent transaction(s) are at least as favorable to the applicable plan(s) as an arm's length transaction with an unrelated party.
- Gallagher is not a trustee of the plan(s) and is neither the Plan Administrator of the plan(s), a Named Fiduciary of the plan(s), nor an employer which has employees in the plan(s).

For Employers and Plan Sponsors Subject to ERISA: This Disclosure Statement is being given to the Client (1) to make sure Client knows about Gallagher's and Gallagher affiliates' income before purchasing an insurance product and (2) for plans subject to ERISA, to comply with the disclosure, acknowledgment and approval requirement of Prohibited Transaction Class Exemption No. 84-24⁴, which protects both Client and Gallagher⁵. Disclosure must be made to an independent plan fiduciary for the ERISA Plan(s), and Client acknowledges and confirms that this is a reasonable transaction in the best interest of participants in its ERISA Plan(s).

For more information on Gallagher's compensation arrangements, please visit
www.ajg.com/compensation. In the event a client wishes to register a formal complaint
regarding compensation Gallagher receives, please send an email to
Compensation_Complaints@ajg.com.

¹ Commissions include all commissions/fees paid to Gallagher that are attributable to a contract or policy between a plan and an insurance company, or insurance service. This includes indirect fees that are paid to Gallagher paid by a third party, and includes, among other things, the payment of "finders' fees" or other fees to Gallagher for a transaction or service involving the plan.

² Gallagher companies may receive supplemental compensation referred to in a variety of terms and definitions, such as contingent commissions, additional commissions and supplemental commissions.

³ Direct Fees include compensation to Gallagher paid for directly by the plan sponsor/Client.

⁴ Which allows an exemption from a prohibited transaction under Section 408(a) of the **Employee Retirement Income Security Act of 1974 (ERISA)**.

⁵ In making these disclosures, no position is taken, nor is one to be inferred, regarding the use of assets of a plan subject to ERISA to purchase such insurance.



Gallagher

Insurance | Risk Management | Consulting

Benefit Advocacy Center



Benefit Advocate Center

Empower your employees to optimize their health, maximize their benefits and become more engaged at work by cutting through the benefits noise with Benefit Advocate Center.



Gallagher

Insurance | Risk Management | Consulting

The Gallagher Benefit Advocate Center helps makes it easier for your employees to use available resources to optimize their health, maximize their benefits and become more engaged at work, at home and in their communities.



100+

TEAM MEMBERS AT
YOUR SERVICE

958

CLIENTS SERVED

800k

COVERED EMPLOYEES
AND GROWING

1.8

MILLION COVERED LIVES

94k

PRODUCTIVITY HOURS SAVED

\$2.3

MILLION PRODUCTIVITY
DOLLARS SAVED

476k

FOLLOW-UP TASKS

106k

PHONE CALLS

Fully Licensed
Advocates



You are a unique organization with an individual set of challenges and opportunities. A one-size-fits-all solution isn't going to be relevant to every organization. This solution can be customized to your exact needs. By working together, we'll define what becoming a better organization means for you, and how we can customize our Benefit Advocate Center solution to serve your organization in achieving progress.

Organizations of any scale may already have customer service teams in place, who could use various levels of customized assistance to augment staff and capacity. Free up your human resources department to focus on more strategic endeavors that propel organizational wellbeing.

Personalized 800 numbers



In-depth reporting to help you improve the level of service to your employees



Integrated communications can identify difficult calls and bring them to the attention of your HR department



Benefit Advocate Center.

HIPAA-compliant systems that protect your employees' data



While many competitors aren't able to track calls, we log all calls



Gallagher

Insurance | Risk Management | Consulting



Our Approach.

Your organizational needs drive our customized Benefit Advocate Center offering.

We operate as an extension of your HR Department. Our methodology is to:

Understand client culture,
workforce, terminology
and benefits objectives

Create, align and design
a model that provides
a great employee
experience

Execute the operational
support to improve
the employee value
proposition

ORGANIZATION

Minimizing privacy
and security risks

Reduce exposure
to PHI and PII

Reduce the likelihood
of fines/fees/penalties



HR

BAC is an extension
of the HR Team

HR can focus on more
strategic initiatives

Provides consistency
in communicating
employee benefits



EMPLOYEES AND DEPENDENTS

Year-round advocates
available for
day-to-day issues

Better benefits
consumers

Confidential issue
resolution

Dedicated 800 Number



Custom email address—
with encryption

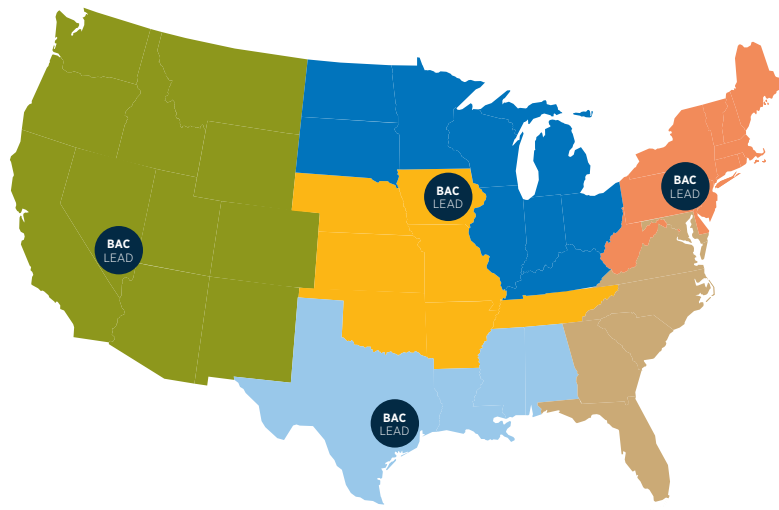


Hours of operation

8:00 am–6:00 pm ET
8:00 am–6:00 pm CT
8:00 am–6:00 pm PT



70% OF ISSUES RESOLVED ON THE FIRST CALL	64 NPS SCORE	4H BUSINESS HOUR RESPONSE TO VOICEMAIL AND EMAIL
90% CLIENT RETENTION	HIPAA/PHI COMPLIANT ENCRYPTION	SECURE DATABASES AND IDENTITY VERIFICATION



Escalated Carrier Contacts



Dedicated Lead Advocate
Licensed Insurance
Professionals



Multilingual Support
Nurse Advocate
Medicare Expert



Gallagher Better Works.

The whole person comes to work every day. Each employee's wellbeing influences individual and organizational performance.

How does Benefit Advocate Center help your organization get better?

- Your employees get fast and accurate answers to questions about their benefits so they can take care of their physical and emotional needs
- With our advocates tackling tricky benefits questions, your HR department can focus on more strategic career development efforts that will help you attract and retain talent
- Experienced advocates will handle questions about how to maximize benefits with cognizance to the importance of financial wellbeing when incurring healthcare costs
- Our enhanced, measurable reporting provides quality customer satisfaction and will show the value of Benefit Advocate Center to your employee and organizational wellbeing



Gallagher

Insurance | Risk Management | Consulting



Gallagher

Insurance | Risk Management | Consulting

Sample Newsletters



Set Personal Goals

01

Be the You That You Want to Be

2019 is going to be your year—we can feel it! No matter what your goals are (balance your budget, exercise more often, become a shepherd), remember three key ways to stay motivated:

1. Set personal goals that you want to make. When you're invested in healthy change, you'll find more excuses to keep going and fewer excuses to quit.
2. Take real action, which means you'll need to adapt your behavior.
3. Track your progress and achieve smaller goals on the way to your big one.

Monthly Activity

Budgets: Boring but Necessary

When you set a budget that works for you, it allows you to take the first step toward reducing financial stress. This financial activity worksheet will help you analyze your income and spending.



Other tips for setting goals that are personal and achievable

Set a specific goal, which has a much greater chance of being realized than a general goal. Let's use the example of someone who wants to lose weight: "Lose weight" is too undefined to be useful. Instead, it's better to set a concrete goal, such as "I want to lose 30 pounds in 2019."

Next, break your goal into smaller milestone goals and measure progress along the way. This helps you know if you need to adjust your expectations or change your tactics. For example, the person in our example would need to lose 2.5 pounds each month to lose 30 pounds in a year. That may be realistic for some people and not for many others, so remember to make your goal personal and consider your own unique situation.

What changes will you need to make to reach your goal?

Take some time to consider what approach and tactics will work best for you. In our weight loss example, this could mean any number of things, including:

- Changes to diet (no more sodas or sugary juices, etc.).
- An exercise plan (specific ways and times to add more activity to each day/week).
- Joining a gym or activity group.

Go back and look at your goals, your milestone goals and the actions you've planned to take you there. **Are you being realistic?** If not, try to find a sweet spot that is challenging but achievable. Failing to meet impossible goals will reduce your motivation and slow your progress.

Finally, **set an end date for achieving your goal.** Without an end date, you won't be able to set effective milestone goals and it will be difficult to know if you're making enough progress.



How to Build Healthy Habits

02

Habits Die Hard: Make Sure You Develop Some Healthy Ones

Healthy behavior can be habit-forming, just like anything else, but you'll need to put in the work up front. Sit down and determine which areas of your wellbeing you want to improve, then find small ways to consistently work toward that goal within your daily routine.

1 You don't need to spend hours in the gym to live an active lifestyle.

Instead, get up to walk, jog, run or complete light exercises (pushups, jumping jacks, sit-ups) every hour or two at work. Then supplement that movement with longer workouts or active (maybe outdoor) hobbies when you have the time.



2 Small changes add up to big improvements in your diet.

The key is to read food labels to avoid hidden sugars and eat whole, fresh foods whenever you can! For example, drinking water instead of juice at breakfast can save you 28 grams of sugar—that's almost as much as an entire can of Coke.



3 Set a sleep schedule to get better rest.

Establish a consistent evening routine that includes reducing time in front of a screen for at least two hours before bed. Train your body to get tired and wake up at the same time of day, and you'll find it easier to fall asleep.



4 Find a calm moment or two in your day.

Everyone feels and deals with stress differently. Find an oasis of calm (or two or three of them) in your day and plan small breaks to care for your mental wellbeing.

5 Establish (and stick to) a budget to reduce financial worries.

The financial activity worksheet can help you get started.



powered by

navigate°

Assessing Your Finances

03

More Money, Less Stress

Studies on financial stress consistently find that almost everyone worries about money from time to time, often on a daily basis. But worrying about money and doing something about it are two different things. Here are a few ways to take action and stick to your spending plan on a day-to-day basis:

Plan ahead and set time to budget.

Don't assume you'll find time to track your spending. Instead, plan a specific time to balance your budget at the end of each day or week. Consistent and frequent monitoring helps prevent spending spirals and means you'll be quick to notice any irregular activity in your account.

Ask yourself: What are your needs and what are your wants?

Reducing impulse purchases doesn't have to be a bad thing. Stay motivated by planning small rewards for yourself along the way and don't forget to include saving for those rewards in your financial plan!

Keep a running list of things you chose not to buy.

Avoiding an unnecessary purchase doesn't feel the same as saving money, but it will help you reach your end financial goals. Write down items you want to purchase but don't (late night pizza, pricier meals or clothing, short-term entertainment), and track the cost to realize how much you typically spend on frivolous items.

You may also discover a few purchases you truly do want. If an occasional nice meal or fancy cup of coffee helps get you through the week, try to adjust your budget and find funds for a treat or two. If you really can't afford it, brainstorm alternative ways to scratch the same itch.



Consistent and frequent monitoring helps prevent spending spirals.



Recipe

04

Skinny Greek Omelet

A healthy and delicious way to start any day.

INGREDIENTS

- 2 eggs and 1 egg white, beaten
- ½ teaspoon extra virgin olive oil
- 3 tablespoons diced red onion
- ½ cup Roma tomato, diced
- 1 cup baby spinach
- 1 tablespoon reduced-fat Feta cheese crumbles
- 1 tablespoon basil, chopped
- Salt (to taste)
- Black pepper (to taste)

INSTRUCTIONS

1. Heat small skillet (6-inch) over medium-low heat.
2. Add the oil, onion, tomato, and spinach and cook for about 2 minutes, until onions soften and the spinach has wilted. Remove the cooked vegetables from the skillet and reserve on a plate.
3. Spray the skillet with nonstick cooking spray and pour the beaten eggs, seasoned with salt and black pepper. Allow the egg to set for about 30 seconds.
4. Using a rubber spatula, loosen the edges of the egg on all sides, then tilt the skillet upwards slightly. Pull the eggs upwards towards the center of the skillet, allowing the uncooked egg to run down to the exposed skillet walls.
5. Repeat this action until most of the uncooked egg becomes cooked (approx. 2-3 minutes).
6. While the egg is still slightly uncooked, add the cooked vegetables, Feta cheese, and basil to one side and fold the other side over to cover the filling.
7. Cook for an additional 1 minute to melt the cheese and finish cooking the inside.
8. Slide the omelet out onto a plate and serve immediately.

Total Time (Cook and Prep): 20 minutes

Servings: 1



NUTRITION INFO

(per serving)

204 calories
12 g fat
354 mg cholesterol
292 mg sodium
6 g carbohydrates
2 g fiber
19 g protein



Stress Eating

01

Five Tips to Reduce Stress Eating

Busy schedules often lead to excess calories. It's easy to grab the most convenient option when you're running two hours behind schedule, but a little planning and focus can help you avoid binge eating:

1 Don't skip meals

Eat three meals every day. Between each meal, eat a healthy snack (fruit, cheese, almonds and/or vegetables) to maintain your energy and curb your appetite.

2 Eat until you are satisfied, not stuffed

Don't use stress as an excuse to overeat. Instead, use meal time as an opportunity to relax. Sit down, get comfortable, eat slowly and enjoy.

3 Plan your exercise schedule

Moderate to intense daily exercise reduces your stress level and sticking to a schedule helps you feel in control of your day. Even when you're at your busiest, plan ahead and find time for at least 10 to 15 minutes of activity each day.

4 Avoid high-calorie beverages

Alcoholic drinks and sugary sodas, juices and teas are high in calories and low in nutrition. Instead, try sparkling water or still water infused with your favorite fruits.

5 Don't revolve everything around food

Whenever you're in charge of planning an event with family and friends, try games and activities that aren't all about food.



Monthly Activity

Reduce Your Stress, Monitor Your Weight

Practice daily meditative breathing and weigh yourself each week.





powered by

navigate°

Plan Your Finances

02

Plan Ahead and Avoid Financial Stress

It's easy to let spending get out of hand when you're running from one place to another. But many of those extra costs—eating out, impulse buys, comfort purchases—can be reduced by planning ahead.

Plan Meals in Advance

Make sure you always have a quick, affordable homemade meal at the ready. Use a slow cooker, rely on healthy favorites like eggs and whole-wheat sandwiches, or freeze meals, soups and casseroles in advance to save yourself time and money!

Plan Your Daily Spending

Find time to quickly list all of your planned expenses each morning, then check your list against your actual expenses at night. If you are consistently off track, find out why and make a change to your routine.

Discover New Ways to Relax and Watch Your Entertainment Budget

It doesn't matter if you're buying clothes, music, a movie ticket or an in-app purchase—when you're stressed, spending money releases endorphins that make you feel good. Unfortunately, this impulse works against your budget. Instead of buying something new, make a list of free ways to relax. You could take a walk, watch or listen to something you already own, spend time with friends and family or check out a book from the library.

Let a Few Things Go

Reduce your stress by focusing on priorities that save you money. If you only have time to cook a homemade meal or tidy up the house, let the mess slide for a day and avoid the expense of ordering delivery. You can fold blankets and vacuum when you have more time!





powered by

navigate°

Over-Scheduling

03

How to Avoid Over-Scheduling

Rest might not be an “active” activity, but it’s just as important for your mental and emotional health. Use these tips to safeguard the downtime in your day.

Keep your calendar in your pocket.

Keep your calendar up to date in Gmail, Outlook or another calendar app you prefer to use and avoid accidentally double-booking yourself.

Build in “buffer time.”

Leave a little wiggle room in case things don’t go as planned. If you pack your schedule too tight and face heavy traffic in the morning, you may get behind and feel stressed all day long.

Be honest with yourself.

Do you really want to take on an additional task or responsibility, or do you just feel guilty about saying no?

Find a polite way to say no.

Sometimes you want to say no, but you’re not quite sure how. Practice a few quick, polite ways to decline an offer so you don’t say “yes” when you’re caught off guard.

Do a great job on one task instead of a mediocre job on three or four.

Avoid a multitasking meltdown.

Make sure you leave yourself enough time to properly focus on each task at hand. Do a great job on one task instead of a mediocre job on three or four.





Recipe

04

Walnut Blueberry Energy Bites

Get a boost when you're on the go.

INGREDIENTS

- 1 cup lightly-toasted walnuts, chopped
- 1 cup whole-wheat pastry flour
- 1 cup uncooked oatmeal, regular or quick-cooking (not instant)
- ½ cup unsweetened shredded coconut
- ⅓ cup maple sugar
- 1 teaspoon ground cinnamon
- ⅛ teaspoon ground cardamom
- ¼ teaspoon salt
- ½ cup dried blueberries
- ¼ cup maple syrup
- 3 tablespoons olive oil
- 2 tablespoons butter
- 1 teaspoon baking soda
- 2 teaspoons boiling water

INSTRUCTIONS

1. In a large mixing bowl, combine the walnuts, flour, oatmeal, coconut, maple sugar, cinnamon, cardamom and salt. Stir with a fork or whisk until completely mixed. Add the blueberries and stir to combine. Set aside.
2. Heat two tablespoons of water to boiling in a pan. As the water boils, combine the maple syrup, olive oil and butter in a small saucepan. Place over medium heat and stir until the butter melts.
3. While the butter is melting, combine the baking soda and boiling water in a small bowl. Once dissolved, pour the contents of the bowl into the syrup mixture and stir to blend; it will become very bubbly.
4. Pour the mixture into the dry ingredients and stir vigorously to combine.
5. Using a tablespoon and your hands, scoop up pieces of dough and press them into walnut-sized balls. Place about 2 inches apart on cookie sheets lined with parchment paper. With your fingers or the palm of your hand, flatten each ball slightly into a puck shape.
6. Bake 10-12 minutes at 350 degrees F., until the cookies have spread slightly and are golden brown around the edges. Cool five minutes on the pan; then transfer the cookies to a rack to cool completely. Store in an airtight container.

Total Time (Cook and Prep):

35 minutes

Servings: 24



NUTRITION INFO

(per serving)

294 calories

12 g fat

107 mg cholesterol

539 mg sodium

8 g carbohydrates

3 g fiber

41 g protein



powered by

navigate°

Living a Heart-Healthy Lifestyle

01

Wholesome Habits Lead to Holistic Heart Health

Almost every decision you make across every aspect of your health—your nutrition, physical activity, personal knowledge and personal level of stress—will have a positive or negative impact on your heart health. Live a holistically healthy lifestyle to greatly reduce your risk of heart disease! How can you get started?

Get some exercise. For most healthy people, being physically active at least 150 minutes each week will increase physical and mental wellbeing across the board, which of course includes reducing your risk of heart disease.

Don't smoke cigarettes or drink in excess. This one is kind of a “duh,” but it still needs to be said. Tobacco and alcohol weaken your heart, stiffen or clog your arteries, and often lead to additional unhealthy behaviors (you're probably not eating a fresh spring salad after the bar closes). In general, two drinks per day for men and one drink for women is considered moderate.

Reduce your stress. We know, we know—easier said than done. But excess stress causes your body to release adrenaline, which temporarily raises your blood pressure and makes your heart work harder. Ongoing high levels of stress combined with other factors, such as poor diet, lack of exercise or lack of sleep, can wreak havoc on your heart and your overall wellbeing. Try breathing techniques or brief daily meditation breaks to reduce your stress level.



Know your numbers and consider your family history.

Knowledge is power. If you have high blood pressure, cholesterol or weight, or if your family has a history of heart disease, it is important to take extra precaution!

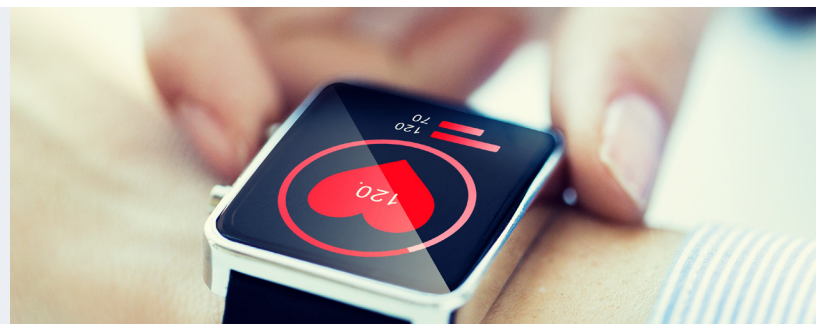
Sleep the recommended 6-8 hours each night. For most people, this amount of sleep improves focus and energy while reducing risks of heart disease and other health risks.

Eat a nutritious diet. Keep reading for tips on eating heart-healthy foods.

Monthly Activity

Four Chambers of Heart Health

Almost everything you do can affect your heart, which is why this activity helps you enhance your health in four different areas—activity, nutrition, health education and stress management.





powered by

navigate°

Heart Disease and Sleep

02

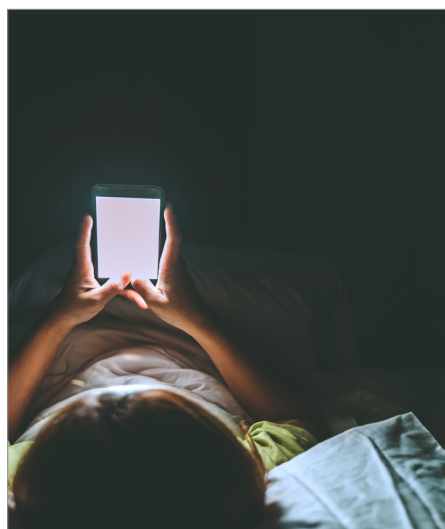
Stronger Heart, Better Moods: A Good Night's Sleep Is a Win-Win

Do you get the doctor-recommended six to eight hours of sleep each night? If you consistently sleep less than that, you have an increased risk of cardiovascular disease, coronary heart disease and stroke, regardless of your age, weight, smoking history and activity level. That sounds scary, but it's also an extremely solvable problem!

Try some of the tips below to get a better night's rest. If nothing helps, you may want to consult a doctor and see if they can recommend another way for you to enjoy the benefits of a good night's rest.

Shun Shiny Screens

The National Sleep Organization found that the light emitted by cell phones, computers, tablets, and televisions can restrain the production of the hormone melatonin, which makes it harder to fall and stay asleep. Try to find screen-free ways to relax at least 30 - 60 minutes before bed.



Sleep and Wake at the Same Time Each Day

Most parents would agree that a consistent bedtime routine helps kids get to sleep faster and reduces nighttime hassle. But the same is true for adults! Your body will adjust to the rhythm of sleeping and rising at the same time of day (even on weekends, if your schedule allows), which will help you fall asleep faster on a consistent basis.



Try to find screen-free ways to relax at least 30 - 60 minutes before bed.

Eliminate Caffeine After 2:00 P.M.

If you're used to drinking coffee all day, this can be a difficult change to make. For help, try turning to herbal teas or try a few infused water recipes.





powered by

navigate^o

Eat This, Not That

03

The Heart-Health Edition

Eat This	Not That	Why
1 Whole grains (whole wheat bread, etc.)	Enriched flour (white bread, pastries; check food labels to make sure enriched flour is not listed among the ingredients.)	Whole grains are excellent sources of dietary fiber, which have been shown to improve elevated blood cholesterol levels and reduce the risk of heart disease and stroke.
2 Water or unsweetened ice tea	Sugary soda or juice	Excess sugar is very, very bad for you! 'Nuff said.
3 Almonds and walnuts	Chips and other salty snacks	Almonds are magnesium- and antioxidant-rich, which helps you maintain healthy blood pressure, LDL and blood sugar levels.
4 Chicken, white fish and salmon	Red meats or fatty meats, such as bacon	Lean meats reduce your bad fat intake and fish will provide heart-friendly omega-3.
5 Fresh fruits and vegetables	Sugary juices, fruit-flavored desserts and canned vegetables	Fresh fruits (particularly strawberries, blueberries and raspberries) are rich in antioxidants and high in fiber, while fresh veggies (especially leafy greens) contain less sodium and more heart-healthy nutrients than their canned cousins.
6 Low-fat or fat-free milk, cheese and yogurt	Whole milk, fatty cheeses and ice cream	Too much high-fat dairy can lead to increased weight and risk of heart disease.

BONUS TIPS

- 1. Every meal, fill half your plate with healthy fresh fruits and vegetables!** You'll have less space for unhealthy foods, and you'll be more likely to get the nutrients you need.
- 2. Craving a pizza? Experiment with your own homemade healthy pies:**
 - Use a thin, whole-wheat crust.** This healthy option is becoming more and more popular in restaurants and grocery stores, and even if you don't like whole wheat breads, the switch is barely noticeable after the crust is crispy.
 - Add vegetables** to your pizza (peppers, mushrooms, spinach). If you're feeling adventurous, increase your options by removing the pizza sauce and covering your crust with olive oil and cheese: it will taste great with eggplant, artichokes, broccoli, carrots and more. Experiment until you find the right options for you.
 - Don't like greens on your pizza? **Make a side salad** to make sure you get some veggies with your dairy and carbs.

Recipe

04

Mediterranean Fish Tacos

Fish tacos make a fulfilling meal without feeling heavy in your stomach.

INGREDIENTS

- 1 cup plain Greek yogurt
- ¼ cup thinly sliced green onions
- ¼ cup chopped fresh cilantro
- Juice and zest from 1 lime
- 1 minced clove of garlic
- 1 ¼ pounds white fish filets (such as red snapper, cod, haddock or tilapia)
- 2 tablespoons olive oil
- 2 teaspoons ground cumin
- 1 teaspoon smoked paprika
- ¼ teaspoon cayenne pepper
- 8 tortillas (8 inches in size)
- 2 cups shredded lettuce
- 2 cups diced tomatoes
- Salt and pepper to taste

INSTRUCTIONS

1. Combine yogurt, green onions, cilantro, lime juice and zest, garlic, salt and pepper in a bowl to make a crema; set aside.
2. Combine cumin, paprika and red pepper in a small bowl and sprinkle over both sides of fish filets, then place the fish on a baking sheet brushed with olive oil.
3. Bake at 425 degrees F for 8-10 minutes or until the fish flakes easily with a fork.
4. Heat the tortillas according to package directions. Pull apart the fish with a fork and divide it evenly between the tortillas.
5. Top with lettuce, tomatoes and crema. Serve immediately.

Total Time (Cook and Prep): 30 minutes

Servings: Makes 3-5 tacos



NUTRITION INFO

(per serving)

275 calories

10 g fat

35 mg cholesterol

380 mg sodium

27 g carbohydrates

4 g fiber

18 g protein



powered by

navigate°

Fun Family Activities

01

They Call It “Quality Time” for a Reason

Time passes by much faster than you think, but that doesn’t mean it’s easy to fill an open weekend with the kids. It’s also easy to put off afternoon and evening plans when the day to day grind gets you down. Have relaxing, simple fun with your kids (and maybe wear them out a little bit, too) with a few of these activities:

When You’re Headed Outdoors

- Play hide and seek
- Visit a park
- Ride bikes, roller blade or walk around the neighborhood
- Walk a pet or a neighbor’s pet
- Play active games in the backyard

When You’re Staying In

- Play card games or board games
- Create an indoor obstacle course
- Make inexpensive arts and crafts
- Plan a treasure hunt
- Build a fort
- Play dress up or use your imagination

During the Day

- Play mini-golf
- Hike trails
- Work in a garden
- Visit a museum or sculpture garden
- Take a class together
- Visit a farmer’s market

For the Night Owls

- Look at the stars
- Catch fireflies
- Make healthy snacks and have a movie night
- Camp indoors
- Simply talk about your day

Monthly Activity

Plan Family Activities

Spend time with those closest to you and complete a different activity each week.





powered by

navigate°

Children's Health

02

Children's Health: Best Practices for Managing the Chaos

Raising children usually also means having an unhealthy reliance on Google. Do they need to go to the doctor? When should they start to walk or lose their baby teeth? Can they eat day old French fries from under the couch? What if they already did?

While unforeseen circumstances will always arise—that's part of the fun—there are a few things you can keep in mind to reduce your worries. Here are best practices for taking your children to unscheduled doctor visits:

- Fever over 102 degrees
- Unexplained weight loss
- Significant changes in mood or sleeping patterns
- Rashes or highly irritated skin
- Difficulty breathing
- For minor falls and other small accidents, use your best judgment



Are your kids frightened of going to the doctor's office?

Help ease their fears:

1

Remind them you will be by their side the entire visit.

2

If shots won't be required, remind them they don't need to worry about it. If shots are required, do your best to distract them and keep spirits up to minimize the pain of the poke.

3

Remind them that checkups do not mean anything is wrong.





powered by

navigate°

Eldercare

03

Take Extra Care with Eldercare

Eldercare is a broad term that can mean different things depending on the senior who needs it. Below are some tips for providing lasting comfort to seniors in your life who are still able to support themselves but might be slowing down a bit in one or more areas. For more specific guidance about advanced health issues, consult a medical professional.

1 Ergonomic chairs and other supportive furniture.

Ergonomic chairs provide great lumbar support and the adjustable features (height, arm rests, seat depth) can make a big difference in boosting comfort and daily mobility. If going up and down stairs has become a concern, you may also consider installing a chair lift.

2 Encourage frequent checkups and knowledge of key health numbers.

Knowing your basic health numbers—blood pressure, weight, cholesterol, triglyceride level, etc.—and checking up on them frequently will let seniors know if they need to take immediate action to preserve their health. In addition, a regular doctor will be able to stay on the lookout for signs of cognitive decline.

3 Step up the fight against infection.

Keep boxes of antibacterial wet wipes located conveniently around the house and use them often. Infections become more and more difficult to fight off as we get older!

4 Footcare and proper posture.

Taking care of your feet becomes more difficult as you get older and can lead to other health problems. Encourage a doctor's visit if an elder in your life has blisters, sores or infections that won't heal, or if you suspect circulation is a concern. Similarly, poor posture can lead to preventable joint and hip problems if it is not corrected in time.

5 Stock the pantry.

If it's difficult for a senior in your life to make it to the store, help them out by stocking their cupboards and freezer with non-perishable, healthy foods they enjoy and can prepare easily, as well as fresh fruits and vegetables.





Recipe

04

Vanilla Blueberry Pop

A simple and sweet way to stay cool during the summer.

INGREDIENTS

- 2 cups vanilla Greek yogurt
- 2 cups frozen blueberries
- 2 teaspoons honey
- ¼ cup milk

Note: You need popsicle molds to complete this recipe.

INSTRUCTIONS

1. Combine ingredients in blender and blend until smooth.
2. Fill each popsicle mold with the blended mixture and place in the freezer until completely frozen (approx. 3-4 hours).

Total Time (Cook and Prep):

10 minutes

Servings: 10



NUTRITION INFO

(per serving)

69 calories

1 g fat

5 mg cholesterol

16 mg sodium

12 g carbohydrates

1 g fiber

4 g protein





Gallagher

Insurance | Risk Management | Consulting

Benchmarking

SEE WHERE YOU STAND

2018 Benefits Strategy & Benchmarking Survey

Finding the right benefits balance is a matter of steady improvement, not instant perfection. But getting there, and staying there, requires strategic investments in your people's total wellbeing, including their health, financial security and career growth — at the right cost structure. Our 2018 survey provides data and insights from over 4,000 U.S. organizations that help guide you to better outcomes through better benchmarking.



ENHANCE EMPLOYEE FLEXIBILITY AND CHOICE



46%

OFFER TUITION ASSISTANCE

68%

PROVIDE EMPLOYER-SPONSORED DENTAL BENEFITS

69%

OFFER TWO OR MORE MEDICAL PLAN OPTIONS

MAXIMIZE THE VALUE OF SPEND WHILE REDUCING RISK



14%

APPLY A MULTI-YEAR BENEFITS STRATEGY

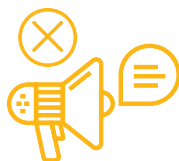
16%

CARVE OUT PHARMACY BENEFITS FROM THE HEALTH PLAN

44%

HAVE IMPLEMENTED AN ABSENCE MANAGEMENT STRATEGY

DRIVE ENGAGEMENT THROUGH COMMUNICATION, EDUCATION AND EMPOWERMENT



13%

APPLY A COMPREHENSIVE COMMUNICATION STRATEGY VS. AN AD HOC APPROACH

25%

PROVIDE INTERACTIVE DECISION SUPPORT TOOLS

63%

OFFER EMPLOYEE DEVELOPMENT TRAINING

PURSUE HEALTH MANAGEMENT SOLUTIONS FOCUSED ON INCENTIVES AND VALUE



16%

USE VALUE-BASED MEDICAL TACTICS

46%

PROVIDE HEALTHCARE COST-TRANSPARENCY TOOLS

55%

OFFER TELEMEDICINE SERVICES

It's time to see where you stand. With a better view of how you approach total rewards compared to your peers, you can identify and drive competitive opportunities that align with your strategic priorities, promote a healthy workplace culture and strengthen organizational wellbeing. **Visit ajg.com/2018_NBS to learn more.**

The Gallagher Way. Since 1927.



Gallagher



REACH NEW HEIGHTS

Best-in-Class Benchmarking Analysis

On the road to a better workplace, better benchmarking can speed your progress. Benchmarking against other employers that are highly effective in managing their healthcare costs and their people can uncover untapped opportunities, smoothing the way to operational excellence and organizational wellbeing.

See which tactics top large employers are using to outshine their peers.



HEALTHCARE COST CONTROL

EMPHASIZE COMPENSATION, LIMITED LEAVE
AND SUPPLEMENTAL BENEFITS

27%

Communicate clearly and transparently
on how to earn bonuses or pay increases

Other large employers: 17%

REDUCE FINANCIAL BARRIERS
TO APPROPRIATE CARE

36%

Did not increase employee cost sharing in 2018

Other large employers: 21%

HR MANAGEMENT

ALIGN PEOPLE MANAGEMENT
WITH OPERATIONAL PRIORITIES

39%

Have a comprehensive employee communication strategy

Other large employers: 13%

BOOST PERFORMANCE AND ENGAGEMENT
BY INVESTING IN WELLBEING

70%

Define clear performance goals

Other large employers: 37%

RETAIN EMPLOYEES THROUGH STRATEGIC
HEALTHCARE MANAGEMENT

77%

Offer biometric screenings to promote physical wellbeing

Other large employers: 47%

Contact your local Gallagher consultant or visit ajg.com/2018_BIC to learn more about what the best do differently and how to apply these insights to your organization.

Source: Gallagher's Best-in-Class Benchmarking Analysis uses data from 340 large employers (1,000 or more full-time employees) that responded to the 2018 Benefits Strategy & Benchmarking Survey.

The Gallagher Way. Since 1927.

© 2019 Arthur J. Gallagher & Co. | GBS25075



Gallagher

Insurance | Risk Management | Consulting



REACH NEW HEIGHTS

Best-in-Class Benchmarking Analysis

On the road to a better workplace, better benchmarking can speed your progress. Benchmarking against other employers that are highly effective in managing their healthcare costs and their people can uncover untapped opportunities, smoothing the way to operational excellence and organizational wellbeing.

See which tactics top midsize employers are using to outshine their peers.



HEALTHCARE COST CONTROL

EMPLOY BEST-FIT HEALTH PLAN DESIGN AND MANAGEMENT STRATEGIES

55%

Self-insure benefits funding
Other midsize employers: 40%

REDUCE FINANCIAL BARRIERS TO APPROPRIATE CARE

40%

Increase employee contributions to premiums in 2018
Other midsize employers: 55%

INVEST IN A HOLISTIC WELLBEING STRATEGY

76%

Agree that improving employee health
and wellbeing is a top priority
Other midsize employers: 65%

HR MANAGEMENT

ALIGN PEOPLE MANAGEMENT WITH OPERATIONAL PRIORITIES

26%

Have a comprehensive employee communication strategy
Other midsize employers: 7%

BOOST PERFORMANCE AND ENGAGEMENT BY INVESTING IN WELLBEING

55%

Define clear performance goals
Other midsize employers: 29%

RETAIN EMPLOYEES THROUGH STRATEGIC HEALTHCARE MANAGEMENT

65%

Offer flu shots to promote physical wellbeing
Other midsize employers: 52%

Contact your local Gallagher consultant or visit ajg.com/2018_BIC to learn more about what the best do differently and how to apply these insights to your organization.

Source: Gallagher's Best-in-Class Benchmarking Analysis uses data from 1,307 midsize employers (100 to 999 full-time employees) that responded to the 2018 Benefits Strategy & Benchmarking Survey.

The Gallagher Way. Since 1927.



Gallagher

Insurance | Risk Management | Consulting



Gallagher

Insurance | Risk Management | Consulting

Compliance Materials

COMPLIANCE HCR Update



Insurance | Risk Management | Consulting

HHS Releases Final 2019 Actuarial Value Calculator

The Department of Health and Human Services ("HHS") recently released the final 2019 Actuarial Value ("AV") Calculator and AV Calculator Methodology. The AV Calculator is required to be used by issuers of non-grandfathered health insurance plans offered in the small group and individual markets, sold both through and outside of the Marketplace and to determine the level of coverage - bronze, silver, gold, or platinum. Changes have been made to the 2019 AV Calculator and Methodology when compared to the 2018 version. The 2019 AV Calculator and Methodology are only applicable for 2019 plans and do not affect 2018 or earlier plans.

[Read More >>](#)

Reporting Reminder: Extended Deadline to Furnish Forms 1095-B and 1095-C to Individuals and Return of Good Faith Relief

Late last year, the IRS extended the deadline to furnish Forms 1095-B and 1095-C to individuals to March 2, 2018 and has provided relief from penalties for filing or furnishing incorrect or incomplete statements to entities who can show they have made a "good faith" effort to comply. We have updated our Sections 6055 and 6056 Reporting Requirements Toolkit to reflect these changes, as well as for recent changes for the 2017 reporting year – which will prove valuable for employers as they work towards compliance.

[Read More >>](#)

February 14, 2018

PPACA Effective Date Watch List 2018-2022

PPACA was enacted on March 23, 2010, but its provisions become effective within a range that spans from 2010 to 2022. The charts below provide a quick list of provisions that either begin or will significantly change in 2018 through 2022. A list of provisions for which the effective date has been delayed or is unclear, along with a list of requirements that will apply to plans losing grandfathered status, follows the charts.

[Read More >>](#)

De Minimis Error Safe Harbor for Form 1095-C

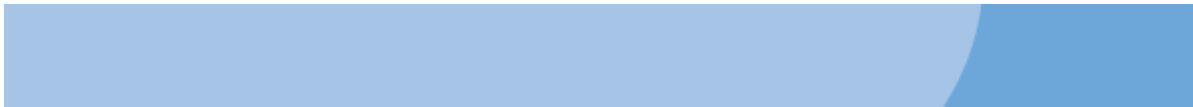
The final 2017 Instructions for Form 1095-C contain important guidance on the requirement to file corrected Forms with the IRS and provide corrected statements to employees when there are errors in original filings. Generally, when errors are discovered, a corrected Form should be filed and distributed as soon as possible. Employers that fail to provide corrected statements to responsible individuals may be subject to indexed penalties (although "good faith" reporting has been reinstated for the 2017 reporting year). Regardless of good faith reporting, employers now have the "de minimis" error safe harbor to provide potential relief for errors of a small amount.

[Read More >>](#)

**Questions and Answers for
Employers**

Please click on the "Read More" link
below to access our Healthcare
Reform FAQs.

[Read More >>](#)



This email was sent by:
Gallagher Benefit Services, Inc. www.ajg.com

[Forward Your Issue](#)

[Text-Only Version](#)

[Unsubscribe](#)

June 2019

HCR Update

- December 17, 2018

Recorded Webinars

- DOL Audits of Health & Welfare Plans
May 29, 2019
- Health Savings Accounts Fundamentals and Pitfalls
March 21, 2019
- 2019's Trending Topics in Human Resources
March 4, 2019

Coming Soon!

- *Reporting & Disclosure for Health and Welfare Plans—June 2019*

Archived Resources

- HCR Update
- Recorded Webinars
- Directions Newsletter
- Technical Bulletin
- AJG Healthcare Reform

Health & Welfare

IRS Releases 2020 HSA Values

Gallagher

Training Your Workforce is a Critical Component of Compliance under the HIPAA Privacy Rule

Gallagher

HHS Adjusts HIPAA Civil Monetary Penalties

Gallagher

Multinational

China: New penalties in place for gender discrimination in recruitment practices

Gallagher

Retirement

GAO examines IRA and retirement plan early withdrawals

Spencer's Benefits

Human Resources

Recent SCOTUS Ruling Impacts Title VII Litigation Strategy

Gallagher

How Much Leave is Too Much Leave?

Employee Benefit Plan Review

Proposed joint employer rule includes 4-factor test

CCH, Incorporated

State Law Review

Colorado Enacts Law to Prevent "Surprise" Medical Bills

Gallagher

Maine and Connecticut Pass Paid Leave Laws

Gallagher

Michigan No-Fault Auto Law May Impact Some Employer Medical Plans

Gallagher

Minneapolis Sick and Safe Time Ordinance Applies to Employers Located Outside the City

Gallagher

What's New in State Laws

CCH, Incorporated

Important Reminder

Upcoming Deadlines

Gallagher

Health & Welfare

IRS Releases 2020 HSA Dollar Values

Gallagher

Recently, the IRS released the 2020 inflation adjusted amounts for Health Savings Accounts (“HSAs”) and qualified High Deductible Health Plans (“HDHPs”). Participation in a high deductible health plan is required in order to be HSA eligible. The limits for deductibles, out-of-pocket limits, and annual contributions will be of particular interest to employers with existing high deductible medical plans and those considering implementing high deductible health plans. The 2019 and 2020 HSA limits are:

	2019	2020
HDHP Minimum Annual Deductible		
• Self-only Coverage	\$1,350	\$1,400
• Other than Self-only Coverage	\$2,700	\$2,800
HDHP Maximum Out-of-Pocket		
• Self-only Coverage	\$6,750	\$6,900
• Other than Self-only Coverage	\$13,500	\$13,800
HSA Maximum Calendar Year Contribution		
• Self-only Coverage	\$3,500	\$3,550
• Other than Self-only Coverage	\$7,000	\$7,100
• Catch-up Age 55 and Older (not indexed)	\$1,000	\$1,000

Note: The Patient Protection and Affordable Care Act (“PPACA”) limits the out-of-pocket maximum for employers sponsoring non-grandfathered medical plans. For 2014, the limit was equal to the out-of-pocket maximum for HSAs. However, beginning in 2015, the maximum out-of-pocket limits for non-grandfathered medical plans and high deductible health plans began to diverge. That divergence continues in 2020. The out-of-pocket maximums for HSA-compatible high deductible health plans in 2020 will be \$6,900 for self-only coverage and \$13,800 for other than self-only coverage, while the out-of-pocket maximums that may be used under a non-grandfathered health plan in 2020 will be \$8,150 for self-only coverage and \$16,300 for other than self-only coverage.

More information on indexed cost-sharing values under PPACA is available in our May 2019 Directions article *“HHS Finalizes PPACA Cost-Sharing Limits for 2020”* [Click here](#) for a copy.

Training Your Workforce is a Critical Component of Compliance under the HIPAA Privacy Rule

Gallagher

Your employees are both your biggest hurdle to compliance with the Privacy and Security requirements under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and your greatest asset in safeguarding protected health information (“PHI”). In this regard, a HIPAA workforce member’s mistake or carelessness can result in a breach of PHI, but training HIPAA workforce members on your HIPAA policies and procedures can reduce the risk of mistakes or carelessness and may help you avoid HIPAA penalties in the event a breach occurs.

HIPAA has extensive training requirements and requires that both covered entities (such as employer-sponsored health plans) and business associates provide HIPAA training to members of the workforce who handle PHI. The training requirements are different under the HIPAA Privacy Rule and HIPAA Security Rule. This article addressing training under the HIPAA Privacy Rule is the second in a two-part series on the training requirements under the HIPAA. The first article – training under the HIPAA Security Rule – from the April 2019 Directions publication can be found [here](#).

The Privacy Rule and its Training Requirements

The HIPAA Privacy Rule requires covered entities, such as employer-sponsored health plans, to implement written Privacy policies and procedures and adopt standards designed to protect PHI. For example, HIPAA Privacy policies and procedures include such things as the identity of the Privacy Officer, the plan’s general safeguards to protect PHI, the instances a plan is required or permitted to use and disclose PHI, and how the plan will comply with an individual’s rights under HIPAA. Additionally, the Privacy Rule requires organizations to train their HIPAA workforce members (i.e., those individuals who can or do access PHI) on their HIPAA policies and procedures. While the HIPAA Privacy Rule is flexible and scalable with regard to the training requirements to accommodate the size and type of the organization that falls under its purview, HIPAA training is undoubtedly mandatory. This means that the form and type of training is not standardized, but the HIPAA Privacy Rule does provide some insight as to the contents of the training required under the law.

Under the Privacy Rule, training must include awareness training for all members of the HIPAA workforce with a focus on the policies and procedures designed to protect PHI in all forms (oral, written, and electronic). The training should include an overview of the requirements of HIPAA and emphasize the importance of protecting PHI and how to accomplish this aim. The training should also explain the instances when HIPAA permits a HIPAA workforce member to use or disclose PHI and how a workforce member should use or disclose the minimum amount of PHI to achieve a task. For

example, employer-sponsored health plans are permitted to use or disclose PHI when performing duties related to payment for health care, yet a workforce member need not disclose all of an individual's PHI to assist with a payment issue. Finally, the training should explain the concept of a HIPAA breach, how to handle reporting a breach if one is suspected, and what is at risk for an organization in the form of violations and sanctions.

The training requirements apply to newly hired individuals as well as seasoned employees. New HIPAA workforce members must be trained within a reasonable period of time after joining the organization. A best practice for the timing of training is no more than 30 days after the new workforce member joins the organization. Your organization should also offer periodic training to your HIPAA workforce members whenever material changes to the organization's Privacy policies and procedures occur or if it has been more than three years since your last global training. All training sessions must be documented in order to establish that the required training has occurred. For example, you should retain copies of the PowerPoint presentations, if any, used to train your employees as well as documentation of training attendance, such as a sign-in sheet or a signed acknowledgement from each HIPAA workforce member that he or she attended the training.

Penalties for Failing to Train Your HIPAA Workforce

Failing to provide training on your organization's HIPAA Privacy policies and procedures can lead to the Department of Health and Human Services' Office for Civil Rights ("OCR") issuing both a corrective action and significant monetary penalties. Penalties can be imposed for each year that an organization has failed to comply with the requirement to train its HIPAA workforce members. Thus, if an organization has willfully failed to conduct HIPAA Privacy training for a period of ten years, then the organization could be penalized for each of the ten years during which it failed to provide training.

Action Steps

Employers sponsoring health plans should consider the following action items to avoid HIPAA violations related to training under the Privacy Rule:

- Implement or update HIPAA Privacy policies and procedures.
- Train HIPAA workforce members on HIPAA Privacy policies and procedures. This includes training new HIPAA workforce members within the first 30 days after joining the organization.
- Retrain all HIPAA workforce members periodically or when material changes to the organization's working practices or technology occurs.
- Document all training sessions and maintain records of training for at least six years.

HHS Adjusts HIPAA Civil Monetary Penalties

Gallagher

The U.S. Department of Health and Human Services (“HHS”) has enforcement authority, including the ability to issue civil monetary penalties, for violations of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”). Recently, HHS issued a notification to the public regarding how it will apply the civil monetary penalties under HIPAA. The adjusted penalty structure is based on the HHS Office of General Counsel’s interpretation of the penalty provisions contained in the HITECH Act, which was enacted in 2009 in an effort to, among other things, strengthen HIPAA enforcement by increasing the penalty provisions for HIPAA violations. In its recent pronouncement, HHS retained the four-tier penalty scheme based on the level of culpability while it adjusted the amount of the civil monetary penalty at each level. Based on HHS’s recent action, all HIPAA enforcement actions will be governed by the following penalty tiers:

Culpability	Minimum penalty/violation	Maximum penalty/violation	Annual limit
No knowledge	\$100	\$50,000	\$25,000
Reasonable Cause	\$1,000	\$50,000	\$100,000
Willful neglect-corrected	\$10,000	\$50,000	\$250,000
Willful neglect-not corrected	\$50,000	\$50,000	\$1,500,000

A copy of the Federal Register Notification from HHS can be found [here](#).

As indicated by HHS, the penalty amount will be based on the level of culpability at issue in the violation. Tier one penalties will be issued in the instance where a violation occurs and the person did not know or would not have known of the violation had he or she exercised due diligence. Tier two penalties are for those violations that occur due to reasonable cause, and not willful neglect. Tier three penalties are for those violations that are the result of willful neglect, but the violation was corrected in a timely manner. Tier four violations are those that are the result of willful neglect and are not timely corrected. Thus, if an employer-sponsored health plan, which is a HIPAA covered entity, did not know that it violated HIPAA and, through due care, would not have known, HHS could issue a penalty in the amount of \$100.00 per violation not to exceed \$50,000.00. HHS will use this penalty structure, as adjusted for inflation, until further notice.



Gallagher

Insurance | Risk Management | Consulting

Multinational

China: New penalties in place for gender discrimination in recruitment practices

Gallagher

On 21 February 2019, nine government departments published a circular banning employers from discriminating against women in the workplace. The circular emphasized existing legal protections against discrimination while strengthening fines against non-compliant employers and offering greater legal remedies for those negatively affected by discrimination.

Applicable legislation

The Circular about Further Regulating Recruitment and Promoting Women's Employment Administrative Guidance (人力资源社会保障部、教育部等九部门关于进一步规范招聘行为促进妇女就业的通知) was originally issued on 18 February 2019 and was published on 21 February 2019.

Affected employers

The new rules on gender discrimination affect all employers recruiting employees in China.

Affected employees

The new rules on gender discrimination affect all employees recruited in China.

Anti-discrimination regulations

The circular emphasized several points regarding already-existing legal protection for women in the workplace, while also emphasizing new penalties against discriminatory actions.

The Circular emphasized that employers are required to not discriminate against hiring women for employment. In particular, employers or headhunters cannot refuse to hire qualified female applicants or invoke prohibitions against them to have children.

Employers cannot ask job candidates questions related to their marital status, their age, or their family. In addition, they cannot have candidates take pregnancy tests to secure employment.

Penalties

If employers or recruitment agencies post ads violating regulations on gender discrimination they could face administrative fines from CNY 10,000 to CNY 50,000.

They could also face public “name and shame” tactics on government websites. If violations persist, the employer or recruitment agencies could lose their operating license.

About GVISOR

GVISOR tracks changes in local employee benefits regulations and trends. All Compliance Alerts include suggestions of next steps a company should consider taking in order to comply with reported changes. GVISOR also includes Country Manuals, which are comprehensive guides to employee benefits in various countries. Covered topics include retirement, death, disability, workers’ compensation, unemployment, maternity, medical, leave, holidays, employment conditions, termination, and incentives and perquisites.

For more information on GVISOR, contact us at +1.202.299.9377 or stacy_hayashi@ajg.com.

Disclaimer: The information contained herein is of a general nature and is not intended to address the circumstances of any specific individual, entity or situation. No one should act upon such general information without obtaining appropriate professional or legal advice. We endeavor to provide accurate and current information, but we cannot guarantee that such information is accurate at the time of publication or at any later time. To protect the confidential and proprietary information included in this material, it may not be disclosed or provided to any third parties without the approval of Arthur J. Gallagher & Co., the publisher of GVISOR.

Retirement

GAO examines IRA and retirement plan early withdrawals Spencer's Benefits

In 2013, individuals in their prime working years (those ages 25 to 55) removed at least \$69 billion of their retirement savings early, according to a recent GAO analysis of IRS and Department of Labor data. The report, *Additional Data and Analysis Could Provide Insight into Early Withdrawals*, found that the bulk of the leakage—\$39.5 billion—was from early withdrawals from individual retirement accounts (IRAs). That represented 3 percent of total IRA holdings and exceeded contributions in that year.

Participants in employer-sponsored plans, such as 401(k) plans, withdrew at least \$29.2 billion early as hardship withdrawals, lump sum payments made at job separation (known as cashouts), and loan balances that borrowers did not repay. Hardship withdrawals in 2013 were equivalent to about 0.5 percent of the age group’s total plan

assets and about 8 percent of their contributions, the GAO found.

Stakeholders GAO interviewed identified flexibilities in plan rules and individuals' pressing financial needs, such as out-of-pocket medical costs, as factors affecting early withdrawals of retirement savings. Stakeholders said that certain plan rules, such as setting high minimum loan thresholds, may cause individuals to take out more of their savings than they need. Stakeholders also identified several elements of the job separation process affecting early withdrawals, such as difficulties transferring account balances to a new plan and plans requiring the immediate repayment of outstanding loans, as relevant factors.

Stakeholders GAO interviewed also suggested strategies they believed could balance early access to accounts with the need to build long-term retirement savings. For example, plan sponsors said allowing individuals to continue to repay plan loans after job separation, restricting participant access to plan sponsor contributions, allowing partial distributions at job separation, and building emergency savings features into plan designs, could help preserve retirement savings. However, they noted, each strategy involves tradeoffs, and the strategies' broader implications require further study.

To further investigate this issue, GAO recommends that, as part of revising the Form 5500, the DOL and IRS should require plan sponsors to report the incidence and amount of all 401(k) plan loans that are not repaid.

GAO concluded that "billions of dollars continue to leave the retirement system early. Although these withdrawals represent a small percentage of overall assets in these accounts, they can erode or even deplete an individual's retirement savings, especially if the retirement account represents their sole source of savings."

SOURCE: <https://www.gao.gov/assets/700/698041.pdf>

401knews IRAnews DOLnews IRSnews Otherdocnews

Human Resources

Recent SCOTUS Ruling Impacts Title VII Litigation Strategy Gallagher

In *Fort Bend County, Texas v. Davis*, the United States Supreme Court (the "Court") unanimously ruled that Title VII's requirement that an aggrieved employee exhaust administrative remedies by first filing a claim with the Equal Employment Opportunity Commission ("EEOC") (or a state agency) is merely a mandatory claim-processing rule that is subject to forfeiture, if not timely raised. The Court's ruling settled a split amongst the circuit courts of appeals, with three courts having ruled that the requirement was jurisdictional in nature and eight courts having ruled that the requirement was procedural. The Court's ruling is significant because if the requirement to first file a

claim with either the EEOC or a state agency is jurisdictional, rather than procedural, then a plaintiff's failure to properly do so could be brought up as a defense by the employer at any point in time during litigation. However, based on the Supreme Court's ruling, employers will lose their defense that a plaintiff has failed to file a claim with either the EEOC or a state agency if the employer raises the defense too late.

Background

Title VII and the Administrative Process

Title VII of the Civil Rights Act of 1964 is the federal anti-discrimination, harassment, and retaliation statute and requires an aggrieved employee to file a Charge of Discrimination with the EEOC or state equivalent before filing a lawsuit against their employer. The employee must file the charge within 180 days of any alleged unlawful employment practice (or 300 days if the state or local agency enforces a law that prohibits employment discrimination on the same basis as Title VII). In the charge, the employee is required to state the basis of the discrimination or retaliation claim and any allegations in support. As part of the process, the employee completes an intake questionnaire, which is a series of questions used by the EEOC to determine the basis of a claim. The EEOC will then investigate the claims set forth in the charge and issue a finding or take action based on the agency's conclusions.

The Fort Bend County Lawsuit and Ruling

The employee, Lois Davis, filed an internal complaint with her employer alleging the Fort Bend County's IT Director sexually harassed her. Following an internal investigation, the IT Director resigned. Davis then filed a Charge of Discrimination against Fort Bend with the Texas Workforce Commission (the state's EEOC equivalent) alleging she suffered sexual harassment by a male director and retaliation for complaining about the harassment. While her charge was pending, Fort Bend fired Davis after she declined to report for work on a Sunday and attended church instead.

Following her termination, Davis attempted to supplement her allegations in her charge by handwriting "religion" on the intake questionnaire and checking the boxes for "discharge" and "reasonable accommodation" on the form, but did not amend the formal charge document. Thereafter, Davis received a right-to-sue letter from the agency and filed a lawsuit in federal court. In the lawsuit, Davis alleged sexual harassment, retaliation, and religious discrimination under Title VII. The district court dismissed all of Davis's claims on summary judgment. On appeal, the Fifth Circuit Court of Appeals affirmed the district court's decision on all claims except the religious discrimination claim, reversing the district court's decision and remanding the religious discrimination claim to the district court for further litigation. After years of litigation in the district court, Fort Bend asserted for the first time that the district court lacked jurisdiction over the religious discrimination claim because Davis failed to properly raise the issue of religious discrimination in her charge during the administrative process. The district

court agreed and dismissed the lawsuit. On appeal, Fifth Circuit reversed the district court's ruling finding that the charge-filing requirement is not jurisdictional (rather, it is procedural in nature) and the employer did not timely allege its "failure to exhaust" administrative remedies defense.

On appeal to the Supreme Court, the Court examined whether the charge-filing requirement is jurisdictional or procedural. The Court ruled the requirement is a procedural rule and not a bar to filing a lawsuit. As a result, a federal court can retain jurisdiction over a discrimination claim even if an employee fails to allege the basis for the claim in the administrative charge – as long as the defendant does not object in a timely manner.

Impact on Employers

The Court's ruling is critical to those cases in which an employee files an administrative charge but later adds other claims in the subsequent lawsuit that were not investigated by the state or federal agency. The ruling puts the onus on employers to promptly raise their objections and seek dismissal of any Title VII lawsuit on procedural grounds, when the lawsuit includes claims that are not part of the administrative action. The ruling, however, does not remove an employee's obligation to file administrative claims before filing a lawsuit.

Employers facing a Title VII claim, should immediately scrutinize the administrative history of the claim and determine whether the employee filed a charge with the EEOC or state agency and whether the employee's claims in the lawsuit align with those asserted in the administrative proceeding. If a discrepancy exists, the employer should move to dismiss or, at a minimum, raise the issue as an affirmative defense in its answer to the complaint. If an employer fails to do so in a timely manner, the employer may waive its right to assert this defense in the future, or obtain dismissal of the claim on procedural grounds.

How Much Leave is Too Much Leave? Denying or Stopping Extended Medical Leaves of Absence

Employee Benefit Plan Review

Carlton Hilson and Caroline Page

Employers frequently face challenges managing their employees' requests for additional or extended medical leaves of absence once employees are no longer eligible for or have exhausted Family and Medical Leave Act (FMLA) leave. The Equal Employment Opportunity Commission (EEOC) and many federal courts find that unpaid leave may be a form of reasonable accommodation required by the Americans with Disabilities Act (ADA) even when FMLA leave is not available so long as the employee will likely be able to perform the essential functions of his or her position upon return. Courts are hesitant to place clear and definitive limits on reasonable accommodation leave periods

because each employee's situation is unique and must be evaluated on a case-by-case basis. Accordingly, employers are often left uncertain as to their obligations – is the additional or extended leave period required by law, or may the employer comfortably say that enough is enough?

BILLUPS V. EMERALD COAST UTILITIES AUTHORITIES

Over the years, courts have provided some guidance to employers in this area. Across the circuit courts, a trend is emerging as the courts agree that, at some point, enough is enough. For example, the U.S. Court of Appeals for the Eleventh Circuit recently held in *Billups v. Emerald Coast Utilities Authorities* that an employee is not entitled to leave under the ADA unless it would permit the employee to return “in the present or in the immediate future.”¹ The plaintiff in *Billups* sustained a shoulder injury and began a continuous FMLA leave. Halfway through FMLA leave, the employee's doctors determined that he needed surgery, making the employee unable to return for approximately six months. The employer communicated with the employee in the following months, but the employee failed to provide a definitive return-to-work date by the employer's deadline. As a result, the employee was terminated.

In the resulting ADA lawsuit, the employee argued that a limited period of unpaid leave as he recovered from surgery constituted a reasonable accommodation that the employer should provide. The Eleventh Circuit, however, affirmed dismissal of the suit. The court held that the employee was not a qualified individual under the ADA because the employee could not work at the time he was terminated, did not provide the employer a return-to-work date upon request, and failed to show that his requested leave period would actually enable him to perform the job's essential function “presently or in the immediate future.” Therefore, the court held that the employer did not have to provide the leave period requested.

SEVERSON V. HEARTLAND WOODCRAFT, INC.

Around the same time as the Eleventh Circuit decided *Billups*, the U.S. Court of Appeals for the Seventh Circuit took a very similar approach in two cases. In *Severson v. Heartland Woodcraft, Inc.*, the court held that a multi-month, continuous leave of absence was not an ADA reasonable accommodation.² The plaintiff in *Severson* had a back injury that required him to take FMLA leave. On week 10 of his continuous FMLA leave, the plaintiff notified his employer that his condition would require surgery scheduled for the last day of his 12-week FMLA entitlement and that he would need an additional 2-3 months leave to recover. The employer denied the request for additional leave, terminated the plaintiff and invited him to reapply when he was able to return to work. Rather than reapplying, however, the employee filed suit under the ADA for failure to accommodate.

¹ 2017 WL 4857430 (11th Cir. Oct. 26, 2017).

² 872 F.3d 476 (7th Cir. 2017).

The district court granted summary judgment in favor of the employer, and the Seventh Circuit affirmed. Although the Seventh Circuit found that “a brief period of leave to deal with a medical condition” may be a reasonable accommodation depending on the circumstances, the court held that “a medical leave spanning multiple months does not permit the employee to perform the essential functions of his job.” “Simply put,” the court wrote, “an extended leave of absence does not give a disabled individual the means to work; it excuses his not working.”

GOLDEN V. INDIANAPOLIS HOUSING AGENCY

Likewise, in *Golden v. Indianapolis Housing Agency*, the court affirmed dismissal of an employee’s ADA lawsuit, where the employee’s ongoing breast cancer treatments required an additional six months’ unpaid leave. The employee had already taken 16 weeks of unpaid medical leave and represented on her long-term disability benefits application that she could not perform her job descriptions safely. Based on the *Severson* holding, the court found that an employee who requires a multi-month period of medical leave is not a qualified individual under the ADA.³

OTHER DECISIONS

Other courts have reached similar conclusions under the Rehabilitation Act. For example, in *Hwang v. Kansas State University*, the U.S. Court of Appeals for the Tenth Circuit upheld dismissal of a university teacher’s discrimination case where the university refused to provide the teacher with more than six months’ paid leave pursuant to its policy. The court reasoned that an employee who is not capable of working for a period spanning more than six months is not an employee who is capable of performing the job’s essential functions. Further, the court noted that requiring an employer to keep a job open for so long does not qualify as a reasonable accommodation.⁴

Citing *Hwang*, the U.S. Court of Appeals for the First Circuit found in *Echevarría v. AstraZeneca Pharmaceutical LP* that an employee’s request for an additional 12 months’ leave was not a reasonable accommodation under the ADA. The court reasoned that the sheer length of the request “jump[ed] off the page” where the Tenth Circuit and other courts previously concluded that requests for even half the time the employee requested were not facially reasonable.⁵

Based on a review of these and other recent decisions, several principles are clear:

- Where the employee requests medical leave but is ineligible for FMLA, employers must consider whether unpaid leave would be a reasonable accommodation under the ADA or state law, as courts and the EEOC find that unpaid leave can be a reasonable accommodation in at least some cases.

³ 698 Fed. Appx. 835, 837 (7th Cir. 2017).

⁴ 753 F.3d 1159, 1161-62 (10th Cir. 2014).

⁵ 856 F.3d 119, 130 (1st Cir. 2017).

- Employers are generally not required to grant indefinite, open-ended medical leaves as an accommodation under the ADA. Employees typically must provide employers an estimate on the amount of leave needed or a return-to-work date. Courts may look to the employer's policies for requesting leave and providing documentation.
- Depending on the circumstances, the ADA generally does not require employers to provide employees who are not eligible for or have exhausted FMLA with additional or extended leaves lasting many months as a reasonable accommodation.
- An employee's request for brief leaves may not be a reasonable accommodation where the employee's amount of leave requested or return-to-work date frequently changes, or there is no evidence the employee will be able to perform the essential functions of his or her job at the conclusion of the leave.

CONCLUSION

Although the courts have recently provided some helpful guidance for employers faced with employee requests for lengthy leaves of absence, every situation must be analyzed on its own to determine an employer's obligations under the law and the best course of action for those involved. Some courts may uphold lengthy leave requests as ADA reasonable accommodations. Decisions are highly fact specific, and there is no bright-line rule. Therefore, employers should consult with legal counsel before denying an employee's lengthy or complicated leave request.

Carlton Hilson is a partner at Burr & Forman LLP, practicing in the Labor and Employment Law section, where he represents management and employers regarding any and all labor and employment matters arising out of the workplace. Caroline Page is an associate at the firm practicing in the Labor and Employment and Corporate and Tax Law groups. Resident in the firm's Birmingham office, the authors may be contacted at chilson@burr.com and cpage@burr.com , respectively.

Proposed joint employer rule includes 4-factor test: hiring and firing, supervision and control, payment, and recordkeeping

CCH, Incorporated

Noting it has not meaningfully revised its joint employer regulation since 1958, the Labor Department has announced via press release a proposed rule to revise and clarify the responsibilities of employers and joint employers.

The FLSA allows joint employer situations where an employer and a joint employer are jointly responsible for the employee's wages. DOL proposes a four-factor test to

consider whether the potential joint employer actually exercises the power to:

- Hire or fire the employee;
- Supervise and control the employee's work schedules or conditions of employment;
- Determine the employee's rate and method of payment; and
- Maintain the employee's employment records.

The proposal would ensure employers and joint employers clearly understand their responsibilities to pay at least the federal minimum wage for all hours worked and overtime for all hours worked over 40 in a workweek, the agency said.

Reduce uncertainty. "This proposal will reduce uncertainty over joint employer status and clarify for workers who is responsible for their employment protections," said Secretary of Labor Alexander Acosta. "Providing public notice and comment is the best way to move forward with another significant deregulatory proposal."

In June 2017, the DOL [withdrew](#) the previous administration's sub-regulatory guidance regarding joint employer status, which did not go through the rulemaking process that includes public notice and comment.

DOL examples for comment. The proposal also includes a set of joint employment examples for comment that would further assist in clarifying joint employer status, notably in the franchise industry. DOL's examples include:

- (1) Example (nationwide restaurant franchise):** An individual works 30 hours per week as a cook at one restaurant establishment, and 15 hours per week as a cook at a different restaurant establishment affiliated with the same nationwide franchise. These establishments are locally owned and managed by different franchisees that do not coordinate in any way with respect to the employee. Are they joint employers of the cook?

Application: Under these facts, the restaurant establishments are not joint employers of the cook because they are not associated in any meaningful way with respect to the cook's employment. The similarity of the cook's work at each restaurant, and the fact that both restaurants are part of the same nationwide franchise, are not relevant to the joint employer analysis, because those facts have no bearing on the question whether the restaurants are acting directly or indirectly in each other's interest in relation to the cook.

- (2) Example (same owner, multiple restaurants):** An individual works 30 hours per week as a cook at one restaurant establishment, and 15 hours per week as a cook at a different restaurant establishment owned by the same person. Each week, the restaurants coordinate and set the cook's schedule of hours at each location, and the cook works interchangeably at both restaurants. The

restaurants decided together to pay the cook the same hourly rate. Are they joint employers of the cook?

Application: Under these facts, the restaurant establishments are joint employers of the cook because they share common ownership, coordinate the cook's schedule of hours at the restaurants, and jointly decide the cook's terms and conditions of employment, such as the pay rate. Because the restaurants are sufficiently associated with respect to the cook's employment, they must aggregate the cook's hours worked across the two restaurants for purposes of complying with the act.

(3) Example (janitorial services): An office park company hires a janitorial services company to clean the office park building after-hours. According to a contractual agreement with the office park and the janitorial company, the office park agrees to pay the janitorial company a fixed fee for these services and reserves the right to supervise the janitorial employees in their performance of those cleaning services. However, office park personnel do not set the janitorial employees' pay rates or individual schedules and do not in fact supervise the workers' performance of their work in any way. Is the office park a joint employer of the janitorial employees?

Application: Under these facts, the office park is not a joint employer of the janitorial employees because it does not hire or fire the employees, determine their rate or method of payment, or exercise control over their conditions of employment. The office park's reserved contractual right to control the employee's conditions of employment does not demonstrate that it is a joint employer.

(4) Example (landscaping services): A country club contracts with a landscaping company to maintain its golf course. The contract does not give the country club authority to hire or fire the landscaping company's employees or to supervise their work on the country club premises. However, in practice a club official oversees the work of employees of the landscaping company by sporadically assigning them tasks throughout each workweek, providing them with periodic instructions during each workday, and keeping intermittent records of their work. Moreover, at the country club's direction, the landscaping company agrees to terminate an individual worker for failure to follow the club official's instructions. Is the country club a joint employer of the landscaping employees?

Application: Under these facts, the country club is a joint employer of the landscaping employees because the club exercises sufficient control, both direct and indirect, over the terms and conditions of their employment. The country club directly supervises the landscaping employees' work and determines their schedules on what amounts to a regular basis. This routine control is further established by the fact that the country club indirectly fired one of landscaping employees for not following its directions.

(5) Example (staffing company): A packaging company requests workers on a daily basis from a staffing agency. The packaging company determines each worker's hourly rate of pay, supervises their work, and uses sophisticated analysis of expected customer demand to continuously adjust the number of workers it requests and the specific hours for each worker, sending workers home depending on workload. Is the packaging company a joint employer of the staffing agency's employees?

Application: Under these facts, the packaging company is a joint employer of the staffing agency's employees because it exercises sufficient control over their terms and conditions of employment by setting their rate of pay, supervising their work, and controlling their work schedules.

(6) Example (association providing group benefits): An association, whose membership is subject to certain criteria such as geography or type of business, provides optional group health coverage and an optional pension plan to its members to offer to their employees. Employer B and Employer C both meet the association's specified criteria, become members, and provide the association's optional group health coverage and pension plan to their respective employees. The employees of both B and C choose to opt in to the health and pension plans. Does the participation of B and C in the Association's health and pension plans make the association a joint employer of B's and C's employees, or B and C joint employers of each other's employees?

Application: Under these facts, the association is not a joint employer of B's or C's employees, and B and C are not joint employers of each other's employees. Participation in the association's optional plans does not involve any control by the association, direct or indirect, over B's or C's employees. And while B and C independently offer the same plans to their respective employees, there is no indication that B and C are coordinating, directly or indirectly, to control the other's employees. B and C are therefore not acting directly or indirectly in the interest of the other in relation to any employee.

(7) Example (supply chain contracts that include code of conduct, wage conditions): Entity A, a large national company, contracts with multiple other businesses in its supply chain. As a precondition of doing business with A, all contracting businesses must agree to comply with a code of conduct, which includes a minimum hourly wage higher than the federal minimum wage, as well as a promise to comply with all applicable federal, state, and local laws. Employer B contracts with A and signs the code of conduct. Does A qualify as a joint employer of B's employees?

Application: Under these facts, A is not a joint employer of B's employees. Entity A is not acting directly or indirectly in the interest of B in relation to B's employees—hiring, firing, maintaining records, or supervising or controlling work schedules or conditions of employment. Nor is A exercising significant control over Employer B's rate or method of pay—although A requires B to maintain a

wage floor, B retains control over how and how much to pay its employees. Finally, because there is no indication that A's requirement that B commit to comply with all applicable federal, state, and local law exerts any direct or indirect control over B's employees, this requirement has no bearing on the joint employer analysis.

- (8) Example (hotel industry franchise providing sample employment forms, documents):** Franchisor A is a global organization representing a hospitality brand with several thousand hotels under franchise agreements. Franchisee B owns one of these hotels and is a licensee of A's brand. In addition, A provides B with a sample employment application, a sample employee handbook, and other forms and documents for use in operating the franchise. The licensing agreement is an industry-standard document explaining that B is solely responsible for all day-to-day operations, including hiring and firing of employees, setting the rate and method of pay, maintaining records, and supervising and controlling conditions of employment. Is A a joint employer of B's employees?

Application: Under these facts, A is not a joint employer of B's employees. A does not exercise direct or indirect control over B's employees. Providing samples, forms, and documents does not amount to direct or indirect control over B's employees that would establish joint liability.

- (9) Example (shared retail space requiring uniforms, code of conduct):** A retail company owns and operates a large store. The retail company contracts with a cell phone repair company, allowing the repair company to run its business operations inside the building in an open space near one of the building entrances. As part of the arrangement, the retail company requires the repair company to establish a policy of wearing specific shirts and to provide the shirts to its employees that look substantially similar to the shirts worn by employees of the retail company. Additionally, the contract requires the repair company to institute a code of conduct for its employees stating that the employees must act professionally in their interactions with all customers on the premises. Is the retail company a joint employer of the repair company's employees?

Application: Under these facts, the retail company is not a joint employer of the cell phone repair company's employees. The retail company's requirement that the repair company provide specific shirts to its employees and establish a policy that its employees to wear those shirts does not, on its own, demonstrate substantial control over the repair company's employees' terms and conditions of employment. Moreover, requiring the repair company to institute a code of conduct or allowing the repair company to operate on its premises does not make joint employer status more or less likely under the act. There is no indication that the retail company hires or fires the repair company's employees, controls any other terms and conditions of their employment, determines their rate and method of payment, or maintains their employment records.

Said Keith Sonderling, Acting Administrator for the Department's Wage and Hour Division. "The proposed changes would provide courts with a clearer method for determining joint employer status, promote greater uniformity among court decisions, and reduce litigation."

More information about the proposed joint employer rule is available at www.dol.gov/whd/flsa/jointemployment2019.

The DOL encourages any interested members of the public to submit comments about the proposed rule electronically at www.regulations.gov, in the rulemaking docket RIN 1235-AA26. Once the rule is published in the *Federal Register*, the public will have 60 days to submit comments for those comments to be considered.

Source: Joy Waltemath, J.D.

Note: On May 13 the DOL extended to deadline for comments to June 25.

State Law Review

Colorado Enacts Law to Prevent "Surprise" Medical Bills Gallagher

Colorado Governor Polis has signed a bill requiring health care providers, facilities, and health insurance carriers to provide disclosures to consumers about the potential effects of receiving services from an out-of-network provider or at an out-of-network facility. The bill also establishes reimbursement schedules for out-of-network providers who are providing services at an in-network facility and out-of-network providers of emergency services. It also creates an arbitration process for settling billing disputes. The law is scheduled to be effective on January 1, 2020. The bill's requirements do not apply when:

1. The group health plan is self-funded; or
2. A covered person voluntarily uses an out-of-network provider.

Required disclosure for out-of-network services. The state must adopt rules to specify the disclosure requirements. Among other things, the rules must address the timing and content of disclosures, and how the disclosures must be made. By January 1, 2020, carriers and providers must develop and provide disclosures to covered individuals in compliance with the rules.

Reimbursement for out-of-network providers. The bill establishes rates to be paid by carriers to three categories of providers of out-of-network health care services. The

rates established by the bill are multipliers of actual rates paid by various carriers for the same services in similar facility types in that geographic area. Payment made by a carrier in compliance with the above rules is presumed to be payment in full for the services provided, except for any deductible, coinsurance, or copayments required to be paid by the insured. The three provider categories are:

- out-of-network providers that provide health care services to covered persons at an in-network facility;
- out-of-network facilities that provide emergency services to a covered person, other than any facility operated by the Denver Health and Hospital Authority; and
- out-of-network facilities that provide emergency services to a covered person and are operated by the Denver Health and Hospital Authority.

Arbitration. The bill creates an arbitration process for insurance carriers and health care providers or facilities to settle billing disputes. Arbitration may be requested if a provider believes a payment made in accordance with this bill was not sufficient given the complexity and circumstances of the services provided. When the parties to a billing dispute are unable to resolve the matter through an informal settlement teleconference, the commissioner will appoint an arbitrator to resolve the dispute.

What's Next? The Commissioner of Insurance and the Division of Professions and Occupations in the Department of Regulatory Agencies (DORA) and the State Board of Health in the Department of Public Health and Environment (CDPHE) must adopt rules to specify the disclosure and other requirements. Also, the bill exempts ambulance services from the emergency services payment schedule and requires the Commissioner of Insurance to make a rule establishing a payment methodology for ambulances.

Maine and Connecticut Pass Paid Leave Laws

Gallagher

Last week, two New England state legislatures became the latest to pass laws requiring employers to provide paid leave to employees. The governor of Maine signed that state's paid leave law on May 28, while the governor of Connecticut is expected to sign a paid family leave law in the coming days.

Maine – An Act Authorizing Earned Employee Leave

Effective January 1, 2021, Maine employers with 10 or more employees will be required to provide one hour of paid leave for every 40 hours an employee works, up to a maximum of 40 hours of paid leave. Maine's new law does not require employers to provide the type and duration of leave typically addressed in a paid "family leave" or "medical leave" law; however, Maine employees are not required to use paid leave only

for “sick” days. Separately, there is a paid family leave law working its way through the Maine legislature.

Generally, an employee will be eligible for earned leave after 120 days of employment. The law does not apply to an employee covered by a collective bargaining agreement between January 1, 2021 and the date the agreement expires. While the law also appears to have an exemption for seasonal employees, the statute itself refers only to exempting an employer in a “seasonal industry,” which is defined by reference to another existing Maine law as an industry in which it is “customary to operate only during a regularly recurring period or periods of less than 26 weeks in a calendar year.” The statute directs the Maine Department of Labor to issue rules to implement and enforce the Act. Clarification as to whether an employer could have both employees entitled to paid leave and employees exempt by virtue of being “seasonal” employees would be welcome.

An employer must pay at least the same rate of pay to an employee taking earned leave as he or she earned immediately before taking leave, and must provide the same benefits it provides to employees out on other types of paid leave. More specifically, taking paid leave “may not affect the employee's right to health insurance benefits on the same terms and conditions” as those not on leave. Additionally, under the new law, an employee must give “reasonable notice” to his or her employer of his or her intent to use paid leave, unless there is an emergency, illness, or other sudden necessity for taking earned leave.

Connecticut – An Act Concerning Paid Family and Medical Leave

The Connecticut legislature has passed a bill to establish a Family and Medical Leave Insurance Program, becoming the seventh state to enact such a benefit. The governor is expected to sign the bill into law. Implementation of the new law will begin in July of 2020.

The new law will amend the state's Family and Medical Leave Act (FMLA), which provides protected unpaid leave, and establish a program that will offer up to 12 workweeks of family and medical leave compensation to covered employees during any 12-month period upon the birth of a child, upon placement of a child for adoption or foster care, to care for a family member with a serious health condition, for an employee's own serious health condition, to serve as an organ or bone marrow donor, or because of any qualifying exigency related to a family member's military service. An additional two weeks of compensation will be available to a covered employee for a serious health condition that occurs during a pregnancy that results in incapacitation. Also, 26 workweeks of leave will be available to an individual who is next of kin to care for a spouse, child, or parent who is a member of the armed forces with a serious injury or illness. Intermittent leave or leave on a reduced schedule is available in some circumstances, and certification of need for leave by a health care provider may be required.

The Act will apply to employers with one or more employees. This is a significant change from the Connecticut FMLA protected unpaid leave benefit, which applied to employers with 75 or more employees. Employees will be eligible for family and medical leave compensation if they have been employed for at least 12 months by their employer, worked for at least 1,000 hours of service prior to the leave of absence, and earned not less than \$2,325 during one of the most recent five calendar quarters. The statute also allows self-employed individuals or sole proprietors to enroll in the program.

The family and medical leave compensation benefit will be funded by employee payroll deductions to the Family and Medical Leave Insurance Trust Fund. Payroll deductions are expected to begin July 1, 2020, and leave compensation will be available beginning on July 1, 2021. Employees who receive family and medical leave compensation will receive 100 percent of their weekly compensation up to \$1,000. Family and medical leave compensation may be provided concurrent with “employer-provided employment benefits” as long as the total benefit an individual receives does not exceed the employee’s regular rate of compensation.

Employers will be required to provide notice to employees at hire and annually regarding family and medical leave. Regulations to establish procedures and guidelines to implement the Act are anticipated by July 1, 2021

Michigan No-Fault Auto Law May Impact Some Employer Medical Plans

Gallagher

Governor Whitmer just signed a new Michigan auto insurance law that allows individuals who have qualifying health insurance (including an employer health plan) that covers auto-related injuries to elect reduced levels of personal injury protection (“PIP”) health coverage or in some cases to fully opt out of PIP in their auto insurance. These changes take effect for auto insurance policies issued or renewed after July 1, 2020. Michigan employers need to consider how these changes might impact their employer sponsored health plans.

Under current law, Michigan drivers are required to purchase unlimited PIP benefits; however, no-fault auto insurance carriers must offer policies that coordinate benefits at reduced premiums when the insured has other health and accident coverage. This allows an individual to purchase a lower cost auto insurance policy that will coordinate benefits with an employer sponsored health plan. As a practical matter, most auto insurance policies are drafted with coordination of benefits provisions. Under these coordination of benefit rules, employer sponsored insured health plans are primary, or pay first, before auto insurance. However, a self-funded ERISA plan has flexibility in how it will coordinate

benefits with auto insurance. A self-funded ERISA plan may be drafted to pay benefits secondary to auto insurance so that payments will be determined as if the individual elected PIP benefits as primary under that policy (regardless of the individual's actual election regarding PIP coverage); or to exclude coverage for auto accident related injuries all together. In these situations, the auto insurance will be primary. These rules for self-insured ERISA plans will not change under the new law.

The new law gives individuals the choice of various PIP coverage levels, including a choice to fully opt-out of PIP coverage if they have other "qualified health coverage" available. The new lower limits are either \$250,000 or \$500,000 per individual per accident. Individuals on Medicaid may elect a limit of \$50,000. Those with Medicare may elect no PIP health coverage. "Qualifying health coverage" is defined as other health and accident coverage that does not exclude or limit coverage for injuries related to motor vehicle accidents and has a deductible that is \$6,000 or less per individual. Thus, an individual covered by an employer sponsored health plan that provides coverage for auto accident related injuries may be able to opt-out of PIP coverage. The new law will not impact insured employer sponsored health plans because they are primary to auto insurance under both the existing and the new law. However, employers that self-fund their ERISA health benefits may be impacted by these new rules as follows:

- If a self-funded plan excludes or limits coverage for injuries resulting from a motor vehicle accident, an employee who does not realize that the employer's coverage does not satisfy the definition of "qualifying health coverage" could elect one of the new lower levels of PIP benefits or no PIP medical and coverage and be without sufficient coverage in the event of an auto accident. Educating employees about limits in the employer's plan is crucial to assure they have proper PIP benefits.
- If a self-funded plan is drafted to pay secondary, the employer likely will see increased costs because employees electing one of the new lower caps will shift costs to the employer plan in the event of an accident. It's hard to know how much the increase will be, though, because it's not clear yet how many individuals will elect reduced PIP benefits or drop the PIP coverage if their employer's health plan covers injuries resulting from a motor vehicle accident.

To view the Michigan law [click here](#).

Minneapolis Sick and Safe Time Ordinance Applies to Employers Located Outside the City

Gallagher

On April 29, 2019, the Minnesota Court of Appeals overturned the prior district court's ruling concerning the Minneapolis Sick and Safe Time Ordinance ("Ordinance"), which

resulted in increasing the Ordinance's application to include employers external to Minneapolis' (City) limits.⁶ This holding is a complete reversal to the district court's injunction which limited the Ordinance's application only to employers located within the City's geographic boundaries.

The Ordinance was the first paid sick and safety law to be introduced in Minnesota. It requires that employers provide protected sick and safe leave time for applicable employees and have a process to track and accrue the leave time. Further, employers of at least six or more applicable employees must provide paid sick and safe leave.

It is important to note that the law defines an employee as "any individual employed by an employer ... who perform[s] work within the geographic boundaries of the City for at least eighty hours (80) hours in a year".

The Ordinance's Legal History

The Ordinance has had a fairly contentious legal history since its introduction in May 2016. Upon introduction, the Minneapolis Chamber of Commerce brought suit in the district court alleging that the Ordinance is preempted by state law and creates an impermissible extraterritorial mandate by operating beyond the City's geographic borders. The district court held in favor of the City concerning the preemption argument, but issued an injunction against the Ordinance's application on employers located outside the City's geographical boundaries.

In 2017, the matter was appealed to the Court of Appeals and the injunction was upheld. The City responded by amending the Ordinance to clarify that sick and safe leave time must accrue only for employees that actually work within the City's geographical boundaries. However, the district court did not agree that the City's amended language resulted in a clear limitation of the Ordinance's application to only employers located within the City's geographical boundaries.

In response, the City appealed the matter to the Court of Appeals, resulting in the most recent decision. The Court of Appeals reaffirmed that there is no state preemption issue because there is no other state law that directly requires paid sick and safe leave for employees. In addition, the Court of Appeals held that because the City has a legitimate interest in the welfare of individuals that work within its geographical boundaries, the Ordinance's application to employers located outside the City's geographical limits that have employees within the City was not an excessive reach.

Status for Employers

The Court of Appeals' decision allowed 30 days from the date of judgment for an appeal to be filed. On May 29th, upon the completion of the 30 day period, the City of Minneapolis released a notice that the Ordinance's application is extended to

⁶ The Ordinance has been in effect since 2017.

employers external to the City's geographical boundaries retroactively as of July 1, 2017.

This means that employers located outside Minneapolis will have to review their payroll and related work history records back to July 1, 2017 to determine whether they have eligible employees for the Ordinance's paid leave. Such a review should also take into consideration hours of service and work locations, both scheduled and ad-hoc, for longstanding employees and relatively recent new hires to determine applicability.

From there, the employers will have to develop an accrual method to account for these eligible employees' hours of service within the City's limits. Further, employers external to Minneapolis may need to review prior approved unpaid sick leave for employees as of July 1, 2017 to determine if such leave should have been paid according to the Ordinance's requirements. Such a review may result in employers owing paid leave to employees who may have since terminated their employment. Unfortunately, the City's Ordinance related resources and information does not provide any guidance for employers on how best to proceed in this situation. Therefore, this situation may require employers to consult with legal counsel on how to best proceed.

Lastly, newly affected employers will need to update their existing leave policies to properly include information on the Ordinance's application and how it interacts with the employer's existing leave policy, such as coordination with other leaves, whether the existing leave policy is already sufficient for the Ordinance's requirements and other similar concerns.

For more information concerning the Minneapolis Ordinance, including a list of frequently asked questions for employers and employees, please see the Minneapolis Department of Civil Rights website at: <http://sicktimeinfo.minneapolismn.gov/>.

The extension and retroactive application of the Minneapolis Ordinance could also affect employers that have employees working in the City of Saint Paul. The City of Saint Paul's Earned Sick and Safe Time ("ESST") law currently limits its application to employers located within Saint Paul's geographical boundaries. Historically, in creating its ESST, the City of Saint Paul has mirrored the provisions and application that Minneapolis utilized for its Ordinance. If the City of Saint Paul continues its prior conduct, the City of Saint Paul could also modify the ESST program to retroactively extend its application to employers located beyond Saint Paul's geographical boundaries.

We will continue to monitor this situation and provide updates as they become available.

What's New in State Laws

CCH, Incorporated

For busy Human Resources professionals who want ready access to what is new and what has recently changed in State laws, here is a brief update.

Arkansas Criminal Background Checks

Arkansas law regarding criminal background checks of those seeking employment as licensed and classified school personnel in education is amended. In part, the amendment adds “sealed records” to the list of criminal records to which protections exist so long as said records do not involve the physical or sexual injury, mistreatment, or abuse of another (Act 536 (H. 1544), L. 2019, effective 91 days after final adjournment of the 2019 Regular Session of the State Legislature (April 24, 2019)).

California Agency News

The Department of Industrial Relations (DIR) announced on April 30, 2019, that several of its offices in Santa Ana have moved to a new address: 2 MacArthur Place, Santa Ana, CA 92707. The Division of Labor Standards Enforcement (DLSE), or the California Labor Commissioner's Office, is in Suite 800 of the new building; the main phone number is unchanged: (714) 558-4910. The Division of Occupational Health and Safety (DOSH), better known as Cal/OSHA, is in Suite 720; the phone number is (714) 558-4451. The Division of Workers' Compensation (DWC) is in Suite 600; the main phone number is unchanged: (714) 558-4121 (*State of California Department of Industrial Relations, News Release No. 2019-41, April 30, 2019*).

California Minimum Wage

According to the City of San Francisco, Office of Labor Standards Enforcement, the Minimum Compensation Ordinance (MCO) generally requires City Contractors and tenants at San Francisco International Airport to pay a minimum hourly wage to covered employees.

For agreements entered into or amended on or after October 14, 2007, the MCO is scheduled to increase on July 1, 2019, as follows: (1) the for-profit rate will increase to \$17.66 per; (2) the non-profit rate, \$16.50 per hour; and (3) the rate for public entities, \$16.50 per hour. Increases are contingent on appropriation of funds in the City's budget.

For agreements entered into prior to October 14, 2007, the minimum wage for work performed within the City of San Francisco is the San Francisco Minimum Wage (\$15.59 per hour effective July 1, 2019) and the minimum wage for work performed outside of the City is \$10.77 per hour.

District of Columbia Family and Medical Leave

The Universal Paid Leave Amendment Act of 2016 (D.C. Law 21-264; D.C. Code

Section 32-541.04) provides for up to eight weeks of parental leave to bond with a new child, six weeks of family leave to care for an ill family member with a serious health condition, and two weeks of medical leave to care for the employee's own serious health condition.

Paid family leave benefits are funded through a quarterly payroll tax of 0.62% of covered employees' total wages. As a reminder, on July 1, 2019, the District will begin the collection of taxes from employers, and on July 1, 2020, the District will begin administering paid leave benefits.

District of Columbia Posters

The Universal Paid Leave Amendment Act of 2016 (D.C. Law 21-264; D.C. Code Section 32-541.04) provides for up to eight weeks of parental leave to bond with a new child, six weeks of family leave to care for an ill family member with a serious health condition, and two weeks of medical leave to care for the employee's own serious health condition.

Under the Act employers are required to post notice to employees. The notice is provided by the Office of Paid Family Leave and employers will be responsible for postponing and maintaining this notice in a conspicuous place in the workplace. This notice is available in English,

https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/Paid%20Leave%20Notice%20to%20Employers%20and%20Employees.pdf as well as in Spanish,

[https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/Paid%20Family%20Leave%20Notice%20to%20Employers%20and%20Employees_SPANISH.p](https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/Paid%20Family%20Leave%20Notice%20to%20Employers%20and%20Employees_SPANISH.pdf)
[df](https://does.dc.gov/page/district-columbia-paid-family-leave) (District of Columbia Department of Employment Services, Paid Family Leave, <https://does.dc.gov/page/district-columbia-paid-family-leave>).

Florida Smoking in the Workplace

Florida's law prohibiting smoking in enclosed indoor workplaces is amended to also prohibit vaping in such areas (Ch. 14 (S. 7012), L. 2019, effective July 1, 2019).

Idaho Disability Law

Rather than naming specific hearing or visual impairments, the law is amended to broadly protect from discrimination "an individual with a disability" (S. 1075, L. 2019).

Idaho Firearms, Conceal Carry

Idaho law relating to conceal and carry of firearms lowers the legal carrying age from 21 to 18 and makes the law applicable to "any deadly weapon" as opposed to merely firearms (H. 206, L. 2019, effective June 1, 2019).

Illinois Labor Relations

On April 12, Illinois Governor JB Pritzker signed the Collective Bargaining Freedom Act to protect the rights of employers, employees and their labor organizations to collectively bargain and to ensure state compliance with the National Labor Relations Act. The Act provides that the authority to enact legislation affecting union security agreements vests exclusively at the state level through the General Assembly and prohibits local government entity “right to work” ordinances (Public Act 101-3 (S. 1474), L. 2019, effective April 12, 2019).

In 2015, the Village of Lincolnshire passed such an ordinance that has since been stuck down by the U.S. District Court in January 2017 and U.S. Appeals Court in September 2018, respectively.

Indiana Minimum Wage

Minimum wage requirements are revised to remove outdated language and make conforming amendments (.L. 38 (S. 512), L. 2019, effective April 18, 2019).

Indiana Overtime

Overtime pay requirements are amended to provide that the requirement to pay an employee who works over 40 hours in a workweek at least 150% of the employee's regular rate for the overtime hours does not apply to an air carrier to the extent that the hours worked over 40 in a workweek are not required by the air carrier but rather are arranged through a voluntary agreement between employees to trade or reassign their scheduled hours (P.L. 38 (S. 512), L. 2019, effective April 18, 2019).

Indiana Wage Payment

Law relating to assignment of wages is amended with regard to the cost of uniforms and tools. Effective May 1, 2019, a wage assignment may be made for the purpose of paying for the purchase of, rental, or use of uniforms, shirts, pants, or other job-related clothing. In addition, the law is expanded to allow for a wage assignment to cover the purchase of equipment or tools necessary to fulfill the duties of employment. The assignments may not exceed the direct cost paid by an employer to an external vendor for those items and may not exceed the lesser of: (1) \$2,500 per year; or (2) 5% of the employee's weekly disposable earnings. Except as provided under federal regulations, an employee is not to be charged or subject to a wage assignment for protective equipment, including personal protective equipment identified under the federal regulations (P.L. 147 (S. 99), L. 2019).

Kentucky Veterans' Preference

Law covering employment opportunities for service members and their families is amended to remove veterans' preference points and replace with interview preference to current and former members of the U.S. Armed Forces, Reserves, or National Guard

or their spouse, unmarried widow or widower, or parent, if such person meets the minimum qualifications for the job classification (Ch. 109 (H. 338), L. 2019).

Maine Equal Pay

Under new law enacted April 12, 2019, “An Act Regarding Pay Equality,” —an employer will be prohibited from asking about a prospective employee's prior wage or salary information until after an offer of employment has been made to the prospective employee, with exceptions included for federal and state law that require the disclosure of compensation history for specific employment purposes (Ch. 35 (S. 90; L.D. 278), L. 2019).

Maine Job Reference Liability

Beginning January 1, 2020, an employer will not be able to ask a prospective employee to disclose his or her social security number on an employment application or during the application process, except for the purpose of substance abuse testing or a preemployment background check. Employers would be able to request a social security number after the employee has been hired, however. This new law is intended to help protect job applicants from identity theft (Ch. 47 (H. 229; L.D. 305), L. 2019, enacted April 22, 2019).

Maine Smoking

Law prohibiting tobacco use in elementary and secondary schools is expanded to prohibit the possession and use of tobacco, including possession and use of electronic smoking devices, in the buildings or on the grounds of any elementary or secondary school, on a school bus, or at any school-sponsored event at any time (Ch. 61 (S. 39; L.D. 152), L. 2019).

Maryland Minimum Wage

The Wage and Hour Law is amended to remove extraneous language, changing “state minimum wage rate” to “state minimum wage” (Ch. 8 (S. 580), L. 2019).

Massachusetts Family and Medical Leave

The Department of Family and Medical Leave announced changes to deadlines, along with new tax information, on May 1, 2019, in response to feedback from 12 public listening sessions held around the Commonwealth.

The Department's current guidance requires that exemptions for private plans must be approved in the quarter prior to the quarter in which they will go into effect. For the first quarter only, the deadline to file for a private plan exemption for first quarter contributions has been moved from June 30 to September 20, 2019. Contributions begin on July 1, 2019, and the September 20, 2019, extension of the exemption application deadline only impacts the contribution requirements if the exemption request is approved. If denied, the business will be responsible for remitting the full contribution

from July 1, 2019 forward. The deadline for employer notice to employees has been extended from May 31, 2019, to June 30, 2019. The notice, which may be provided electronically, must include an opportunity for an employee or self-employed person to acknowledge receipt or decline to acknowledge receipt of the information.

The tax treatment of PFML contributions for both state and federal purposes is governed by federal tax law. The Commonwealth has requested guidance from the Internal Revenue Service on the tax implications of PFML contributions and benefits. Until IRS guidance is issued, the Commonwealth advises individuals and businesses to consult with their own tax advisors regarding any questions on the tax treatment of such contributions. Based on its review of federal rules and following consultation with the state Department of Revenue, the Department anticipates that the IRS will conclude that employee contributions should be withheld from after-tax wages; A definitive rule for proper tax treatment of contributions will be made once the IRS guidance is issued (*Commonwealth of Massachusetts, Department of Family and Medical Leave, News Release, May 1, 2019, <https://www.mass.gov/news/exemption-and-workforce-notification-deadlines-extended>*).

The PFML program (Chapter 175M, added by Ch. 121 (H. 4640), L. 2018) allows employees to take paid family leave for a serious health condition; for the birth, adoption or foster care placement of a child; or because of a qualifying exigency arising out of the fact that a family member is on active duty or has been notified of an impending call or order to active duty in the Armed Forces. Payroll deductions to fund PFML benefits begin July 1, 2019. Covered employees will be able to begin taking leave entitlements on January 1, 2021 (Chapter 175M, added by Ch. 121 (H. 4640), L. 2018).

Massachusetts Posters

The Massachusetts Paid Family and Medical Leave program requires each employer and covered business entity to post in a conspicuous place in the workplace a notice approved or provided by the Department of Family and Medical Leave (DFML) providing notice of the benefits available under the law -Chapter 175M. Employers will be required to comply with the new law beginning July 1, 2019 (*Commonwealth of Massachusetts, Department of Family and Medical Leave, Paid Family and Medical Leave Poster, https://www.mass.gov/files/documents/2019/03/21/20190321_DFML%20Notice_FINAL.pdf*).

Montana Wage Garnishment

Law providing exemptions from judgments is amended to provide that rollover contributions are exempt from execution (Ch. 162 (S. 223), L. 2019, effective October 1, 2019).

New Jersey Discrimination

The law against discrimination is expanded such that any employment contract that

waives any right or remedy relating to a claim of discrimination, retaliation, or harassment is now deemed against public policy and unenforceable. Similarly, a new law is added, which, in part, makes it against public policy and unenforceable for any provision of an employment contract or settlement agreement to have the purpose or effect of concealing the details relating to the aforementioned claims (Ch. 39 (S. 121), L. 2018, effective March 18, 2019).

New Mexico Drug Testing

The Lynn and Erin Compassionate Use Act provides for medical use of marijuana. Under the Act, participation in a medical use of cannabis program by a qualified patient or primary caregiver would not relieve the qualified patient or primary caregiver from criminal prosecution or civil penalty for possession or use of cannabis (a) in the person's workplace, or (b) at a public park, recreation center, youth center or other public place. This law is amended to prohibit, with certain exceptions, adverse employment actions for conduct that is permitted under the Act.

A new provision is added that says, "unless a failure to do so would cause the employer to lose a monetary or licensing-related benefit under federal law or federal regulations, it is unlawful to take an adverse employment action against an employee or job applicant based on conduct allowed under the Lynn and Erin Compassionate Use Act." This provision would not (1) restrict employers from prohibiting or taking adverse actions for an employee's for use of, or being impaired by, medical cannabis on the workplace premises or during the hours of employment; (2) apply to an employee whose employer deems that the employee works in a safety-sensitive position (Ch. 247 (S. 406), L. 2019, enacted April 4, 2019, and effective June 14, 2019).

New York Time off to Vote

Effective as of April 12, 2019, employees who are registered voters may, without loss of pay for up to three hours, take time off from work in order to vote at any election. The employee shall be allowed time off for voting only at the beginning or end of his or her working shift, as the employer may designate, unless otherwise mutually agreed. If the employee requires time off to vote, the employee must notify his or her employer not less than two working days before the day of the election that he or she requires such time off. Not less than 10 working days before every election, the employer must post conspicuously in the workplace where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of this law. Such notice must be kept posted until the close of the polls on the day of an election (Ch. 55 (S. 1505-C), enacted and effective April 12, 2019).

South Carolina Smoking

The "Clean Indoor Air Act" is amended to provide for smoke-free schools by removing an exception under the law prohibiting smoking in public schools and preschools. Previously, the law allowed schools to have designated smoking areas in private offices

and teacher lounges that were not adjacent to classrooms or libraries (H. 3420, L. 2019, effective April 26, 2019).

Also, new law is added to require that, by August 1, 2019, every local school district in the state is to adopt, implement and enforce a written policy prohibiting the use of tobacco or alternative nicotine products in school buildings, in school facilities, on school campuses, and in or on any other school property owned or operated by the local school administrative unit (H. 3420, L. 2019).

Tennessee Fair Employment Practices

The Tennessee Healthy Workplace Act, a law that aims to prevent bullying in state and local government employment, is amended effective April 23 to also cover private employers.

The Healthy Workplace Act, enacted in 2014, requires the Tennessee advisory commission on intergovernmental relations (TACIR) to create a model policy for employers to prevent abusive conduct in the workplace. If an employer adopts the model policy created by TACIR or adopts a policy that conforms to the requirements set out in TACIR'S policy, then the employer is immune from suit for any employee's abusive conduct that results in negligent or intentional infliction of mental anguish; however, this provision does not limit the personal liability of an employee for any abusive conduct in the workplace.

