

## SERVICES CONTRACT RENEWAL OPTION

**ITEM:** 6-S-OPTION **Agency Contact:** Anne Timmons  
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**DEPARTMENT/PROGRAM:** Budget and Management (DBM)  
Office of Personnel Services and Benefits  
Employee Benefits Division

**CONTRACT ID:** Consultant and Actuarial Services for State  
Employee Retiree Health and Welfare  
Benefits Program;  
ADPICS # F10B5400008 (Consultant);  
F10B5400009 (Actuarial)

**CONTRACT APPROVED:** DBM Item 2-S (6/6/2012)

**CONTRACTOR:** The Segal Company (Eastern), Inc.

**CONTRACT DESCRIPTION:** Provide consultant and actuarial services to  
support the administration of the State Employee and Retiree Health and Welfare Benefits  
Program.

**OPTION/MODIFICATION DESCRIPTION:** Exercise the first one-year renewal option.

**ORIGINAL CONTRACT TERM:** 6/7/2012 – 5/31/2015 (w/2 one-year renewal  
options)

**OPTION TERM:** 6/1/2015 – 5/31/2016

**ORIGINAL CONTRACT AMOUNT:** \$3,424,994 NTE (3 Years)

**OPTION AMOUNT:** \$1,303,462 NTE (1 Year)

**PRIOR MODIFICATIONS/OPTIONS:** None

**REVISED TOTAL CONTRACT AMOUNT:** \$4,728,456 NTE

**ORIGINAL PROCUREMENT METHOD:** Competitive Sealed Proposals

**MBE PARTICIPATION:** 22%

**MBE COMPLIANCE:** 14%

**REQUESTING AGENCY REMARKS:** Request for approval to exercise the first of two one-year renewal options to continue to provide consulting and actuarial services to the State Employee and Retiree Health and Welfare Benefits Program. These services include: assistance with annual health plan rate setting, annual Other Post-Employment Benefits (OPEB) valuation, assistance with compliance and regulatory changes, trend analysis, and healthcare legislation evaluation. In addition, The Segal Company will provide technical assistance and support in connection with the re-procurement of the State's Flexible Spending Account and the Maryland Transportation Administration union healthcare contract.

In the area of actuarial assistance, The Segal Company has provided an excellent level of expertise and proved to be an effective resource for the Department and the Employee Benefits Division (EBD) management teams. The Segal Company has been integral to annual benefit program forecasting, budgeting, rate setting and management. The Segal Company has provided expertise in eligibility and plan modeling allowing the State to anticipate the costs and/or savings of various plan designs or eligibility changes such as replacing the Department's Retiree Drug Subsidy Program with the Employer Group Waiver Plan to provide comprehensive prescription drug benefits to the State's Medicare-eligible Retirees, while reducing plan costs.

The Segal Company assisted the Office of Personnel Services and Benefits EBD with procurements for Medical, Dental, and State Law Enforcement Officers Labor Alliance procurements and continues to play a key role in the Pharmacy Benefit Management contract. The Segal Company played a strategic role in the design, development, and benchmarks for the new Wellness Program introduced during Open Enrollment 2015. In addition, The Segal Company assisted the Department's Employee and Labor Relations Division with the Employee Assistance Program procurement.

The Segal Company has provided several key analyses such as the impact of the healthcare reform, annual OPEB valuation, Federal Mental Health Parity compliance and the Injured Workers Insurance Fund spin-off.

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

Overall, The Segal Company has performed well in all areas of actuarial and consulting tasks executed in the support of this contract. The Segal Company has agreed to a reduction in hourly prices for the first year renewal prices. This results in a projected savings of \$21,000 or approximately 2% of the contract.

**FUND SOURCE:** 100% Reimbursable

**APPROP. CODE:** F10A02.02

**RESIDENT BUSINESS:**

No

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Board of Public Works Action – This Item was:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION