

FELRA & UFCW Health and Welfare Fund
Proposal
For
Dependent Eligibility Audit Services

[ORIGINAL]

June 25, 2014



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INTRODUCING SECOVA

Founded in 1989 and headquartered in Newport Beach, California, Secova is a privately held corporation dedicated to assisting organizations control and drive down the cost of delivering human resources and benefit programs to participants.

Experienced Delivery

Secova's experienced operating philosophy is structured to rapidly configure our core competencies of "People, Process and Platform" to manage most any client engagement. Our depth of historical knowledge with specialized benefits management operations combined with our many years of working in the complex and constantly evolving large organization benefits environment provides us with the know-how to deliver solutions for our clients on time and within budget. Our vast experience in this field brings innovative insight and a customized approach for producing exceptional financial performance and a positive customer experience for every client engagement.

Our planning, staffing, facilities and tightly run operations allow us to scale work for populations of any size. Client solutions are provided turn-key with Secova in-house experienced staff and proprietary processes and tools. We have distributed locations and resources to operate 12x5 providing both "Participant Advocacy" services and benefits data processing operations around the clock.

Secova's long term clients include organizations for both the public and private sectors. We currently provide benefits management solutions to state, county, and municipal employers along with Taft-Hartley organizations and many Fortune 500 companies.

Dependent Eligibility Verification Audit (DEVA) Expertise for Multi-Employer Funds

Secova has been providing verification and audit services to public and private organizations since 1997 as a part of our outsourced Benefits Administration Solutions (BAS). In 2004, we formally created a specialized audit services group within the company to better address our clients' requirements for this sensitive work. Since that time, Secova has performed a large number of projects for organizations with participant and dependent populations ranging from 1,000 to over 180,000 dependents.

Secova has developed a project plan specifically for its Multi-Employer clients that maximizes employee response—typically achieving a 98% or greater participation rate. We have successfully achieved significant savings and improved the financial integrity of their administered health plans. Our customized solution for FELRA & UFCW is driven by our experience in this particular sector.

Specific challenges posed by multi-employer funds require extensive pre-planning and include:

- The more paternalistic approach that Funds or Trusts tend to have with their members—we have found that projects for these entities are more successful with additional communications, and more time for employees to complete the verification.
- Incorporating into the project plan the rules governing termination and reinstatement of benefits coverage
- Additional time need for the review/approval of communications, as legal departments or committees may be involved
- Ensuring key stakeholders from the Fund's various employer members understand and "buy into" the need for the verification and understand their role in the process—we normally accomplish this through webinar training conducted the week before the verification phase begins.
- Fund participant work hours vary greatly, so call center availability, with expanded hours of operation, is a key to improving overall participation and reducing "internal noise" within the Fund.

We have incorporated these key factors into our solution, which have been determined from over 15 years of conducting similar projects for similar clients.

We have successfully partnered with similar organizations to achieve significant savings and improve the financial integrity of the health plans they administer, including:

The Transit Employees Health and Welfare Fund (Forestville, MD)

Chicago Regional Council of Carpenters

Southwest Carpenters

The Carpenters Trust of Western Washington

Public Education Employees' Health Insurance Program (State of Alabama)

The Culinary Fund of Las Vegas (UNITE HERE)

New York City District Council of Carpenters Benefit Funds

PROJECT OVERVIEW

Secova is pleased to submit this project plan for conducting a Dependent Eligibility Verification Audit (DEVA) for FELRA & UFCW's Health and Welfare Fund. The objective of this project is to verify that the Fund's enrolled dependent population is compliant with benefit plan dependent eligibility rules and to recommend cost saving opportunities and cost recovery procedures related to the findings.

Completion of the Fund's Dependent Eligibility Verification Audit will:

- Educate participants on eligibility rules so that ineligible dependents can be identified and removed from the Plan.
- Express to participants, through a comprehensive verification process, the diligence to which the Fund intends to enforce dependent eligibility rules.
- Provide documentation to allow the Fund on eligible and ineligible dependents in case questions arise at a later date.
- Provide the Fund with significant cost savings from claims payments made on behalf of ineligible dependents and in the required funding reserve for benefit claims and changes to tier structure.

Secova focuses on Ten (10) core components of a Dependent Eligibility Verification Audit:

- | | |
|--|---|
| • Project Design | • Project Progress Reports |
| • Project Management | • Verification Analysis and Recommendations |
| • Compliance Education Communication | • Dependent Eligibility Management Program |
| • Participant Advocacy Services | • Security and Privacy Protection |
| • Dependent Eligibility Verification Process | • Performance Guarantees |

Our strategic approach is pivotal to achieve a successful project outcome. This approach, along with Secova's proven project experience, will result in the Fund achieving its dependent eligibility verification objectives.

PROJECT DESIGN

Secova's best practice methodology behind a DEVA is to collect eligibility documentation on all enrolled dependents in a fair, accurate, and speedy manner. We recommend that verification documents be collected and reviewed on all enrolled dependents during the initial verification period and for all enrolled dependents going forward, rather than just selected populations, to ensure equity among all participants and to achieve the optimal desired compliance and financial impact for our clients.

For every verification project Secova designs dependent eligibility verification processes and requirements with the following objectives in mind:

- Focus on compliance education
- Utilize progressive communications in multiple mediums to achieve maximum contact and response
- Maintain a participant advocacy approach to assist participants in completing the verification

- Provide multiple verification compliance methods (mail, fax, online)
- Recommend verification documents that are current and readily accessible
- Review documentation for authenticity and reasonableness of name, date, ages, etc.
- Require participants to declare, in writing, the accuracy of submitted documentation to avoid any post verification discrepancies
- Document and record all participant communications to support any post-verification challenges

PARTICIPANT ADVOCACY SERVICES

Secova will provide both call center and online support services for submitting the required dependent eligibility documentation, providing information and responding to questions. Participants will be provided with four options to contact Secova, report ineligible dependents and submit verification documents:

- **Phone** – participants will be provided with a toll-free number to call Secova and gain assistance with completing the verification requirements. We will verify participants' identity before providing assistance.
- **Online** – participants will be provided with instructions for accessing Secova's secure Dependent Eligibility Management web portal, validating identity, and completing verification requirements.
- **Fax** – participants will be provided with a toll-free secure fax line to submit verification documents.
- **Mail** – participants will be provided with a business reply envelope addressed to Secova's Service Center to submit verification documents.

Secova's Live Answer Call Center Support with 24x7 Availability

Secova call centers can provide either our standard 15x5 (8:00 AM to 11:00 PM EST, Monday through Friday) or 24x7 live answer call center assistance. Multi-Employer clients often elect the 24x7 option, as their participants work across many shifts and may need to contact our call center during non-normal business hours or on weekends. This can be a huge advantage for the Fund in maximizing member participation in the verification and leaving less clean-up work for the Fund at the close of the audit. The Fund will be provided with its own unique phone number which will be answered using the client's name and any other unique greetings desired by the client. Our call center service includes both an Interactive Voice Response (IVR) system as well as live agents. The IVR empowers participants to receive quick answers on the most frequently asked questions which arise in verification projects without having to engage in a conversation with an agent, and scripts are customized to each client. If desired, callers can reach out to a Secova Customer Service Representative for additional assistance in completing the verification. During available hours, a full complement of agent tiers will be available to answer questions and process actions as required. In combination, these service options maximize participant satisfaction.

For languages other than English Secova utilizes a language line service to support real-time telephone translations in more than 190 foreign languages. Our telephone interpreter/translator service provider specializes in over-the-phone interpreting for all industries, globalization and cross-cultural communications.

All participant calls are documented in Secova's integrated issue management module which tracks Events (how the issue came to our attention such as phone, email, corporate inquiry, etc.), Event Date and Time, Issues (classified by type of issue/question with further detail on exact issue or question), Responses (which include detailed notes on our resolution path) and the date/time the resolution occurred.

As an integrated feature of our proprietary system, Secova Benefit Coordinators can schedule reminders as to date and time for follow-up actions as well as assign the issue to a specific subject matter expert or request additional resources to assist in the resolution of the issue.

Issues remain classified as "Open" until the resolution is communicated to the participant. Open issues are reviewed daily by the Account Management Team.

SECOVA'S DEPENDENT ELIGIBILITY MANAGEMENT SYSTEM™

Secova's web based Dependent Eligibility Management System (DEMS), allows verification participants to access their files, print forms, obtain answers to questions, submit documents (online submission, secure fax and US Mail are all supported), and track their submitted documents through the approval process.

DEMS has been developed to allow full configuration based on each client's specific eligibility and business rules. The Fund can specify the document requirements for each of its dependent types and subtypes. Configuration is completed by Secova personnel based on the business and plan eligibility requirements as captured during the implementation process.

The system is designed to support each dependent's final eligibility status after all documents submitted have been processed against the eligibility rules defined by the Fund. Based on the dependent type, only those document types matching the allowable dependent eligibility verification document set will be available on the screen for the Secova examiner to process against. Further, each of our examiners is validating documents and their application to a specific dependent.

If a dependent's final verification state does not meet the requirements for verification, an outbound communication is automatically generated to the participant detailing the missing items and providing instructions on how to meet the remaining requirements to complete the verification process.

DEMS has been developed not only to support verification participants and Secova's examiners, but also to allow sufficient flexibility to accommodate the needs of authorized Fund personnel, including Associated Administrators employees. The administrator portal allows access to detailed individual participant records as well as online project progress reports and verification population data for review at any time.

Secova's Dependent Eligibility Verification System™

Participant view: Main Menu

Dependent Eligibility Management System

SECOWA

Logout

Main Menu

Verification of Dependents

Status : No Response

Action Required : [Submit Cover Sheet](#)

- View Verification Letter and Instructions
- View Definition of Eligible Dependents / Required Documents
- View Frequently Asked Questions

[Help](#)

[Privacy and Security](#) | [Need Help?](#)

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v4.2.1

Administrator view: Participant Status Look Up

Dependent Eligibility Management System

SECOWA

Secova Demo

Logout

Participant Status Look-Up

Status	Number of Participants
Verification Complete	53
Suspended	1
Processing Exception	1
Documents Received - Not Yet Processed	2
No Response	8
Incomplete	261
Total Participant	326

Participant ID# [Search](#)

Last Name [Search](#)

First Name [Search](#)

[Main Menu](#) [Help](#)

[Privacy and Security](#)

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Participant view: Main Menu

Administrator view: Participant Status Look Up

COMPLIANCE EDUCATION COMMUNICATIONS

Secova customizes project communications with the overall philosophy of compliance education and generating responses. Working directly with the Fund and Associated Administrators, our objective is to create educational messaging that encourages participation and a sense of shared responsibility for providing quality, affordable benefits.

Utilizing our extensive background in dependent eligibility verification communications development, Secova provides a consultative and practical approach to developing materials that are easy to understand and generate the appropriate response from participants within the permitted time. Outlined below are the proposed project communications designed to ensure the highest possible participation rate:

Communication #1 – Pre-Project Announcement – Secova will provide the Announcement communications which can be distributed by FELRA & UFCW to their employees through email, bulletin board and intranet. FELRA & UFCW will be responsible for the fulfillment of this communication.

Communication #2 – Verification Packet – personalized letter sent to each participant in the dependent verification population. Includes:

- Verification letter with overview and instructions
- Cover Sheet for Dependent Verification containing personal information listing the participant's dependents to be validated
- Definitions & Required Documents with FELRA & UFCW-specific eligibility rules defining documentation required for validation
- Frequently Asked Questions drawing on the experience gained from other projects and prior participant inquiries
- Participant Self-Service Web Portal Instructions informing participants on how to log into and use this online tool for completing the verification

Communication #3 – Reminder Notice – reminder postcard sent to all participants who have not responded

Communication #4 – Receipt of Document Email – confirmation message sent to all participants with an email address on file upon receipt of document submission. Notice explains that documents have been received and will be processed in the next 72 hours.

Communication #5 and #6 – Outbound Contact (2 Attempts) – call made or email sent to participants who have not responded to the first two personalized communications.

Communication #7 – Determination Letter – notice shall be produced in one of two forms based upon the outcome of the initial review of documents.

1. Incomplete Letter – details missing or incomplete documents from the participant's last submission that are required to complete the verification.
2. Confirmation Letter – letter to participant indicating that their verification is complete, listing all dependents in their final status.

Communication #8 – Suspension of Coverage Letter – letter informing participants that they have yet to complete the verification and communicating the final deadline for submitting documentation to validate eligibility.

Communication #9 – Final Determination Letter – a final notice sent to any participant with one or more dependents that will be removed from coverage and detailing reasons for termination of dependents based on either non-supported or non-supplied documentation. Notice is typically generated following the close of the Grace Period or Appeals Phase and includes instructions on how to appeal the determination and seek reinstatement of coverage.

The message, method and frequency of communications are important to achieving the quickest and most accurate response from the verification population. All project correspondence is mailed First Class US Mail with address service requested. In addition, all project communications between Secova and the participant are documented and housed within our verification system and are available online at any time to both the participant and FELRA & UFCW authorized administration staff.

Sample Verification Communications

FELRA & UFCW

IMPORTANT: ACTION REQUIRED TO CONTINUE BENEFIT COVERAGE FOR YOU AND YOUR DEPENDENTS ENROLLED IN SAMPLE COMPANY SPONSORED HEALTH PLANS

[DATE]

Dear Sample Company Health Plan:

At Sample Company, we strive to protect the long-term health of our enrolled dependents. We want to ensure that all eligible individuals are properly enrolled and that our records are accurate. If you have any dependents who are not properly enrolled or whose information is outdated, please contact us immediately.

As part of our effort to verify health plan eligibility, we will be contacting all Sample Company Health Plan members (medical, dental, or vision) to verify their information.

Rest assured that your confidential company privacy policy and your information remains secure.

WHAT YOU NEED TO DO

- 1. REVIEW** the enclosed Dependent Verification Letter for your currently enrolled dependents to identify what documents are needed.
- 2. OBTAIN** the appropriate documents. Do not submit original documents; only submit copies. **Do not submit original ID#; it is in the upper right corner of the enclosed Dependent Verification Letter.**
- 3. SUBMIT DOCUMENTATION**
 - ONLINE:** Visit the [\[URL\]](#) for instructions on how to submit documents online.
 - BY FAX OR MAIL:**
 - FAX** your documents to the address on the enclosed Dependent Verification Letter.

Once you've completed the verification process, please contact your representative. Representatives are available to assist you [HOURS/DAYS OF OPERATION]. Translation services are available for Spanish and Chinese.

FELRA & UFCW

Participant ID #: a032456789



COVER SHEET FOR DEPENDENT VERIFICATION

To avoid a lapse in coverage, this Cover Sheet for Dependent Verification and the required documents for ALL eligible dependents must be received no later than [DATE].

<Participant Name>
<Address 1>
<Address 2>
<City, State Zip>

Refer to enclosed Verification Letter for detailed instructions on how to submit your documentation via one of the following methods:

UPLOAD ONLINE: [URL]
FAX: [FAX NUMBER]

MAIL: Secova Service Center
PO Box 1901
Wall, NJ 07719-0966

If you select "No" or do not respond for any dependent(s) listed below by [DATE], your dependent(s) will be removed from your coverage [DATE].

Dependent Name (Proof of eligibility is required for all eligible dependents)	Is dependent eligible for coverage?	Relation	Dependent Type Check all that apply for each eligible dependent
SUZIE SAMPLE	Yes ☐ No ☐	Spouse/Domestic Partner	☐ Legally Married ☐ Qualified Domestic Partner
JOHN SAMPLE	Yes ☐ No ☐	Child	☐ Biological ☐ Adopted ☐ Stepchild ☐ Legal Guardianship ☐ Court Ordered (QMCSO) ☐ Dependent 19-26
JACK SAMPLE	Yes ☐ No ☐	Disabled	☐ Biological ☐ Adopted ☐ Stepchild ☐ Legal Guardianship ☐ Court Ordered (QMCSO) ☐ Dependent 19-26
LORI SAMPLE		Child	Voluntarily removed from coverage. No documents required.