The Act does not create a cause of action against an employer who does not adopt the model policy created by TACIR or adopt a policy that conforms to the requirements set out in TACIR's policy (Ch. 214 (H. 856), L. 2019, enacted April 23, 2019).

Virginia Criminal Background Checks

New law is added allowing for the Virginia State Police to accept requests for background checks through the use of a Live Scan device by any agency or organization located within the Commonwealth that is otherwise authorized to receive criminal history record information and utilizes a fingerprint background check as a condition for, for example, employment (Ch. 620 (H. 2746), L. 2019).

Wisconsin Employee Misclassification

Wisconsin Governor Tony Evers signed Executive Order 20 on April 5, 2019, creating the Joint Enforcement Task Force on Payroll Fraud and Worker Misclassification. The Task Force will coordinate worker misclassification matters handled by the Departments of Revenue, Workforce Development, and Justice, as well as the Office of the Commissioner of Insurance and other agencies and will report to the Governor on or before March of each year on their activities.

The Task Force will be staffed by the Department of Workforce Development (DWD) and will consist of the Secretaries of DWD, the Department of Revenue, the

Administrators of the Worker's Compensation and Unemployment Insurance (UI) Divisions within DWD, the Attorney General or a designee, the Commissioner of Insurance or designee and others. The DWD Secretary will serve as chair.

DWD also operates a team of worker misclassification investigators, many of whom have law enforcement backgrounds in white collar and economic crime investigations. In 2018, that team conducted over 500 worksite investigations and helped educate the public about the severity of worker misclassification by presenting at construction industry events, labor union meetings and other public forums (E.O. 20, April 5, 2019).

Important Reminder

Upcoming Deadlines

Gallagher

Keeping track of all of the compliance requirements that face employers sponsoring health and welfare plans is always a challenge. The additional requirements imposed on employers by the Patient Protection and Affordable Care Act ("PPACA") has added significantly to the burden. Each month this article will provide information on deadlines that are coming up in the next three months for a calendar year plan. Key requirements for July, August, and September 2019 are listed below.

Dates are based on the timing for a calendar year plan (except as noted); employers with non-calendar year plans will need to modify dates as appropriate.

Deadlines for July, August, and September 2019

- **July 29, 2019** - 210 days after the end of the plan year deadline to provide a Summary of Material Modification ("SMM") for changes made in the 2018 plan year (does not include material reductions which must be communicated within 60 days after the date of adoption).
- **July 31, 2019** – Last day to pay PCORI fees for all plans. The PCORI fee due on July 31, 2019 for 2018 calendar year plans is \$2.45 per covered life. (The July 31 payment date is the same for all plans – calendar year and non-calendar year.) Unless Congress renews the fee, this will be the last payment for calendar year plans.
- **July 31, 2019** – Last day to file Form 5500 (or Form 5558 for 2 ½ month extension to file Form 5500) for the 2018 plan year.
- **July 31, 2019** – Medical loss ratio reports must be provided by insurance carriers to HHS for policyholders that will receive a rebate for 2018. (The July 31 date is the same for all policies – calendar year and non-calendar year.) Rebates must be distributed by September 30, 2019.

- **August** – there are no general deadlines for calendar year plans that fall within the month of August. Non-calendar year plans may have deadlines for activities such as reporting creditable/non-creditable drug coverage to CMS or filing Form 5500.
- **September 30, 2019** – ERISA plans that are required to file Forms 5500 must distribute the SAR to all plan participants (if no extension for Form 5500 filing). There is an exemption for welfare plans that are both self-insured and unfunded.
- **September 30, 2019** – due date for carrier payment of Medical Loss Ratio rebates for the 2018 policy year.

Ongoing Activities (Selected)

Many compliance requirements apply every month. Some of the key ongoing requirements are:

- Marketplace notices to all newly hired employees within 14 days of hire
- Provide the following materials when an employee becomes eligible for/enrolled in the health plan:
 - Summary of Benefits and Coverage (“SBC”) – upon eligibility
 - HIPAA Notice of Privacy Practices – upon enrollment
 - COBRA General (Initial) Notice – to employee (& spouse if married) – upon enrollment
 - HIPAA Special Enrollment Rights Notice – upon eligibility
 - Medicare Part D certificate of creditable/non-creditable drug coverage – upon enrollment

In addition to federal requirements, some states have additional requirements such as reporting on the availability of dependent health coverage. Employers should check with their state(s) to determine what requirements and deadlines will apply.

Note: We include information about the above required communications indicating whether the requirement is triggered by the employee’s eligibility or enrollment in the plan. Exact timing varies by requirement.

Our list focuses on major federal and, in some cases, state requirements that will impact a significant number of employers. It is not intended to be a comprehensive list.

Focus on Public Sector Employers

Tracking various laws and regulations impacting employee benefits can divert time and resources from your core functions such as recruiting top talent, developing strategic benefits and compensation programs, and meeting cost targets. After all, it takes a lot of work to sustain a destination workplace that attracts, retains, and engages the right people to increase your organization's productivity and growth. How can you keep pace with evolving legislative and regulatory initiatives and still have the time, resources, and drive to sustain a destination workplace?

As a trusted advisor, Gallagher will help you navigate the ever-changing landscape of employee benefits compliance issues. This edition of Compliance Checkpoints is designed to help guide you as you work to decrease the risks associated with human capital management while maximizing your investment in your workforce, especially when confronted with possible compliance issues associated with offering employee benefits that can potentially lead to penalties and expensive litigation. Check out the action steps below.

 **1. Count. Track. Report.** Unlike the Individual Mandate, which was eliminated by the Tax Cuts and Jobs Act, PPACA's Employer Mandate survived numerous legislative repeal efforts. As a result, applicable large employers must continue to offer affordable coverage that provides minimum value to at least 95% of their full-time employees in order to avoid significant penalties. A critical aspect to ensure that you avoid inadvertent penalties is accurately determining your employees' employment status – full-time, part-time, seasonal, variable hour – as well as accurately reporting to the IRS. Late last year, IRS penalty assessment notification letters (called Letters 226-J) began to arrive in employers' mailboxes. Those letters contain valuable lessons for employers who feel they should not be subject to penalties – e.g., tracking hours, accurate reporting, and having appropriate processes in place are important. But even if your organization did not receive a letter, you should continue to accurately capture all necessary data because penalties will continue to increase. Prudent employers should review their internal processes and any external vendors annually to determine if their efforts to avoid inadvertent penalties are supported by sound processes. ***What lessons has your organization learned from counting hours and reporting in prior years?***

 **2. Plan. Wait. Negotiate.** Although the Tax Cuts and Jobs Act did not bring about the end of the Employer Mandate, public sector employers did catch a break with a further delay of the Cadillac Plan tax from 2020 until 2022. The Cadillac Plan tax is a 40% excise tax that will be imposed on health care coverage value that exceeds specific thresholds, which are initially set at: \$10,200 for individual coverage and \$27,500 for family coverage (as indexed). Although the Cadillac Plan tax is delayed for a second time, you should take this time to evaluate current plan costs and consider future projections. For instance, many public sector employers offer rich benefits that, by 2022, may approach the current annual dollar amount thresholds due to increased benefits cost projections. Additionally, you may have certain classes of employees, such as public parks personnel or police officers, which have benefits subject to collective bargaining agreements. It may be necessary to adjust agreement terms to permit negotiations to occur prior to 2022 to address potential changes to avoid crossing the Cadillac Plan tax thresholds. ***Have you assessed your organization's exposure to the Cadillac Plan tax and taken the necessary steps to avoid its imposition?***

 **3. Assess. Revise. Retrain.** In 2016, the Department of Health and Human Services ("HHS") released an updated Health Insurance Portability and Accountability Act ("HIPAA") Privacy, Security, and Breach Notification audit protocol. The HIPAA Audit Program reviews the policies and procedures adopted and employed by covered entities, such as employer-sponsored health plans, and business associates to meet selected standards and implementation

specifications of the Privacy, Security, and Breach Notification Rules. The audit protocol is extensive, but a review of your organization's written policies and procedures against the audit protocol can reveal areas for improving your compliance. Moreover, if you do make changes, you should consider whether your HIPAA Workforce Members should be provided with additional training. Using the audit protocol as a resource can provide peace of mind – particularly considering that penalties for HIPAA failures can exceed \$1.6 million per violation. ***Have you evaluated your written HIPAA Privacy, Security, and Breach Notification policies and procedures against HHS' HIPAA audit protocol?***

4. **Limit. Index. Implement.** Many public sector employers offer health savings accounts (“HSAs”) in conjunction with High Deductible Health Plans (“HDHPs”). HSAs offered in connection with non-grandfathered health plans give rise to compliance complications because they must comply with both HSA rules regarding deductibles and out of pocket limits and PPACA requirements. There are three areas in which PPACA's cost-sharing limits for non-grandfathered plans do not match up with IRS rules for out-of-pocket maximums for HSA-qualified HDHPs. First, PPACA's cost-sharing limits apply only to Essential Health Benefits (“EHB”) in non-grandfathered health plans, including non-grandfathered qualified HDHPs. This is slightly different from the qualified HDHP rule, in which **all** expenses covered under the plan, not just EHB expenses, are applied to the out-of-pocket maximum. Second, the index PPACA uses to adjust cost-sharing limits every year is different from the index the IRS uses to adjust HSA-qualified HDHP maximums. Third, PPACA's individual out-of-pocket maximum applies to each covered individual, including those who are enrolled in family coverage. In contrast, the typical practice of qualified HDHPs is to apply the family out-of-pocket maximum to all covered individuals; there is no individual out-of-pocket maximum. ***What steps is your organization taking to ensure that your HSA meets all applicable requirements?***

5. **Understand. Communicate. Adjust.** For public sector employers becoming newly accustomed to offering HSAs, vigilance is required – especially in 2018. On March 5, 2018, the IRS issued Revenue Procedure 2018-18, which lowered the 2018 family contribution limit for HSAs from \$6,900 to \$6,850. Some public sector employers responded immediately and made excess distributions to employees who relied upon the original \$6,900 limit. Subsequently, the IRS issued guidance allowing employers and employees to use the original 2018 family contribution limit of \$6,900. An individual who received a distribution from his or her HSA for an excess contribution (with earnings) based on the \$6,850 deduction limit can repay the distribution to the HSA and treat it as the result of a mistake of fact due to reasonable cause (i.e., the individual would not have to pay taxes or penalties on the amount of the distribution). However, repayments must be made by April 15, 2019. Public sector employers faced with repayment of excess distributions should be careful to understand the tax implications and how the repayments may impact reporting of gross income and reporting on Forms 1099-SA or Forms 8889. Additionally, public sector employers may also need to modify affected benefits enrollment communication materials before using them in new hire packages. ***Have you made the desired adjustments to account for the 2018 family HSA value?***

6. **Review. Verify. Document.** Although public sector employers are not subject to ERISA and therefore are not required to comply with ERISA's plan document requirements, there are important reasons for public sector employers to have written plan documents. For instance, Section 105(h) of the Internal Revenue Code requires that self-insured health benefits (e.g., self-insured medical, dental, vision) be administered according to written plan documents. Further, while public sector employers with fully-insured plans may be tempted to rely upon their insurance contracts, those contracts most often do not contain all needed language to properly administer a plan, such as provisions related to: (1) the process and individuals who may amend the plan; (2) NMSM procedures; and

(3) HIPAA Privacy and Security provisions. Even public sector employers with self-insured benefits may receive various documents from their third-party administrators, and those documents may not have all of the needed provisions. Prudent employers will annually review existing and new documentation requirements to verify that their existing documents meet applicable requirements. ***What requirements impact your plan documentation?***

7. **Assess. Equalize. Apply.** The Department of Health and Human Services (“HHS”) has accelerated enforcement efforts related to the Mental Health Parity and Addiction Equity Act (“MHPAEA”). If you have not opted out (self-insured plans sponsored by governmental employers may opt-out of MHPAEA’s requirements) and are audited by HHS, you may find a specific focus on compliance with MHPAEA, including a focused review of nonquantitative treatment limitations, such as preauthorization requirements and fail-first protocols. In addition, both plan participants and psychiatric associations have engaged in litigation against plans to enforce mental health and substance use disorder parity requirements. ***Does your latest benefits assessment indicate that your plan complies with the equity requirements under MHPAEA for both quantitative and nonquantitative treatment limitations?***

8. **Document. Offer. Administer.** Often, public sector employers offer rich benefits packages to help attract top talent, and one mechanism that helps create a robust benefits package includes the use of pre-tax benefits. Section 125 of the Code permits employees to select between taxable benefits (i.e., cash) and a non-taxable benefit (e.g., medical coverage) and allows the employee to pay for the benefits on a pre-tax basis. However, Section 125 of the Code requires that a cafeteria plan be in writing and must include certain rules governing the operation of the plan. Failing to maintain a written cafeteria plan document and administer the plan in accordance with the written plan document has tax consequences for both you and your employees because the plan will not be considered a valid cafeteria plan, and all employee elections – whether taxable or not – will be included in taxable gross income. ***Does your cafeteria plan have a written plan document under which you operate the plan?***

9. **Understand. Test. Comply.** If you permit employees to pay for benefits on a pre-tax basis through a cafeteria plan, you must conduct annual testing to determine whether the plan discriminates in favor of highly compensated employees under Section 125. This is true for public sector employers too. However, because governmental employers do not have “key employees” (e.g., officers), public sector employers’ cafeteria plans are generally exempt from one of the tests under Section 125, the Key Employee Concentration Test. Discrimination results in additional imputed income for highly compensated employees, and failure to correctly impute additional income can lead to penalties, fines, and additional taxes. In addition, employers with self-insured health plans (including health flexible spending accounts and health reimbursement arrangements) must conduct annual Section 105(h) nondiscrimination testing to determine whether those plans discriminate in favor of highly compensated employees. Other types of benefits may have additional testing requirements. ***Have you conducted applicable nondiscrimination testing?***

10. **Document. Retain. Review.** The sheer volume of regulatory schemes that impose record retention requirements upon employers who decide to offer employer-sponsored benefits to their employees is daunting. The burden upon employers is magnified by the fact that different record retention requirements often provide for retention periods of different lengths. As such, employers often are confused about which requirements apply to whom, as well as, what to keep and for how long. Determining what records must be kept and for how long is a difficult, but important task. You should be careful to retain records that prove that the requirements of applicable mandates have

been satisfied, since those records may be requested in the event of an audit by a governmental agency. Well-organized employers will keep plan records together in an orderly and easily accessible manner. However, what actually needs to be retained varies from plan to plan, depending on the type of benefit, the laws to which the plan is subject, how benefits are provided (e.g., through insurance or self-insuring), the number of plan participants, whether third parties provide services, etc. ***What are your organization's record retention policies and practices?***

Compliance is a series of checkpoints, not a final destination. As a trusted advisor, Gallagher has developed this Compliance Checkpoints series to help you pursue a path through employee benefits compliance issues as part of an overall compliance plan. Employers should carefully evaluate their health and welfare plans to determine if they are in compliance with both federal and state law. If you have any questions about one or more of the compliance destinations listed above, or would like additional information on how Gallagher constantly monitors laws and regulations impacting employee benefits in order to support employers in their compliance efforts, please contact your Gallagher representative.

The intent of this analysis is to provide you with general information. It does not necessarily fully address all your organization's specific issues. It should not be construed as, nor is it intended to provide, legal advice. Questions regarding specific issues should be addressed by your organization's general counsel or an attorney who specializes in this practice area.



Gallagher

Insurance | Risk Management | Consulting

Sample Financial Reports

A Self-Funded Evaluation

PREPARED EXCLUSIVELY FOR:

ABC Company

January 1, 2019 - December 31, 2019

Presented by



Insurance | Risk Management | Consulting

Plan Evaluation: ABC Company

Medical & Pharmacy

Self Funded

Status Quo

Renewal Plan Year: 1/1/2019 - 12/31/2019

Carrier(s): ABC Carrier

Specific Deductible: \$125,000

Month	Subscribers	Paid Medical	Paid Pharmacy	Total Paid Claims
Jun 2016	567	--	--	--
Jul 2016	567	\$226,064	\$0	\$226,064
Aug 2016	566	\$272,665	\$115,175	\$387,840
Sep 2016	581	\$178,552	\$54,070	\$232,622
Oct 2016	586	\$236,118	\$44,555	\$280,673
Nov 2016	592	\$264,788	\$32,988	\$297,776
Dec 2016	578	\$258,960	\$76,430	\$335,390
Jan 2017	653	\$363,441	\$45,406	\$408,847
Feb 2017	611	\$286,399	\$29,706	\$316,105
Mar 2017	612	\$448,824	\$104,452	\$553,276
Apr 2017	610	\$298,933	\$28,064	\$326,997
May 2017	608	\$351,698	\$89,814	\$441,512
Jun 2017	607	\$479,762	\$74,493	\$554,255
Jul 2017	612	\$342,352	\$83,853	\$426,205
Aug 2017	602	\$318,637	\$83,460	\$402,097
Sep 2017	597	\$382,279	\$77,690	\$459,969
Oct 2017	587	\$405,740	\$70,669	\$476,409
Nov 2017	590	\$291,803	\$105,732	\$397,535
Dec 2017	600	\$378,895	\$93,527	\$472,422
Jan 2018	639	\$243,414	\$77,710	\$321,124
Feb 2018	557	\$159,338	\$79,508	\$238,846
Mar 2018	544	\$344,591	\$62,422	\$407,013
Apr 2018	545	\$288,858	\$88,114	\$376,972
May 2018	540	\$602,503	\$70,193	\$672,696
Jun 2018	537	\$625,430	\$63,213	\$688,643
Current R12	7,020	\$4,383,840	\$956,091	\$5,339,931
Current R12 PEPM	---	\$624.48	\$136.20	\$760.67
Prior R12	7,131	\$3,666,204	\$695,153	\$4,361,357
Prior R12 PEPM	---	\$514.12	\$97.48	\$611.61

†This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.

Claim Development: ABC Company

Medical & Pharmacy

Self Funded

Status Quo

Renewal Plan Year: 1/1/2019 - 12/31/2019

Carrier(s): ABC Carrier

Specific Deductible: \$125,000

	Claim Development	
	7/1/2016 - 6/30/2017	7/1/2017 - 6/30/2018
Gross Paid Claims	\$4,361,357	\$5,339,931
Prior Plan Change Adjustment	0.956	0.974
Adjusted Gross Paid Claims	\$4,167,972	\$5,202,624
Specific Reimbursements	-\$187,890	-\$413,591
Total Net Paid Claims	\$3,980,082	\$4,789,032
Subscriber Months	7,131	7,020
Average Claim Value PEPM	\$558.14	\$682.20
Experience Midpoint	1/1/2017	1/1/2018
Projection Midpoint	7/1/2019	7/1/2019
Trend Months	30	18
Claims Adjusted Trend Rate	6.3%	6.3%
Trend Factor	1.165	1.096
Change in Reserve Adjustment	1.005	1.005
Contract Size Adjustment	1.000	1.000
Prospective Plan Design Changes	1.000	1.000
Projected Incurred Claims PEPM	\$653.66	\$751.56
Experience Weighting	20%	80%
Blended Projected Claim Cost PEPM	\$731.98	
Margin for Claim Fluctuation	4%	
Experience Credibility	100%	
Adjusted Projected Claims PEPM		\$761.26
Adjusted Projected Claims Annual		\$4,905,550
Estimated Claim Cost for New Ees		\$0

Fixed Cost Estimates PEPM	Current	Change (%)	Renewal	Weights (%)
Administrative Fees	\$28.40	3.0%	\$29.25	100.0%
SL Premium	\$103.10	20.0%	\$123.72	100.0%
Transplant Fees	\$11.71	0.0%	\$11.71	100.0%
Total Fixed Costs PEPM	\$143.21	15.0%	\$164.68	100.0%

Renewal Summary

PEPM
Current Budgeting Rate
\$857.47
Projected Premium Equivalent (Exp)
\$925.94
Calculated Rate Action (%)
8.0%

Estimated Charge Back Rate

PEPM
Claims Charge Back Corridor (%)
115%
Charge Back Corridor Claims and Medical Fees
\$1,040.13
Est. Vibe Fee
\$16.37
Est. Consulting Fee
\$15.52
Projected Charge Back Rate
\$1,072.02
Rate Action from Current Budgeting Rate (%)
25.0%

†This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.

Rate Development: ABC Company

Medical & Pharmacy

Self Funded

Status Quo

Renewal Plan Year: 1/1/2019 - 12/31/2019

Carrier(s): ABC Carrier

Specific Deductible: \$125,000

Employees Joining Bronze Plan:

0%

Coverage Tier		Enrollment	2018 Current			2019 Projected					
			EE Contribution	ER Contribution	Total Premium	EE Cost Share	Estimated Enrollment	EE Contribution	ER Contribution	Total Premium	EE Cost Share
Gold Plan											
Employee Only		214	\$340.00	\$361.00	\$701.00	49%	214	\$367.15	\$389.82	\$756.97	49%
Employee + Spouse		27	\$1,230.00	\$370.00	\$1,600.00	77%	27	\$1,328.21	\$399.54	\$1,727.75	77%
Employee + Child(ren)		64	\$695.00	\$565.00	\$1,260.00	55%	64	\$750.49	\$610.12	\$1,360.61	55%
Employee + Family		39	\$1,595.00	\$378.00	\$1,973.00	81%	39	\$1,722.35	\$408.19	\$2,130.54	81%
Bronze Plan											
Employee Only		178	\$95.00	\$422.00	\$517.00	18%	178	\$99.75	\$458.53	\$558.28	18%
Employee + Spouse		3	\$1,040.00	\$287.00	\$1,327.00	78%	3	\$360.86	\$1,072.10	\$1,432.96	25%
Employee + Child(ren)		8	\$555.00	\$402.00	\$957.00	58%	8	\$203.90	\$829.51	\$1,033.41	20%
Employee + Family		4	\$1,150.00	\$350.00	\$1,500.00	77%	4	\$467.94	\$1,151.83	\$1,619.77	29%
Plan Cost Composite		537	\$450.14	\$407.34	\$857.47	52%	537	\$469.23	\$456.71	\$925.94	51%
Annual			\$2,900,700	\$2,624,868	\$5,525,568			\$3,023,710	\$2,943,050	\$5,966,760	
Change from Current (\$)								\$123,010	\$318,182	\$441,192	
Change from Current (%)								4.2%	12.1%	8.0%	

†This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.

October 29, 2018

Re: ABC – Medical and Prescription Drug IBNR Reserve Estimate – As of September 30, 2018

Dear ABC:

The following provides an uncertified estimate of Medical and Prescription Drug reserve for incurred but not reported claims (IBNR) for ABC Co. self-funded employee health plan.

Reserve Estimate

The reserve estimate as of September 30, 2018 is \$496,000 (\$545,000 with 10% IBNR margin). The results are broken down by benefit in the table below. Details of the reserve development are provided in the attached exhibits.

	IBNR Estimate (without margin)	IBNR Estimate (with 10% margin)
Medical	\$454,000	\$499,000
Prescription Drug	\$42,000	\$46,000
Total	\$496,000	\$545,000

Methodology and Assumptions

The attached exhibits provide the following information for each incurred month: number of employees (exposure units), paid-to-date claims by incurred date, completion factors, incurred claims, outstanding claim reserve, and per exposure unit values.

Deriving the IBNR estimate uses a blending of methods. For more stable patterns of payments the development method is used. This method uses historical claim payment patterns to develop completion factors used to calculate monthly ultimate incurred estimates.

For the more recent months, where experience is more variable or insufficient to produce credible completion factors, a projection method is used. Thus, an estimate of ultimate incurred claims per employee per month (PEPM) is determined based on historical ultimate incurred claims.

We have also added a 10% margin to the IBNR reserve estimate to reflect expected variability from our estimate.

Run-out administrative and stop loss fees are not included in this analysis.

Data

The medical analysis is based on historical data incurred and paid for the period from October 1, 2016 through September 30, 2018. Medical claims and enrollment data was provided by Blue Cross Blue Shield (BCBS).

The prescription drug analysis is based on historical data incurred and paid for the period from October 1, 2016 through September 30, 2018. Prescription Drug claims and enrollment data was provided by Blue Cross Blue Shield (BCBS).

Reliance and Limitations

The purpose of this letter is to present the results of the reserve estimate and to document the methods and assumptions employed. This document is uncertified and its purpose is for internal budgetary use only and not intended for third parties. Any other use of this memorandum is inappropriate.

The IBNR calculation uses claims processed as of the valuation date and would not include analysis on items used (e.g., outstanding checks issued) in an Incurred but not Paid (IBNP) reserve calculation.

The estimate relies upon the accuracy of the claim and enrollment data provided by Blue Cross Blue Shield (BCBS). We have not independently performed a claim audit or cash flow testing. However, we have no reason to doubt the accuracy of the data at this time.

Please contact us if you have any questions.

ABC Co

IBNR Analysis

Based on Medical Claims Paid Through September 30, 2018

Incurral Month	Exposure Unit	Paid to Date Claims by Incurral Date	Completion Factor	Incurred Claims	Outstanding Claim Reserve	Outstanding Claim Reserve (Margin Applied)	Monthly Paid Claims	Paid to Date Claims Per Unit	Incurred Claims Per Unit	Rolling Twelve Months Incurred Claims Per Unit	Rolling Six Months Incurred Claims Per Unit	Rolling Three Months Incurred Claims Per Unit
	(Employees)		10 of 12 Months Averaging		(Before Margin)			PEPM	PEPM	PEPM	PEPM	PEPM
Oct-16	716	\$490,807	1.0000	\$490,807	\$0	\$0	\$138,487	\$685	\$685			
Nov-16	726	\$344,722	1.0000	\$344,722	\$0	\$0	\$392,002	\$475	\$475			\$570
Dec-16	723	\$399,185	1.0000	\$399,185	\$0	\$0	\$344,417	\$552	\$552			\$563
Jan-17	696	\$464,781	1.0000	\$464,781	\$0	\$0	\$403,683	\$668	\$668			\$567
Feb-17	693	\$332,475	0.9996	\$332,596	\$121	\$134	\$379,957	\$480	\$480			\$519
Mar-17	702	\$288,698	0.9996	\$288,804	\$105	\$116	\$309,622	\$411	\$411			\$473
Apr-17	701	\$369,978	0.9996	\$370,113	\$135	\$149	\$233,491	\$528	\$528			\$608
May-17	697	\$617,668	0.9996	\$617,899	\$231	\$254	\$465,792	\$886	\$887			\$666
Jun-17	694	\$404,092	0.9987	\$404,616	\$523	\$576	\$574,822	\$582	\$583			\$654
Jul-17	716	\$355,775	0.9983	\$356,374	\$599	\$659	\$338,059	\$497	\$498			\$504
Aug-17	722	\$312,518	0.9979	\$313,186	\$667	\$734	\$471,677	\$433	\$434			\$474
Sep-17	708	\$346,651	0.9974	\$347,541	\$890	\$979	\$192,171	\$490	\$491	\$557		\$515
Oct-17	699	\$433,847	0.9965	\$435,391	\$1,544	\$1,698	\$356,840	\$621	\$623	\$552		\$581
Nov-17	697	\$437,599	0.9945	\$440,014	\$2,415	\$2,657	\$340,512	\$628	\$631	\$565		\$697
Dec-17	693	\$575,782	0.9927	\$580,032	\$4,250	\$4,675	\$522,682	\$831	\$837	\$588		\$666
Jan-18	689	\$359,810	0.9884	\$364,023	\$4,214	\$4,635	\$550,998	\$522	\$528	\$577		\$704
Feb-18	691	\$508,122	0.9845	\$516,126	\$8,004	\$8,805	\$312,057	\$735	\$747	\$599		\$625
Mar-18	640	\$374,963	0.9829	\$381,472	\$6,509	\$7,160	\$476,670	\$586	\$596	\$614		\$625
Apr-18	625	\$392,833	0.9770	\$402,072	\$9,240	\$10,164	\$424,745	\$629	\$643	\$624		\$664
May-18	617	\$455,120	0.9707	\$468,856	\$13,736	\$15,110	\$734,717	\$738	\$760	\$612		\$665
Jun-18	605	\$395,376	0.9529	\$414,904	\$19,527	\$21,480	\$279,955	\$654	\$686	\$620		\$696
Jul-18	599	\$504,168	0.9213	\$547,232	\$43,064	\$47,370	\$465,350	\$842	\$914	\$653		\$786
Aug-18	582	\$376,319	0.7840	\$479,989	\$103,670	\$114,037	\$562,755	\$647	\$825	\$685		\$807
Sep-18	584	\$178,274	0.4319	\$412,739	\$234,466	\$257,912	\$448,102	\$305	\$707	\$705		\$816

Oct-16 to Sep-18	16,215	\$9,719,564	95.54%	\$10,173,476	\$453,912	\$499,303	\$9,719,564	\$599	\$627
------------------	--------	-------------	--------	--------------	-----------	-----------	-------------	-------	-------

12 Months Incurred Claims PEPM - 9/1/2017 to 8/31/2018		
Midpoint of Experience Period	3/1/2018	\$685
Midpoint of Rating Period	9/15/2018	\$485,938
Months to Trend	6.5	0.93
Assumed Annual Trend	5.80%	10.00%
Underwriting Adjustment	1.00	
PEPM Trended Claims for September 2018	\$707	

This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, healthcare trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contactus for specific information or further details in this regard.

ABC Co.

IBNR Analysis

Based on Pharmacy Claims Paid Through September 30, 2018

Incurral Month	Exposure Unit (Employees)	Paid to Date Claims by Incurral Date	Completion Factor	Incurred Claims	Outstanding Claim Reserve (Before Margin)	Outstanding Claim Reserve (Margin Applied)	Monthly Paid Claims	Paid to Date Claims Per Unit	Incurred Claims Per Unit	Rolling Twelve Months Incurred Claims Per Unit	Rolling Six Months Incurred Claims Per Unit	Rolling Three Months Incurred Claims Per Unit
			6 of 8 Months Averaging			(Margin Applied)		PEPM	PEPM	PEPM	PEPM	PEPM
Oct-16	716	\$116,881	1.0000	\$116,881	\$0	\$0	\$85,065	\$163	\$163			
Nov-16	726	\$137,756	1.0000	\$137,756	\$0	\$0	\$134,737	\$190	\$190			\$187
Dec-16	723	\$150,570	1.0000	\$150,570	\$0	\$0	\$163,719	\$208	\$208			\$194
Jan-17	696	\$128,022	0.9992	\$128,124	\$102	\$112	\$119,265	\$184	\$184			\$188
Feb-17	693	\$118,622	0.9992	\$118,716	\$95	\$104	\$107,638	\$171	\$171			\$177
Mar-17	702	\$122,234	0.9992	\$122,331	\$97	\$107	\$138,503	\$174	\$174			\$156
Apr-17	701	\$85,959	0.9992	\$86,028	\$69	\$75	\$81,152	\$123	\$123		\$182	\$175
May-17	697	\$119,387	0.9992	\$119,482	\$95	\$105	\$122,860	\$171	\$171		\$172	\$156
Jun-17	694	\$115,657	0.9992	\$115,750	\$92	\$101	\$105,869	\$167	\$167		\$165	\$154
Jul-17	716	\$100,844	0.9992	\$100,925	\$80	\$88	\$109,738	\$141	\$141		\$158	\$160
Aug-17	722	\$122,802	0.9992	\$122,900	\$98	\$108	\$111,229	\$170	\$170		\$158	\$159
Sep-17	708	\$123,034	0.9992	\$123,132	\$98	\$108	\$140,873	\$174	\$174	\$170	\$158	\$162
Oct-17	699	\$113,308	0.9992	\$113,399	\$90	\$99	\$105,239	\$162	\$162	\$170	\$164	\$169
Nov-17	697	\$114,430	0.9992	\$114,521	\$91	\$100	\$96,779	\$164	\$164	\$168	\$163	\$167
Dec-17	693	\$101,935	0.9992	\$102,016	\$81	\$89	\$109,521	\$147	\$147	\$162	\$160	\$158
Jan-18	689	\$90,339	0.9992	\$90,411	\$72	\$79	\$96,384	\$131	\$131	\$158	\$158	\$148
Feb-18	691	\$113,829	0.9992	\$113,920	\$91	\$100	\$104,873	\$165	\$165	\$157	\$157	\$148
Mar-18	640	\$150,228	0.9992	\$150,348	\$120	\$132	\$123,570	\$235	\$235	\$162	\$167	\$176
Apr-18	625	\$107,194	0.9992	\$107,280	\$85	\$94	\$138,043	\$172	\$172	\$166	\$168	\$190
May-18	617	\$130,423	0.9992	\$130,527	\$104	\$114	\$122,363	\$211	\$212	\$169	\$176	\$206
Jun-18	605	\$100,264	0.9992	\$100,344	\$80	\$88	\$118,687	\$166	\$166	\$169	\$179	\$183
Jul-18	599	\$102,675	0.9987	\$102,807	\$133	\$146	\$86,806	\$171	\$172	\$172	\$187	\$183
Aug-18	582	\$133,167	0.9944	\$133,915	\$749	\$823	\$145,616	\$229	\$230	\$176	\$198	\$189
Sep-18	584	\$87,504	0.6900	\$126,825	\$39,321	\$43,253	\$118,535	\$150	\$217	\$180	\$194	\$206
Oct-16 to Sep-18	16,215	\$2,787,063	98.52%	\$2,828,906	\$41,843	\$46,027	\$2,787,063	\$172	\$174			

Base Claim Reserve @ 9/30/2018	\$41,843
6-Month Average Monthly Paid Claims Reserve Expressed as Months of Claims	\$121,675
Margin Used	0.34
	10.00%

This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, healthcare trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contactus for specific information or further details in this regard.

A Self-Insured
Evaluation

{ABC Co. LOGO}

**YTD CLAIM ANALYSIS
PREPARED EXCLUSIVELY FOR:**

ABC Co.

January 1, 2018 - December 31, 2018

Presented by



Gallagher

Insurance | Risk Management | Consulting



Insurance | Risk Management | Consulting

Financial Monitoring Report - ABC Co.

Historical Medical/Rx Claims Summary

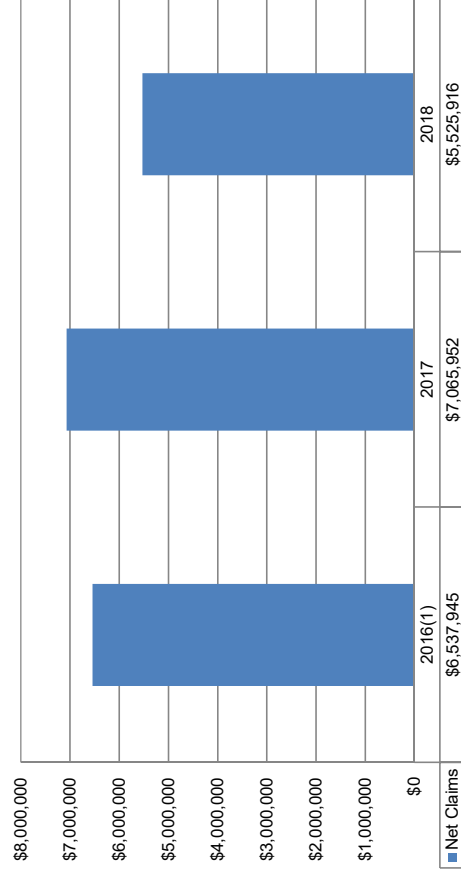
Reporting as of October 31, 2018

Total Medical/Rx Claims

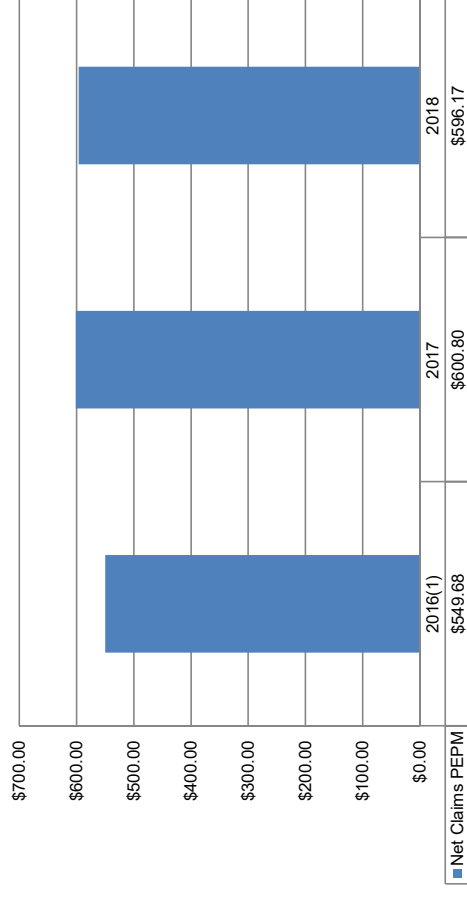
Month	2016 ⁽¹⁾	2016 PEPM	2017	2017 PEPM	2018	2018 PEPM
January	\$662,586	\$689	\$498,502	\$493	\$629,835	\$635
February	\$527,123	\$651	\$521,821	\$521	\$764,648	\$771
March	\$519,421	\$535	\$570,633	\$576	\$683,566	\$691
April	\$632,245	\$662	\$445,194	\$450	\$455,992	\$456
May	\$347,933	\$361	\$420,973	\$430	\$424,579	\$417
June	\$551,736	\$568	\$621,822	\$642	\$656,002	\$770
July	\$670,026	\$663	\$834,103	\$857	\$449,507	\$531
August	\$377,042	\$369	\$599,418	\$614	\$710,499	\$839
September	\$660,516	\$643	\$952,397	\$986	\$623,144	\$722
October	\$548,650	\$539	\$343,945	\$354	\$600,613	\$690
November	\$645,815	\$636	\$847,876	\$880	\$0	\$0
December	\$577,196	\$567	\$757,668	\$780	\$0	\$0
Gross Claims	\$6,820,288		\$7,414,353		\$5,998,385	
Specific Recoveries	(\$282,344)		(\$348,401)		(\$472,469)	
Net Claims	\$6,537,945		\$7,065,952		\$5,525,916	
Average Monthly Enrollment	991		980		927	
Net Claims PEPM	\$549.68		\$600.80		\$596.17	
% Increase/Decrease from Prior	-		9.3%		-0.8%	
Fixed Costs	\$1,512,500		\$1,416,521		\$1,138,117	
Total Plan Cost	\$8,050,445		\$8,482,473		\$6,664,033	
Total Plan Cost PEPM	\$676.85		\$721.24		\$718.96	
% Increase/Decrease from Prior	-		6.6%		-0.3%	

⁽¹⁾ 2016 Includes runoff claims

Net Paid Claims by Plan Year



Net Paid Claims by Plan Year PEPM





Insurance | Risk Management | Consulting

Financial Monitoring Report - ABC Co.

Medical Summary

Reporting as of October 31, 2018

All Plans and Divisions

Carrier: ABC

Specific Deductible: \$175,000

Contract Type: 24/12

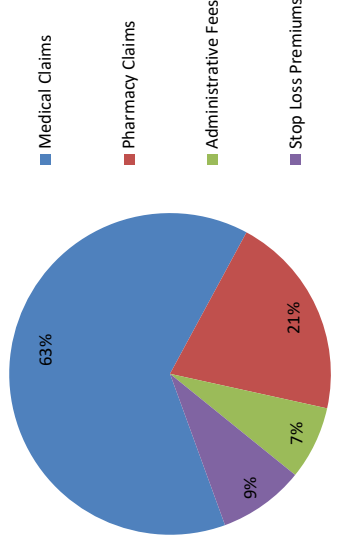
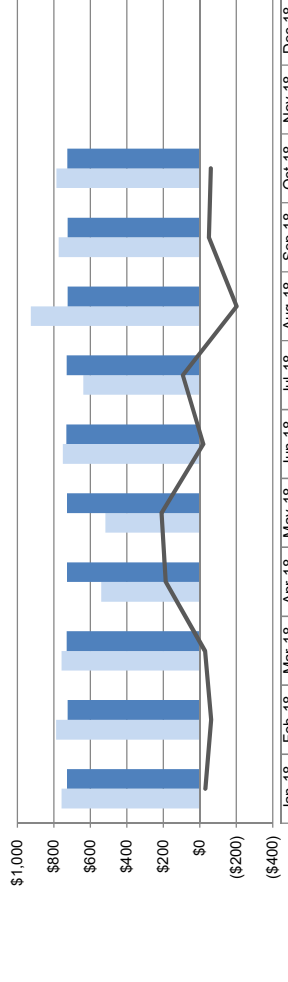
Plan Year: 1/1/2018 - 12/31/2018

Paid Month	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Year-to-Date	
													Total	PEPM
Enrollment														
Subscribers	992	992	989	1,001	1,017	852	846	847	863	870	0	0	9,269	927
Members	2,079	2,066	2,066	2,089	2,123	1,779	1,773	1,760	1,793	1,811	0	0	19,339	1,934
Contract Size	2.10	2.08	2.09	2.09	2.09	2.09	2.10	2.08	2.08	2.08	0.00	0.00		2.09
Claim Payments														
Medical Claims	\$517,113	\$616,773	\$523,159	\$324,950	\$280,480	\$467,481	\$340,406	\$530,132	\$459,846	\$446,721	\$0	\$0	\$4,507,059	\$486.25
Pharmacy Claims	\$109,030	\$144,064	\$156,890	\$127,279	\$140,008	\$185,479	\$106,361	\$177,586	\$160,526	\$151,117	\$0	\$0	\$1,458,340	\$157.34
Payment Innovation Fee	\$3,692	\$3,811	\$3,518	\$3,763	\$4,091	\$3,042	\$2,740	\$2,781	\$2,772	\$2,775	\$0	\$0	\$32,986	\$3.56
Claims Over Specific	\$0	(\$105,120)	(\$56,175)	(\$38,292)	(\$22,996)	(\$121,468)	(\$14,141)	(\$29,792)	(\$60,984)	(\$23,500)	\$0	\$0	(\$472,469)	(\$50.97)
Total Net Claim Payments	\$629,835	\$659,528	\$627,391	\$417,699	\$401,583	\$534,533	\$435,367	\$680,707	\$562,160	\$577,113	\$0	\$0	\$5,525,916	\$596.17
Fixed Costs														
Administrative Fees	\$56,266	\$56,266	\$56,096	\$56,777	\$57,684	\$48,325	\$47,985	\$48,042	\$48,949	\$49,346	\$0	\$0	\$525,738	\$56.72
Stop Loss Premiums	\$65,851	\$65,454	\$65,401	\$66,294	\$67,332	\$56,482	\$56,036	\$55,619	\$56,657	\$57,253	\$0	\$0	\$612,379	\$66.07
Total Fixed Costs	\$122,118	\$121,720	\$121,497	\$123,070	\$125,016	\$104,808	\$104,021	\$103,661	\$105,606	\$106,600	\$0	\$0	\$1,138,117	\$122.79
Total Plan Cost														
Total Plan Cost	\$751,953	\$781,248	\$748,888	\$540,770	\$526,599	\$639,341	\$539,388	\$784,368	\$667,766	\$683,712	\$0	\$0	\$6,664,033	\$718.96
Less: Employee Contributions ⁽¹⁾	\$110,651	\$110,554	\$111,063	\$112,450	\$113,555	\$96,763	\$95,539	\$94,369	\$96,373	\$97,489	\$0	\$0	\$1,038,805	\$112.07
Total Employer Cost	\$641,301	\$670,694	\$637,825	\$428,320	\$413,044	\$542,578	\$443,849	\$689,999	\$571,393	\$586,223	\$0	\$0	\$5,625,228	\$606.89
Budget Comparison														
Budgeted Cost ⁽¹⁾	\$721,101	\$719,006	\$720,600	\$728,916	\$739,485	\$622,068	\$617,447	\$613,030	\$625,312	\$631,472	\$0	\$0	\$6,738,437	\$726.99
Actual Cost	\$751,953	\$781,248	\$748,888	\$540,770	\$526,599	\$639,341	\$539,388	\$784,368	\$667,766	\$683,712	\$0	\$0	\$6,664,033	\$718.96
Surplus/(Deficit)	(\$30,851)	(\$62,242)	(\$28,288)	\$188,146	\$212,886	(\$17,273)	\$78,059	(\$171,338)	(\$42,454)	(\$52,240)	\$0	\$0	\$74,404	\$8.03
Plan Metrics														
Medical FFS Discount	55.7%	51.4%	61.3%	60.2%	57.6%	52.4%	58.4%	51.9%	57.5%	58.9%	0.0%	0.0%	56.5%	
Network Penetration	99.3%	99.5%	98.7%	98.6%	99.1%	99.4%	92.1%	92.1%	93.7%	95.7%	0.0%	0.0%	96.9%	
Generic Utilization	88.7%	88.8%	87.9%	86.6%	88.2%	88.1%	88.1%	86.8%	86.6%	85.4%	0.0%	0.0%	87.6%	

⁽¹⁾ Estimated based on Anthem-reported enrollment

Budget Comparison PEPM

Combined Plan Expenses





Insurance | Risk Management | Consulting

Financial Monitoring Report - ABC Co.

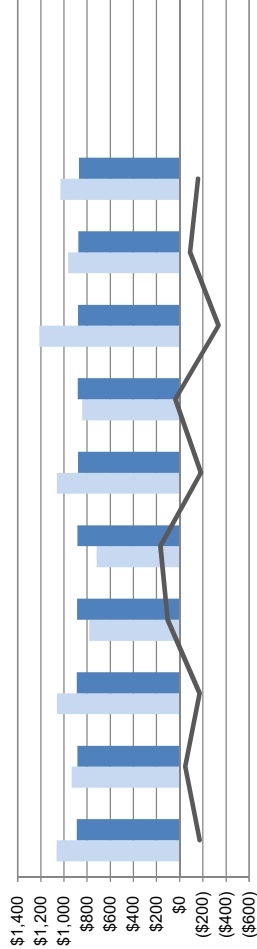
Medical Summary by Plan
Reporting as of October 31, 2018
PPO 1 Plan

Carrier: ABC
Specific Deductible: \$175,000
Contract Type: 24/12
Plan Year: 1/1/2018 - 12/31/2018

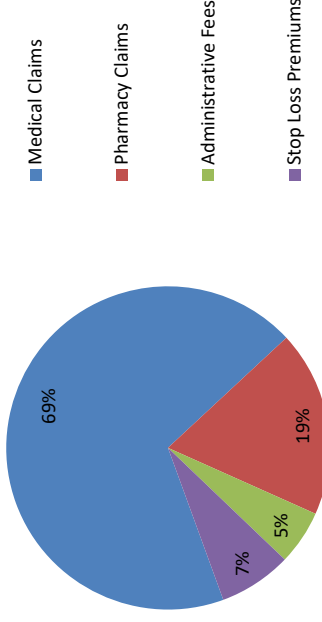
Paid Month	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Year-to-Date Total	PEPM
Enrollment														
Subscribers	452	456	456	462	464	400	392	391	399	403	0	0	4,275	428
Members	1,139	1,143	1,148	1,156	1,165	993	976	975	991	995	0	0	10,681	1,068
Contract Size	2.52	2.51	2.52	2.50	2.51	2.48	2.49	2.49	2.48	2.47	0.00	0.00		2.50
Claim Payments														
Medical Claims	\$344,072	\$299,817	\$348,001	\$242,034	\$198,812	\$383,868	\$233,272	\$363,934	\$313,726	\$316,701	\$0	\$0	\$3,044,237	\$712.10
Pharmacy Claims	\$73,917	\$96,463	\$100,398	\$80,935	\$88,136	\$104,881	\$55,858	\$83,662	\$75,593	\$65,239	\$0	\$0	\$825,081	\$193.00
Payment Innovation Fee	\$2,196	\$2,284	\$2,205	\$2,252	\$2,336	\$1,821	\$1,761	\$1,816	\$1,804	\$1,785	\$0	\$0	\$20,259	\$4.74
Claims Over Specific	\$0	(\$33,685)	(\$27,767)	(\$25,246)	(\$17,286)	(\$119,268)	(\$12,413)	(\$26,959)	(\$59,100)	(\$21,724)	\$0	\$0	(\$343,448)	(\$80.34)
Total Net Claim Payments	\$420,185	\$364,879	\$422,836	\$299,975	\$271,999	\$371,301	\$278,478	\$422,452	\$332,023	\$362,001	\$0	\$0	\$3,546,130	\$829.50
Fixed Costs														
Administrative Fees	\$25,637	\$25,864	\$25,864	\$26,205	\$26,318	\$22,688	\$22,234	\$22,178	\$22,631	\$22,858	\$0	\$0	\$242,478	\$56.72
Stop Loss Premiums	\$34,610	\$34,586	\$34,700	\$35,089	\$35,276	\$30,271	\$29,695	\$29,545	\$29,951	\$30,154	\$0	\$0	\$323,876	\$75.76
Total Fixed Costs	\$60,248	\$60,450	\$60,564	\$61,294	\$61,594	\$52,959	\$51,929	\$51,723	\$52,582	\$53,012	\$0	\$0	\$566,354	\$132.48
Total Plan Cost	\$480,433	\$425,330	\$483,400	\$361,268	\$333,593	\$424,260	\$330,407	\$474,175	\$384,605	\$415,012	\$0	\$0	\$4,112,484	\$961.98
Less: Employee Contributions ⁽¹⁾	\$87,425	\$87,652	\$88,096	\$88,920	\$89,288	\$76,570	\$75,172	\$74,761	\$76,006	\$76,451	\$0	\$0	\$820,340	\$191.89
Total Employer Cost	\$393,008	\$337,678	\$395,304	\$272,349	\$244,305	\$347,691	\$255,235	\$399,414	\$308,599	\$338,562	\$0	\$0	\$3,292,143	\$770.09
Budget Comparison														
Budgeted Cost ⁽¹⁾	\$402,363	\$403,254	\$405,614	\$409,089	\$410,781	\$351,544	\$345,309	\$343,394	\$349,139	\$351,144	\$0	\$0	\$3,771,631	\$882.25
Actual Cost	\$480,433	\$425,330	\$483,400	\$361,268	\$333,593	\$424,260	\$330,407	\$474,175	\$384,605	\$415,012	\$0	\$0	\$4,112,484	\$961.98
Surplus/(Deficit)	(\$78,070)	(\$22,076)	(\$77,786)	\$47,820	\$77,188	(\$72,716)	\$14,902	(\$130,781)	(\$35,466)	(\$63,869)	\$0	\$0	(\$340,852)	(\$79.73)

⁽¹⁾ Estimated based on Anthem-reported enrollment

Budget Comparison PEPM



Combined Plan Expenses



	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Actual Cost	\$1,063	\$933	\$1,060	\$782	\$719	\$1,061	\$843	\$1,213	\$964	\$1,030	\$0	\$0
Budgeted Cost	\$890	\$884	\$890	\$885	\$885	\$879	\$881	\$878	\$875	\$871	\$0	\$0
Surplus/(Deficit)	(\$173)	(\$48)	(\$171)	\$104	\$166	(\$182)	\$38	(\$334)	(\$89)	(\$158)		



Insurance | Risk Management | Consulting

Financial Monitoring Report - ABC Co.