Remember you must send ALL required documents...not just this Cover Sheet. Please refer to the enclosed Definitions and Required Documents for a detailed listing of acceptable documentation.

Contact Information

Please provide an email address and telephone number at which you can be reached if we have questions about your dependent's eligibility for coverage.

E-mail address: _____

Telephone: _____

Declaration

By signing this Cover Sheet, I attest that I have reviewed the [SAMPLE COMPANY'S] Definitions and Required Documents and that the information I am submitting is true and accurate. I understand that knowingly providing false or misleading information may result in any or all of the following actions by the Fund: Terminating my coverage and/or requiring me to reimburse the [SAMPLE COMPANY] for benefits and expenses.

Signature _____

Date _____

If you have questions, please call Secova at [PHONE NUMBER]. Representatives are available to assist you 24 hours a day, 7 days a week. All calls are confidential.

Sample Cover Sheet

DEPENDENT ELIGIBILITY MANAGEMENT PROGRAM

Our analysis has demonstrated that without ongoing dependent eligibility verification the number of ineligible dependents will revert to its pre-verification level in three to five years. For this reason we always recommend a comprehensive dependent eligibility management program on a go-forward basis following the initial verification.

Secova offers a comprehensive ongoing Dependent Eligibility Management Program that would seamlessly interact with the Fund's existing benefits administration environment. Communications both before and during the enrollment process are supported by Secova in conjunction with the Fund and its administrator to ensure that the member is aware of the eligibility verification requirements and process at the time of dependent enrollment. Additionally, Secova will manage the prospective verifications of the existing population based on a schedule support by the findings from the initial dependent eligibility verification.

Program Components

- Request, collect, audit, and maintain in Secova's Dependent Eligibility Management system the required eligibility verification documentation from all benefit members requesting a new dependent enrollment in an applicable benefit plan.
- Recertify on a scheduled basis, the eligibility verification documentation maintained in Secova's Dependent Eligibility Management System on all dependents enrolled in an applicable benefit plan.
- Provide on a scheduled basis, a secure data file with the eligibility status of all dependents maintained in Secova's Dependent Eligibility Management System.
- Provide call center, online, mail and fax member advocate compliance support services to all members required to initially provide or recertify dependent eligibility verification documentation.
- Provide approved Fund and Associated Administrator's personnel with secure online access to eligibility verification documentation maintained in Secova's Dependent Eligibility Management system.
- Support approved benefit administrators with dependent eligibility verification compliance consulting support.