Medical Summary by Plan
Reporting as of October 31, 2018
PPO 2 Plan

Carrier: ABC

Specific Deductible: \$175,000

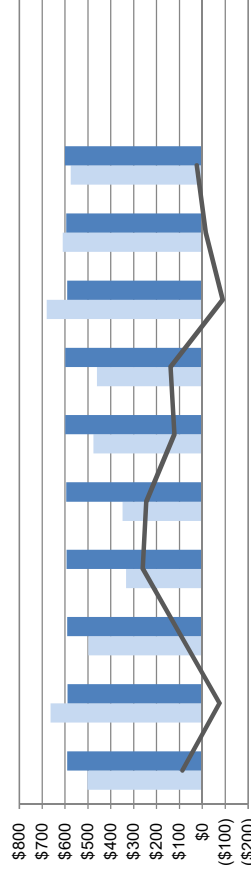
Contract Type: 24/12

Plan Year: 1/1/2018 - 12/31/2018

Paid Month	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Year-to-Date Total	PEPM
Enrollment														
Subscribers	540	536	533	539	553	452	454	456	464	467	0	0	4,994	499
Members	940	923	918	933	958	786	797	785	802	816	0	0	8,658	866
Contract Size	1.74	1.72	1.72	1.73	1.73	1.74	1.76	1.72	1.73	1.75	0.00	0.00		1.73
Claim Payments														
Medical Claims	\$173,040	\$316,956	\$175,157	\$82,916	\$81,667	\$83,613	\$107,134	\$166,199	\$146,120	\$130,020	\$0	\$0	\$1,462,822	\$292.92
Pharmacy Claims	\$35,113	\$47,601	\$56,492	\$46,343	\$51,872	\$80,598	\$50,503	\$93,924	\$84,933	\$85,879	\$0	\$0	\$633,259	\$126.80
Payment Innovation Fee	\$1,496	\$1,528	\$1,313	\$1,511	\$1,755	\$1,221	\$979	\$965	\$968	\$990	\$0	\$0	\$12,726	\$2.55
Claims Over Specific	\$0	(\$71,435)	(\$28,408)	(\$13,046)	(\$5,711)	(\$2,200)	(\$1,728)	(\$2,833)	(\$1,884)	(\$1,777)	\$0	\$0	(\$129,021)	(\$25.84)
Total Net Claim Payments	\$209,650	\$294,649	\$204,555	\$117,725	\$129,584	\$163,232	\$156,889	\$258,256	\$230,137	\$215,112	\$0	\$0	\$1,979,786	\$396.43
Fixed Costs														
Administrative Fees	\$30,629	\$30,402	\$30,232	\$30,572	\$31,366	\$25,637	\$25,751	\$25,864	\$26,318	\$26,488	\$0	\$0	\$283,260	\$56.72
Stop Loss Premiums	\$31,241	\$30,868	\$30,702	\$31,205	\$32,056	\$26,211	\$26,341	\$26,074	\$26,706	\$27,100	\$0	\$0	\$288,503	\$57.77
Total Fixed Costs	\$61,870	\$61,270	\$60,933	\$61,777	\$63,422	\$51,849	\$52,092	\$51,938	\$53,024	\$53,588	\$0	\$0	\$571,763	\$114.49
Total Plan Cost	\$271,520	\$355,918	\$265,488	\$179,501	\$193,006	\$215,081	\$208,981	\$310,193	\$283,161	\$268,700	\$0	\$0	\$2,551,549	\$510.92
Less: Employee Contributions ⁽¹⁾	\$23,227	\$22,902	\$22,967	\$23,530	\$24,267	\$20,193	\$20,367	\$19,608	\$20,367	\$21,038	\$0	\$0	\$218,464	\$43.75
Total Employer Cost	\$248,293	\$333,017	\$242,522	\$155,971	\$168,740	\$194,888	\$188,614	\$290,585	\$262,794	\$247,662	\$0	\$0	\$2,333,085	\$467.18
Budget Comparison														
Budgeted Cost ⁽¹⁾	\$318,738	\$315,752	\$314,986	\$319,827	\$328,704	\$270,524	\$272,138	\$269,636	\$276,172	\$280,328	\$0	\$0	\$2,966,806	\$594.07
Actual Cost	\$271,520	\$355,918	\$265,488	\$179,501	\$193,006	\$215,081	\$208,981	\$310,193	\$283,161	\$268,700	\$0	\$0	\$2,551,549	\$510.92
Surplus/(Deficit)	\$47,219	(\$40,166)	\$49,498	\$140,326	\$135,697	\$55,443	\$63,157	(\$40,557)	(\$6,988)	\$11,628	\$0	\$0	\$415,256	\$83.15

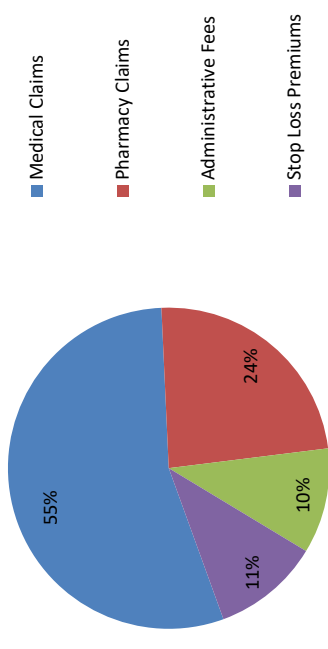
⁽¹⁾ Estimated based on Anthem-reported enrollment

Budget Comparison PEPM



	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Actual Cost	\$503	\$664	\$498	\$333	\$349	\$476	\$460	\$680	\$610	\$575	\$0	\$0
Budgeted Cost	\$590	\$591	\$591	\$593	\$594	\$599	\$599	\$591	\$591	\$600	\$0	\$0
Surplus/(Deficit)	\$87	(\$75)	\$93	\$260	\$245	\$123	\$139	(\$89)	(\$15)	\$25		

Combined Plan Expenses



Carrier: ABC

Specific Deductible: \$175,000

Contract Type: 24/12

Plan Year: 1/1/2018 - 12/31/2018

Claimant	Division	Plan	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total	Expected Reimbursement
1	A	PPO 1	\$77,798	\$130,887	\$27,767	\$25,246	\$17,286	\$119,268	\$12,413	\$26,959	\$59,100	\$21,724	\$0	\$0	\$518,448	\$343,448
2	B	PPO 2	\$2,932	\$243,503	\$28,408	\$13,046	\$5,711	\$2,200	\$1,728	\$2,833	\$1,884	\$1,777	\$0	\$0	\$304,021	\$129,021
3	A	PPO 1	\$6,222	\$11,645	\$6,061	\$14,479	\$15,592	\$18,813	\$10,240	\$21,253	\$10,172	\$19,294	\$0	\$0	\$133,770	\$0
4	A	PPO 1	\$727	\$410	\$69,225	\$249	\$2,905	\$960	\$1,812	\$37,880	\$17,650	\$1,895	\$0	\$0	\$133,714	\$0
5	A	PPO 1	\$150	\$0	\$1,723	\$11	\$11	\$291	\$16,735	\$49,340	\$25,941	\$18,102	\$0	\$0	\$112,303	\$0
6	A	PPO 2	\$2,718	\$0	\$0	\$0	\$617	\$20,698	\$0	\$29,834	\$25,492	\$25,534	\$0	\$0	\$104,893	\$0
7	A	PPO 1	\$2,017	\$8,687	\$1,156	\$1,238	\$9,189	\$10,408	\$1,013	\$40,602	\$12,726	\$10,169	\$0	\$0	\$97,204	\$0
8	B	PPO 1	\$79,980	\$387	\$612	\$967	\$525	\$193	\$0	\$2,560	\$0	\$0	\$0	\$0	\$85,223	\$0
9	B	PPO 2	\$0	\$396	\$11,667	\$8,292	\$9,247	\$7,572	\$7,692	\$19,275	\$8,408	\$9,474	\$0	\$0	\$82,024	\$0
10	A	PPO 1	\$7,284	\$7,062	\$7,007	\$7,009	\$6,986	\$14,011	\$7,036	\$7,443	\$7,123	\$6,986	\$0	\$0	\$77,946	\$0
11	B	PPO 1	\$10,084	\$20,378	\$10,168	\$10,169	\$10,169	\$10,084	\$0	\$0	\$0	\$0	\$0	\$0	\$71,052	\$0
12	A	PPO 2	\$0	\$0	\$0	\$0	\$131	\$1,401	\$15,437	\$41,847	\$1,048	(\$0)	\$0	\$0	\$59,864	\$0
13	A	PPO 1	\$62	(\$2)	\$18,734	\$770	\$338	\$1,040	\$2,458	\$1,112	\$898	\$33,872	\$0	\$0	\$59,282	\$0
14	A	PPO 1	\$55	\$111	\$3,246	\$8,980	\$3,207	\$40,624	\$461	\$580	\$506	\$608	\$0	\$0	\$58,379	\$0
15	A	PPO 1	\$0	\$0	\$103	\$0	\$4,351	\$59	\$49,322	\$0	\$0	\$102	\$0	\$0	\$53,936	\$0
16	A	PPO 2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,622	\$48,848	\$1,216	\$0	\$0	\$51,686	\$0
17	A	PPO 2	\$42,559	\$2,005	\$5,590	\$39	\$423	\$133	\$0	\$89	\$88	\$224	\$0	\$0	\$51,150	\$0
Total			\$232,587	\$425,468	\$191,469	\$90,495	\$86,687	\$247,755	\$126,346	\$283,228	\$219,885	\$150,975	\$0	\$0	\$2,054,896	\$472,469
% of Gross Claims			37.1%	55.9%	28.2%	20.0%	20.6%	37.9%	28.3%	40.0%	35.4%	25.3%	0.0%	0.0%	34.4%	
Claimants Over \$50,000			2	3	5	6	7	8	10	15	16	17			17	



Insurance | Risk Management | Consulting

Financial Monitoring Report - ABC Co.

Top 10 Drugs
Reporting as of October 31, 2018
All Plans and Divisions

Carrier: ABC
Specific Deductible: \$175,000
Contract Type: 24/12
Plan Year: 1/1/2018 - 12/31/2018

Top 10 Drugs by Amount Paid						
Rank	Drug	Therapeutic Use	Brand / Generic	Number of Scripts	Amount Paid	% of Total Paid Rx
1	Humira Pen	Rheumatoid Arthritis	Brand	19	\$128,002	8.8%
2	Cholbam	Bile Acid Disorders	Brand	8	\$126,271	8.7%
3	Norditropin Flexpro	Growth Hormone Deficiency	Brand	11	\$77,058	5.3%
4	Tecfidera	Multiple Sclerosis	Brand	8	\$59,914	4.1%
5	Onfi	Epilepsy	Brand	11	\$36,044	2.5%
6	Enbrel	Rheumatoid Arthritis	Brand	7	\$33,484	2.3%
7	Lantus Solostar	Diabetes	Brand	69	\$31,184	2.1%
8	Jardiance	Diabetes	Brand	73	\$30,486	2.1%
9	Humalog Kwikpen U-100	Diabetes	Brand	52	\$24,035	1.6%
10	Atripla	Hiv	Brand	10	\$22,742	1.6%
Total				268	\$569,221	39.0%

* Top drugs "Amount Paid" and "% of Total Paid Rx" represents Anthem pharmacy claims only



Insurance | Risk Management | Consulting

Financial Monitoring Report - ABC Co.

Large Claimants Over \$50,000
Reporting as of October 31, 2018

Carrier: ABC

Specific Deductible: \$175,000

Contract Type: 24/12

Plan Year: 1/1/2018 - 12/31/2018

Claimant	Plan	Division	Relationship	Gender	Age Range	Principal Diagnosis	Medical Claims (YTD)	Rx Claims (YTD)	Total Paid Claims (YTD)	% of Spec Deductible	Expected Reimbursement
1	PPO 1	A	Child	M	0-19	END STAGE RENAL DISEASE	\$505,230	\$13,218	\$518,448	296.3%	\$343,448
2	PPO 2	B	Spouse	F	40-49	CYSTIC DISEASE OF LIVER	\$281,766	\$22,255	\$304,021	173.7%	\$129,021
3	PPO 1	A	Employee	M	60-69	END STAGE RENAL DISEASE	\$129,683	\$4,087	\$133,770	76.4%	\$0
4	PPO 1	A	Spouse	M	60-69	NONRHEUMATIC MITRAL INSUFFICIENCY	\$132,164	\$1,550	\$133,714	76.4%	\$0
5	PPO 1	A	Child	M	0-19	CANNABIS DEPENDENCE UNCOMPLICATED	\$108,986	\$3,317	\$112,303	64.2%	\$0
6	PPO 2	A	Child	M	0-19	PHARMACY	\$8,399	\$96,495	\$104,893	59.9%	\$0
7	PPO 1	A	Employee	F	40-49	CROHNS DZ BOTH SM LG INTEST NO COMP	\$94,198	\$3,006	\$97,204	55.5%	\$0
8	PPO 1	B	Spouse	F	30-39	AFTERCARE FLW EXPLAN KNEE JNT PROS	\$84,409	\$814	\$85,223	48.7%	\$0
9	PPO 2	B	Employee	M	50-59	CROHNS DISEASE SM INTEST W/OTH COMP	\$22,011	\$60,013	\$82,024	46.9%	\$0
10	PPO 1	A	Child	F	0-19	PHARMACY	\$859	\$77,087	\$77,946	44.5%	\$0
11	PPO 1	B	Employee	M	30-39	CROHNS DISEASE UNS W/UNS COMP	\$463	\$70,589	\$71,052	40.6%	\$0
12	PPO 2	A	Spouse	F	30-39	ENCOUNTER FOR ANTINEOPLASTIC CHEMO	\$59,737	\$127	\$59,864	34.2%	\$0
13	PPO 1	A	Spouse	F	50-59	UNI PRIM OSTEOARTHRITIS LT KNEE	\$57,545	\$1,738	\$59,282	33.9%	\$0
14	PPO 1	A	Employee	M	60-69	SEPSIS UNSPECIFIED ORGANISM	\$54,764	\$3,615	\$58,379	33.4%	\$0
15	PPO 1	A	Employee	M	50-59	ST ELEVATION MI INVOLVING LADCA	\$53,936	\$0	\$53,936	30.8%	\$0
16	PPO 2	A	Employee	M	30-39	FRACTURE NECK UNSPECIFIED INITIAL	\$51,679	\$6	\$51,686	29.5%	\$0
17	PPO 2	A	Employee	F	60-69	SPONDYLOLISTHESIS LUMBAR REGION	\$50,317	\$833	\$51,150	29.2%	\$0
Total:							\$1,696,147	\$358,749	\$2,054,896		\$472,469



Insurance | Risk Management | Consulting

Financial Monitoring Report - ABC Co.

Top 10 Inpatient and Outpatient Facilities
Reporting as of October 31, 2018
All Plans and Divisions

Carrier: ABC
Specific Deductible: \$175,000
Contract Type: 24/12
Plan Year: 1/1/2018 - 12/31/2018

Top 10 Inpatient Facilities						
Rank	Provider	City	State	Network Indicator	Amount Paid	% of Total Claims
1	St Louis Children'S Hospi	Saint Louis	MO	In Network	\$313,929	7.0%
2	Baylor University Medcenter	Miami	FL	In Network	\$243,706	5.4%
3	Freeman Health System	Joplin	MO	In Network	\$143,190	3.2%
4	Mercy Hospital Springfield	Saint Louis	MO	In Network	\$105,528	2.3%
5	Barnes Jewish Hospital	Saint Louis	MO	In Network	\$100,998	2.2%
6	Lester E Cox Med Ctrs	Trumbull	CT	In Network	\$93,334	2.1%
7	Northwestern Memorial Hospital	Chicago	IL	In Network	\$56,980	1.3%
8	Mercy Hospital Fairfield	Fairfield	OH	In Network	\$46,521	1.0%
9	University Of Cincinnati Medical Center	Cincinnati	OH	In Network	\$44,320	1.0%
10	Christ Hospital	Cincinnati	OH	In Network	\$36,742	0.8%
Total					\$1,185,248	26.3%

Top 10 Outpatient Facilities						
Rank	Provider	City	State	Network Indicator	Amount Paid	% of Total Claims
1	Mercy Hospital Springfield	Saint Louis	MO	In Network	\$136,330	3.0%
2	Lester E Cox Med Ctrs	Trumbull	CT	In Network	\$123,567	2.7%
3	Jasper Dialysis	Jasper	IN	In Network	\$115,918	2.6%
4	Deaconess Hospital	Evansville	IN	In Network	\$108,757	2.4%
5	St Louis Children'S Hospi	Saint Louis	MO	In Network	\$107,706	2.4%
6	Betty Lou Wallace Recovery Dbai:	Kansas City	MO	In Network	\$99,900	2.2%
7	The Charlotte Mecklenburg Hospital	Charlotte	NC	Out of Network	\$60,859	1.4%
8	St Mary Medical Center Hobart	Munster	IN	In Network	\$49,178	1.1%
9	Freeman Health System	Joplin	MO	In Network	\$36,853	0.8%
10	St Francis Medical Center	Cpe Girardeau	MO	In Network	\$35,648	0.8%
Total					\$874,715	19.4%

* Top providers "Amount Paid" and "% of Total Claims" represents Anthem medical claims only



Insurance | Risk Management | Consulting

Financial Monitoring Report - ABC Co.

Historical Dental Claims Summary

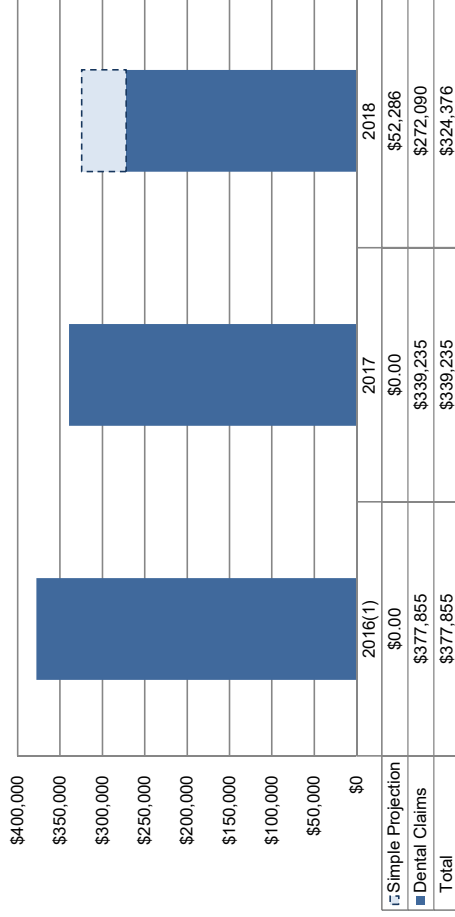
Reporting as of October 31, 2018

Total Dental Claims

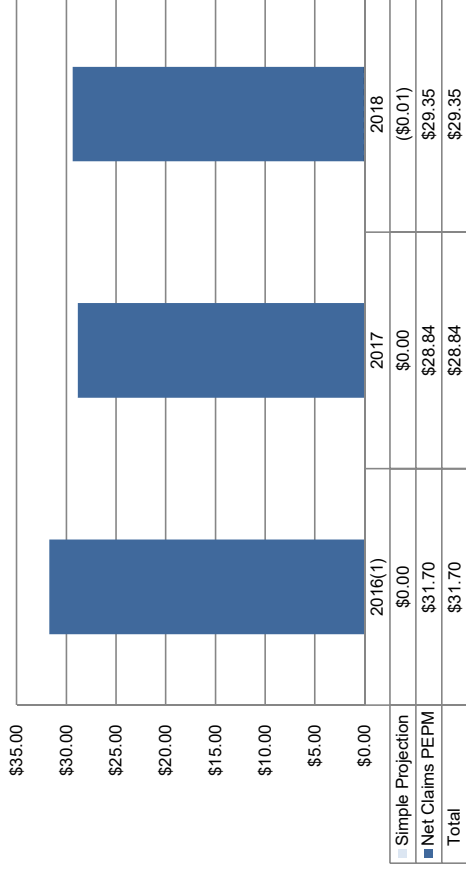
Month	2016 ⁽¹⁾	2016 PEPM	2017	2017 PEPM	2018	2018 PEPM
January	\$20,662	\$21	\$29,261	\$29	\$26,645	\$27
February	\$31,584	\$33	\$33,449	\$33	\$33,615	\$34
March	\$36,309	\$37	\$31,152	\$31	\$33,979	\$34
April	\$28,035	\$29	\$25,923	\$26	\$29,741	\$30
May	\$30,423	\$32	\$31,310	\$32	\$34,775	\$34
June	\$35,048	\$36	\$29,451	\$30	\$19,352	\$23
July	\$30,128	\$30	\$23,586	\$24	\$20,594	\$24
August	\$28,797	\$28	\$32,434	\$33	\$30,032	\$35
September	\$37,033	\$36	\$23,583	\$24	\$18,717	\$22
October	\$34,935	\$34	\$25,523	\$26	\$24,640	\$28
November	\$30,696	\$30	\$32,315	\$33	\$0	\$0
December	\$34,205	\$34	\$21,247	\$22	\$0	\$0
Dental Claims	\$377,855		\$339,235		\$272,090	
Average Monthly Enrollment	993		980		927	
Net Claims PEPM	\$31.70		\$28.84		\$29.35	
% Increase/Decrease from Prior	-		-9.0%		1.8%	
Fixed Costs	\$21,454		\$21,254		\$16,756	
Total Plan Cost	\$399,309		\$360,489		\$288,846	
Total Plan Cost PEPM	\$33.50		\$30.65		\$31.16	
% Increase/Decrease from Prior	-		-8.5%		1.7%	

⁽¹⁾ Includes runout from prior carrier

Net Paid Claims by Plan Year



Net Paid Claims by Plan Year PEPM





Financial Monitoring Report - ABC Co.

Dental Summary

Reporting as of October 31, 2018

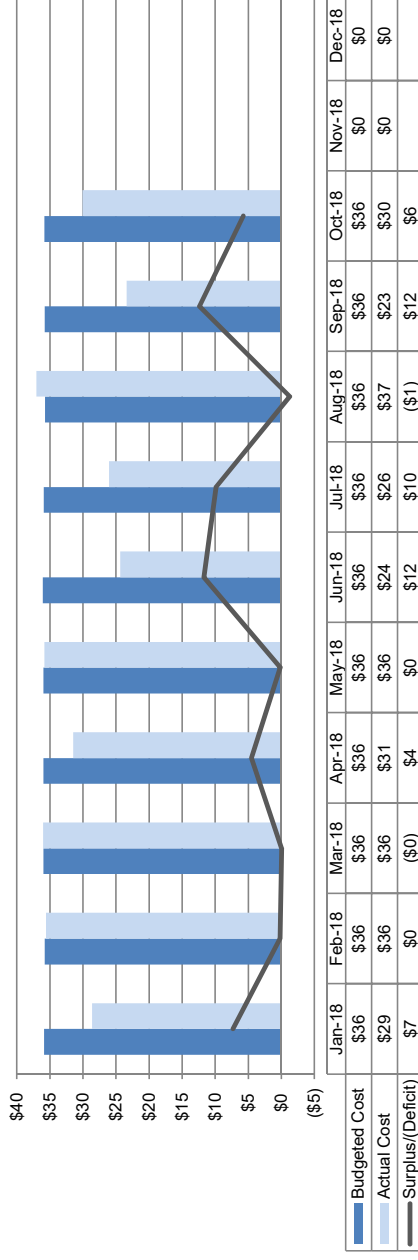
All Divisions

Carrier: ABC

Plan Year: 1/1/2018 - 12/31/2018

Paid Month	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Year-to-Date Total	PEPM
Enrollment														
Subscribers	995	995	993	1,003	1,022	859	850	853	867	872	0	0	9,309	931
Claim Payments														
Dental Claims	\$26,645	\$33,615	\$33,979	\$29,741	\$34,775	\$19,352	\$20,594	\$30,032	\$18,717	\$24,640	\$0	\$0	\$272,090	\$29.23
Total Claim Payments	\$26,645	\$33,615	\$33,979	\$29,741	\$34,775	\$19,352	\$20,594	\$30,032	\$18,717	\$24,640	\$0	\$0	\$272,090	\$29.23
Fixed Costs														
Administrative Fees	\$1,791	\$1,791	\$1,787	\$1,805	\$1,840	\$1,546	\$1,530	\$1,535	\$1,561	\$1,570	\$0	\$0	\$16,756	\$1.80
Total Plan Cost	\$28,436	\$35,406	\$35,766	\$31,546	\$36,615	\$20,898	\$22,124	\$31,567	\$20,278	\$26,210	\$0	\$0	\$288,846	\$31.03
Budget Comparison														
Budgeted Cost	\$35,695	\$35,601	\$35,720	\$36,047	\$36,767	\$30,954	\$30,528	\$30,465	\$31,010	\$31,210	\$0	\$0	\$333,996	\$35.88
Actual Cost	\$28,436	\$35,406	\$35,766	\$31,546	\$36,615	\$20,898	\$22,124	\$31,567	\$20,278	\$26,210	\$0	\$0	\$288,846	\$31.03
Surplus/(Deficit)	\$7,259	\$194	(\$46)	\$4,501	\$152	\$10,056	\$8,404	(\$1,102)	\$10,732	\$5,000	\$0	\$0	\$45,150	\$4.85

Budget Comparison PEPM





Insurance | Risk Management | Consulting

This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts.

Please see your policy or contact us for specific information or further details in this regard.



Gallagher

Insurance | Risk Management | Consulting

Pharmacy Benefit Management

Pharmacy Benefit Management Consulting

How can you skillfully negotiate your contracts to get the best value from your pharmacy programs and providers? This can be a daunting task as the PBM landscape becomes increasingly more complex. You can achieve better results with industry experts that provide guidance on best practices, vendor management strategies and powerful negotiation tactics. Partner with the consultants of Gallagher to leverage our knowledge and experience to more effectively manage your PBM relationship and plan to better manage your pharmacy-related plan.



Gallagher

Insurance | Risk Management | Consulting

Expertise through experience.

In some cases, Gallagher can help you design a plan to strategically steer members and providers to a lower cost site of care to help control your drug spend.

Create an informed partnership

The pharmacy benefit is arguably one of the larger and more complex components of overall healthcare benefits. Brand drugs go off patent and specialty drugs and biosimilars enter the market with such frequency that it can be a challenge to stay informed about issues that affect your plan.

You'll have more time to focus on broader benefit strategies when you rely on your Gallagher pharmacy benefit consulting team to help educate you and manage your prescription drug plan. We'll assess your current PBM contract, and tightly design your next one with ongoing consulting focused on audits, managing costs and increasing plan satisfaction. Net result? Potentially lower costs and an up-to-date contract in a constantly changing environment.

Add experience and firsthand knowledge to your team

You'll benefit from the deep, real-world expertise provided by our PBM consultants with years of pharmacy industry experience. Your entire Gallagher team will partner with your PBM to ensure your plan is running properly — the right drugs at the right cost for the right reasons. In addition, your PBM consultants can design a customized plan that will help you manage costs without negatively impacting plan members or medication adherence. Instead of increasing your employees' cost share for drugs, you'll get guidance for setting copays and coinsurance that can help ensure your members' prescription compliance is maximized.

Manage your spend

A significant amount of specialty medications are administered through the medical plan, which lacks the cost control strategies of the pharmacy benefit. In some cases, Gallagher can help you design a plan to strategically steer members and providers to a lower cost site of care to help control your drug spend.

Gallagher strengthens your organization with:

- Contract review of PBM services, fees and rebate guarantees, including a full analysis to ensure you are receiving maximum value from your PBM.
- Managed implementation of new PBM if you change vendors.
- Ongoing consultation for pharmacy benefit design including modeling of different copays, formulary analysis, network strategies and clinical utilization programs to control the rising costs of specialty drugs.
- Pharmacy contract audits to ensure your PBM is adhering to pricing, rebates and service guarantees.
- Auditing claims to ensure benefits are being billed and paid accurately.
- Ongoing PBM management.



ajg.com

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc. is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services." Neither Arthur J. Gallagher & Co., nor its affiliates provide accounting, legal or tax advice.

© 2018 Arthur J. Gallagher & Co. | 18GBS29486B

Gallagher Pharmacy Solutions

Helping you navigate the potholes to a smoother road.

When it comes to your pharmacy options, you probably feel like you're here:



But did you ever **STOP** to think that there could be a better solution? Though you may feel like there's , we disagree. Regardless of circumstance, GPS can help.

We'll guide you every step of the way. Take a look at the proven results.

FULL RFP RESULTS

16.3%*

avg savings compared to drug spend

\$34.70*

avg annual PEPM savings



*estimated
***includes fees

CONTRACT RENEGOTIATION RESULTS

14.8%*

avg savings compared to drug spend

\$24.59*

avg annual PEPM savings



*estimated
***includes fees

Case Study #1
Hospital
(> 1,000 subscribers)

34.82%

avg savings compared to drug spend

ROI = 32.7

Annual PEPM savings = \$17.31

Case Study #2
Oil & Gas
(> 1,000 subscribers)

27.40%

avg savings compared to drug spend

ROI = 85.8

Annual PEPM savings = \$86.46

Case Study #3
Manufacturing
(> 5,000 subscribers)

24.60%

avg savings compared to drug spend

ROI = 205.9

Annual PEPM savings = \$50.88

Tom Tran: tom_tran@ajg.com
Matt Adams: matthew_adams@ajg.com

CONTACT:

*NOTE: All of the case studies above are results of full RFPs



Arthur J. Gallagher & Co.



Gallagher

Insurance | Risk Management | Consulting

Wellbeing & Engagement



Wellbeing & Engagement

Worksite Healthcare Guide



Gallagher

Insurance | Risk Management | Consulting

Table of Contents

Overview	3
Considerations.....	3
Comprehensive Scope of Services.....	5
Worksite Healthcare Service Models.....	6
Worksite Healthcare Staffing Models.....	7
Employer-Hired Clinical Staff	7
Third-Party Vendors.....	7
Local Healthcare Partnerships	7
Critical Success Factors.....	8
Access to Data.....	8
Provide Quality Care	8
Cultural Fit.....	8
Strategic Plan.....	8
Program Design	9
Rigorous Evaluation	9
Our Approach	10
Our Tools	11
Data Collection.....	11
Vendor Selection	11
Program Evaluation.....	11
How We Can Help	11
About Gallagher	12

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is provided with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service. If legal or other expert assistance is required, the services of a competent professional person should be sought.

Overview

Employer health management strategies have become increasingly important with the enactment of the current federal and state regulations. With benefit costs increasingly affecting the bottom line, organizations are searching for solutions to produce a healthier workforce, better manage costs, and improve workforce productivity.

The Center for Medicare and Medicaid Services indicates that healthcare costs account for 17.8% of our Nation's total GDP (\$3.2T) and estimate that it will increase to account for 19.9% by 2025.¹

Worksite healthcare has become an attractive and innovative employer health management strategy. There are a variety of services organizations can choose when it comes to bringing healthcare services to the workplace. Occupational health, preventive care, and acute care are just a few of the services that are often provided by employers.

Worksite health programs have the capacity not only to improve the clinical and financial health of the organization, but also to become integrated components of the culture and overall employee value proposition.

However, worksite healthcare is not a viable solution for all organizations - a number of factors help determine whether or not worksite healthcare is the best solution. While traditional feasibility studies can help assess the financial and clinical risk profile of the organization to identify the most suitable solution, there are additional considerations that contribute to the potential impact of a worksite health program.

CONSIDERATIONS

Several factors can influence the success of a worksite healthcare model. Although not a guarantee of success, considering these factors is an important step in this process.

- Access to primary care
- Capital construction costs and space limitations
- Disruption of the healthcare community
- Workforce age, size, and health status
- Percentage of total workforce working at or near a central office
- Medical and productivity cost drivers to determine most appropriate model for services and staffing
- Capacity of the worksite healthcare model to match employee needs
- Organization's understanding of how employee wellbeing impacts the individual, the organization, and the healthcare delivery system as a whole

As you evaluate the possibility of worksite healthcare for your organization, keep the following in mind for these key considerations.

Potential for Savings

With the right circumstances, worksite healthcare can yield substantial savings. According to a study published in the *Journal of Occupational and Environmental Medicine*,¹ the average employer saves \$1.60 – \$4.00 for every dollar invested in an on-site clinic. Much of the savings is contributed to keeping healthy people healthy, prevention of chronic conditions, and helping those with a chronic condition better manage their risk — an important factor to mitigating costly complications. Additional savings can result from direct cost of care, referral avoidance, and reduced time away from work.

Workforce Size and Age

According to multiple worksite health vendors, a full-time on-site clinic is a viable solution for organizations with a minimum of 800 to 1,000 employees. There are a variety of alternative models that may suit a smaller size employer. Employee age is an equally important factor. Theoretically, an organization's overall healthcare cost will be higher with a maturing workforce and more prone to chronic conditions, which need more costly treatments. Hence, on-site healthcare may not yield the same savings for an employer with a staff of similar size but with younger demographic.

Population Risk Factors

Spend time determining how employees will access worksite healthcare. Are employees more apt to use services for minor concerns, such as upper respiratory congestion, or serious illnesses? Will employees be more inclined to use services that focus on prevention? Will spouses and dependents access services? Will there be an integration of online health records with medical and pharmacy claims? These types of questions will help determine the initial scope of services offered. Organizations will need access to specific claims data for determining the areas of focus and whether worksite healthcare can service those needs.

Workforce Proximity

Worksite healthcare is typically offered on-site or near a central work hub. Employees are more likely to use worksite healthcare services when they work and live near a central location. Alternatives such as virtual clinics are growing in popularity for organizations with a geographically dispersed workforce.

Organizational Culture

Do not miss the opportunity to evaluate workplace culture when determining fit for worksite healthcare. While clinical markers, screenings, and condition management are critical in realizing the benefits of worksite healthcare, the future lies in models that address more than just physical health but also those that recognize the role behavioral, environmental, and cultural elements play in contributing to employees' overall wellbeing. Factors such as a high level of trust between the employer and employee will profoundly impact utilization and, in turn, cost savings. The bottom line is that employees need to view worksite healthcare as a value add — a trusted tool for their overall wellbeing, and not as an organizational tactic that harbors a hidden agenda.

Scope of Services

The scope of services that worksite healthcare offers can vary considerably, depending on whether an employer's objective is to increase the wellbeing of its workforce, increase productivity, better manage chronic conditions, reduce the number of on-the-job injuries, or all of these. In order to establish an appropriate worksite healthcare model, it is essential to perform a comprehensive analysis of the employer's medical and pharmacy claims, along with disability and occupational health data. An employer may implement different services over a period of time after determining the primary objectives.

Comprehensive Scope of Services

The average American who works a full-time job spends more than a third of his or her day, five days out of the week, at their place of employment. The logical setting for employee health improvement is at, or near, the workplace.²



Clinical Team

Physician
Physician's Assistant
Physical Therapist
Nurse Practitioner
Health Coach
Support Staff



Prevention & Lifestyle Management

Vaccinations
Screenings/Evaluations
Physical Activity
Behavior
Nutrition
Travel Health



Chronic Condition Management

Gaps in Care
Risk Mitigation
Resource Utilization
Care Coordination
Decision Support
Clinical Information Systems



Primary Care

Functional Medicine
First Aid
Acute Care
Health Improvement Plan



Pharmacy Management

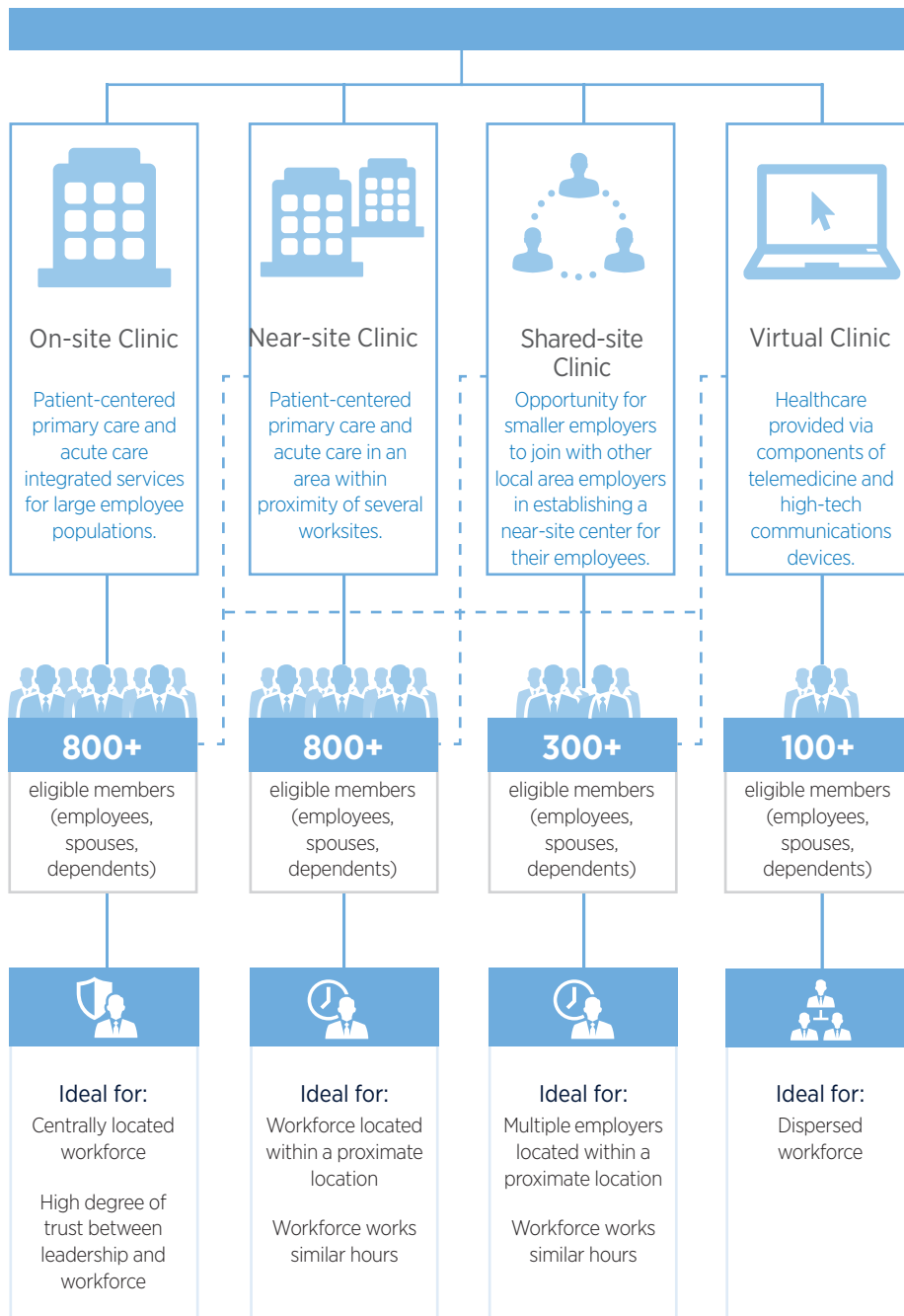
Medication Adherence
Generic/Brand-Name
Dispensing



Workplace Injury

Triage
Occupational Therapy
Physical Therapy
Chiropractic Therapy

Worksite Healthcare Service Models



- Nearly 70% of employers state their clinics have helped to improve employee health.
- Around 75% of companies with on-site clinics increased employee engagement through their worksite health solution.
- More than 95% of companies state that their on-site clinic contributed to their goal of increasing employee satisfaction.
- Approximately 95% of companies mentioned their on-site clinic contributed to their goal of increased productivity.³

Worksite Healthcare Staffing Models

The marketplace offers multiple staffing and administration solutions to meet organizations' changing needs. Considerations should be made to evaluate the pros and cons of each model and what solution will best meet the health requirements of the population, as well as organizational objectives.

EMPLOYER-HIRED CLINICAL STAFF

In this model, the employer manages the administration of the clinic and its operational costs, including the employment of its staff. Businesses within the healthcare industry often opt for this model, because it is an extension of their core business. Employers that adopt this model need to have the necessary technology, such as electronic health records, as well as expertise in healthcare operations. An understanding of the unique regulatory considerations regarding compliance liability and employee privacy are critical to ensuring due diligence when selecting this model.

THIRD-PARTY VENDORS

Many employers choose to use a third-party vendor for worksite healthcare operations and management. With this model, the vendor controls all operations and employs all clinic personnel. The vendor is responsible for complying with the regulatory environment, and all liability and licensure issues pertaining to the healthcare staff. This model tends to be a more costly solution; however, the expertise of a vendor may be well worth the peace of mind.

LOCAL HEALTHCARE PARTNERSHIPS

The employer contracts with local healthcare providers for medical services, but manages the business operations itself. This hybrid model is gaining traction, but organizations who choose this model should proceed with caution as a high degree of collaboration must be established to ensure success. Conflicts of interest could foster an ineffective result.



Critical Success Factors

Successful worksite healthcare programs can reach new heights when they take into account the wide range of critical success factors. Here are some quick tips to keep your organization on track to nurture a strong culture and maximize success:

ACCESS TO DATA

The success of managing the overall population health rests heavily on importing and exporting data. Access to medical claims data, including: diagnosis codes, place of service indicators, and type of service codes, allows for the on-site clinician to conduct a more meaningful encounter with the patient. The clinician can work to close gaps in care, improve costly utilization patterns, and make appropriate referrals. Prescription data allows for the clinician to monitor and improve medication adherence, resulting in improved chronic condition management. Many worksite health vendors use biometric screening data as a means to stratify health risk; however, data is only captured on patients who choose to participate in the screening event. Exporting data to appropriate stakeholders such as a data analytics partner, wellness program vendor, and back to the client in the form of aggregate reporting ensures a more integrated solution and opportunity to measure activity, outcomes, cost savings, and overall success. A HIPAA-compliant system to document encounters, integrate data, and produce aggregate reports is a must.

PROVIDE QUALITY CARE

Quality care not only refers to care that is clinically sound, but also refers to the patient experience. An anticipated outcome of choosing to invest in a worksite health solution is improved employee perception of the organization and benefit strategy. While all worksite health providers should be vetted from a clinical standpoint, organizations who invest in a worksite health solution should also measure their employees' level of satisfaction with the services they receive.

CULTURAL FIT

While worksite health offers significant benefits to the employer and the employee, employer-sponsored clinics are not the right fit for every company's culture. A company who has historically operated in a very hands-off fashion with few policies pertaining to an individual's health and lifestyle choices may find that employees are skeptical to pursue care associated with their place of work. If significant workforce changes have recently caused distrust and low morale such as mergers, acquisitions, layoffs, or reorganization, any worksite health initiative will be affected. Rather than avoid implementation of a worksite health strategy, acknowledging challenges within a company's culture may lead to an opportunity to use worksite health as a strategy to make improvements. Other considerations include the personality and demeanor of the clinical staff, the location, and how the worksite health strategy is communicated.

STRATEGIC PLAN

Creating a strategic plan, including mission, goals, and tactical solutions to achieve these goals, results in measurable success. The greatest opportunity for success is to position the worksite health strategy as a solution that addresses key business challenges while enhancing the employee experience. Employee participation is necessary for any cost-containment strategy. However, employers should not rely solely on health benefit design to motivate behavior modification and participation. A robust communication and marketing plan, in addition to visible leadership support and accountability, will ensure the greatest outcome. Worksite health is no small investment. Prepare to justify the investment by designating metrics to benchmark success, such as: financial outcomes, health impact, employee engagement, productivity and performance, and value on investment. The impact of worksite health extends far beyond improvement of the health of the population into wellbeing, engagement, retention, recruitment, and recognition in the community.

PROGRAM DESIGN

Consider the purpose of the worksite health strategy and create policies and incentives to support desired behaviors. Besides inherent incentives like convenience and reduced time away from work, incentives can be built in to the design of the health plan so that lower premiums or eliminated copays are offered to encourage utilization. Position the worksite health program as a benefit or a reward by requiring completion of activities like biometric screenings, personal health assessment, or results review with a clinician in order to grant access.

RIGOROUS EVALUATION

Regardless of the type of worksite healthcare model that is chosen, with so many factors influencing success, constant scrutiny is recommended, especially in the beginning. Establish metrics such as: utilization, type of utilization, clinical outcomes, employee satisfaction - and conduct an analysis at least quarterly. Make changes throughout the year, rather than waiting until the end of the year to realize the program is not yielding expected results.

Critical Success Factors

Access to Data

Quality Care

Cultural Fit

Strategic Plan

Program Design

Rigorous Evaluation



Our Approach

A benefits package that includes an all-encompassing view of health promotes a positive culture, improves employee health and helps manage costs. Gallagher has the resources to support our clients through this process. Our approach begins with a discovery process that includes both a financial analysis as well as a review of your overall vision, mission, and culture.



Phase 1: Strategy

- Identify and collect data
- Identify immediate concerns/challenges
- Set short-term priorities and long-term goals
- Identify and quantify performance metrics
- Conduct a compliance review
- Determine technology and space needs
- Evaluate workforce demographics
- Present feasibility findings



Phase 2: Analysis

- Finalize strategy
- Create operating plan
- Conduct survey and focus groups
- Establish a full inventory of benefits
- Facilitate and negotiate competitive bids
- Model plan and contribution design
- Present feasibility findings



Phase 3: Implementation

- Finalize plan design and vendors
- Finalize pricing
- Present/approve final recommendations
- Implement new vendor partner(s)
- Develop communication deliverables
- Support program launch events
- Conduct post-implementation debrief
- Reassess and align long-term goals

Our Tools

Gallagher has included several tools to assist our clients through the process of evaluating and implementing worksite health strategies:

DATA COLLECTION

Collect and analyze qualitative data: The Gallagher team will collect data and conduct an analysis to help determine if a worksite clinic makes sense from a cultural perspective.

Gallagher Tools & Tactics

- **Company Interview** identifies key organizational priorities and challenges
- **Wellbeing Inventory and Worksite Questionnaire** gathers information about logistics, resources, company culture, and work environment
- **Employee Engagement Survey** positions the worksite strategy in a way that meets employee needs and interests
- **Workforce Evaluation** to run an analysis of your workforce based on demographics, career stage, and key talent

Collect and analyze quantitative data: We will require data reflecting current utilization of healthcare, average cost of services, census and demographics, as well as historical claims and enrollment data. We use this data to ensure our utilization and cost assumptions are consistent with the company's experience. This analysis will allow us to recommend if a worksite clinic makes sense to consider from a financial perspective.

VENDOR SELECTION

Vendor selection is one of the most difficult steps of getting a successful, results-oriented worksite clinic up and running. Gallagher simplifies this process for our clients. We know what questions need to be asked, what the most important qualifications are for a vendor, whether or not the vendors are able to implement the strategic components needed for an effective initiative and which vendor interventions are thoroughly research-tested and proven. Ultimately the final decision belongs to our clients, but we will recommend the best fit based on all of the above factors.

Gallagher Tools & Tactics

- Development of custom **Vendor Scorecard** to assess vendors "apples to apples" based on criteria specific to our individual clients and industry best practices.
- Request for Proposal (RFP) Template

PROGRAM EVALUATION

A feasibility assessment, including financial and organizational evaluation, should be considered prior to implementing a worksite healthcare model. Financial impact and cultural impact of your program should also be assessed.

Gallagher Tools & Tactics

- Organizational Culture Assessment
- Feasibility Study

HOW WE CAN HELP

Your Gallagher Team can help you complete a thorough worksite healthcare assessment and, ultimately, develop a strategy that supports your cost management efforts, while promoting a great employee experience.

About Gallagher

At Gallagher, we provide consulting expertise that helps our clients develop broad, integrated strategies that empower their employees to thrive at work, at home, and in their communities. As such, we view wellbeing as an integral part of your strategy to impact employee engagement, reduce costs, and stand out as a destination employer.

Our approach to wellbeing is more than just fitness, weight-loss, or disease management; rather we look at an employee's overall wellbeing, with the understanding that the whole person comes to work each day — and each employee's physical, emotional, financial, career and community health will influence their individual performance and, ultimately, the organization's overall performance.

Gallagher can help develop a strategy to mobilize wellbeing as a cultural imperative that drives employee engagement and enables high performance.

For more information about how we can help, contact:

Contact Info

Name
Title
Phone
Email

Contact Info

Name
Title
Phone
Email

Contact Info

Name
Title
Phone
Email

REFERENCES

1. The Center for Medicare and Medicaid Services, "National Health Expenditure Fact Sheet" Retrieved September 13, 2017, from <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NHE-Fact-Sheet.html>.
2. Centers for Disease Control (CDC), National Center for Chronic Disease Prevention and Health Promotion, Division of Population Health. (n.d.). At A Glance 2016 - Workplace Health Promotion - Using the Workplace to Improve the Nation's Health. doi:<https://www.cdc.gov/chronicdisease/resources/publications/aag/pdf/2016/aag-workplace-health.pdf>
3. Xuguang Tao, David Chenoweth, Amy S. Alfriend, et al., "Monitoring Worksite Clinic Performance Using a Cost-Benefit Tool," Journal of Occupational and Environmental Medicine, October 2009.
4. National Association of Worksite Health Centers, "Results of 2014 National Survey of On-site Clinic Operations and Policies," December 2014.



Gallagher

Insurance | Risk Management | Consulting

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. and/or its affiliate Gallagher Benefit Services (Canada) Group Inc. Gallagher Benefit Services, Inc. is a licensed insurance agency that does business in California as "Gallagher Benefit Services of California Insurance Services" and in Massachusetts as "Gallagher Benefit Insurance Services." Neither Arthur J. Gallagher & Co. nor its affiliates provide accounting, legal or tax advice.

Gallagher at a glance

Gallagher has been designing solutions to meet our clients' unique needs for more than 90 years. We pioneered many of the innovations in risk management used by businesses in all industries today. We believe that the best environment for learning and growing is one that remembers the past and invents the future. Gallagher has divisions specializing in retail insurance brokerage operations, benefits and HR consulting, wholesale distributions and third-party administrations and claims processing.

As one of the largest insurance brokers in the world, Gallagher has approximately 700 offices in 35 countries and provides client-service capabilities in more than 150 countries around the world through our network of partners. Wherever you are – we're nearby.

Nick Long
Area Vice President, Public Sector

Gallagher Benefit Services, Inc.
9442 Capital of Texas Highway North, Suite
950
Austin, TX 78759

281.773.8954
Nick_Long@ajg.com
ajg.com



Gallagher

Insurance | Risk Management | Consulting