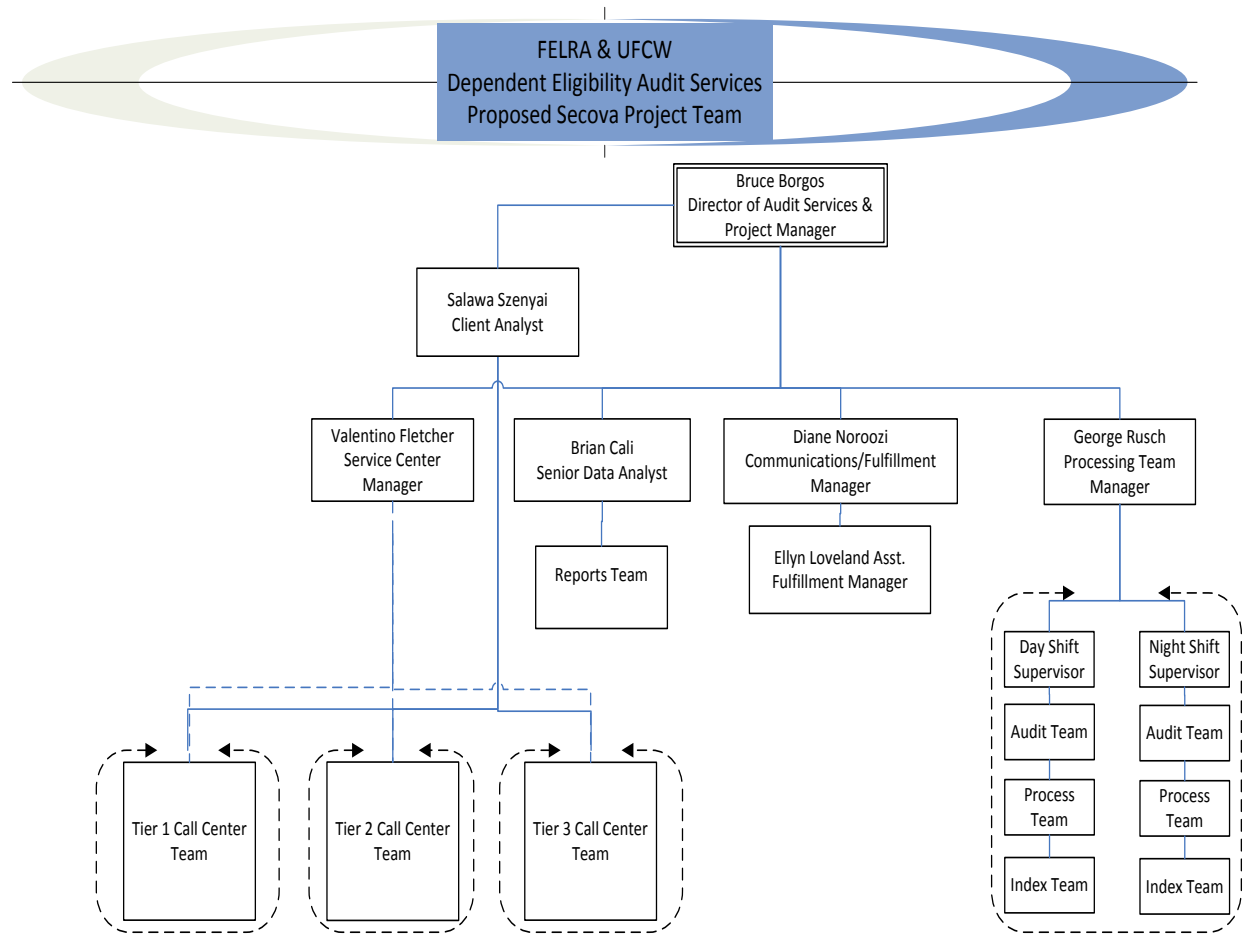
PROJECT MANAGEMENT

Secova's Experienced Delivery Team

Secova provides a specialized team of subject matter experts to implement, manage, and administer all aspects of the Dependent Eligibility Verification Audit project for our clients. Maintaining the assignment of these experienced resources from implementation through completion will ensure that all project variables are accounted for, in both design and execution, and facilitate clear and accurate communications with FELRA & UFCW project team about all ongoing questions or issues.

Name	Position	Location	Industry Experience	Tenure at Secova
Bruce Borgos	Director of Audit Services and Project Manager	Newport Beach, CA	21 years	8 years
Job Description	Bruce reports directly to Secova's Senior Vice President of Product and Services. His Responsibilities include supporting the Project Management Team in coordinating all FELRA & UFCW project deliverables. He provides direction and oversight on all Dependent Eligibility Verification projects.			
Qualifications	Bruce is a featured lecturer on Dependent Eligibility Practices for numerous professional organizations, including State and Local Government Benefits Association (SALGBA), the American Society for Healthcare Human Resource Administration (ASHHRA), and the International Society of Certified Employee Benefit Specialists (ISCEBS). Bruce has more than 20 years of industry experience in risk management, disability, and absence management. He has been Director of HR Audit Services at Secova since 2005 and has been responsible for managing all major Secova audit projects to date ranging in size from 1,000 dependents to over 180,000 dependents in both the public and private sectors			
Valentino Fletcher	Service Center Manager	Wall, NJ	17 years	6 years
Job Description	The Service Center Manager works in coordination with the Project Manager and Service Delivery Manager to manage all call center deliverables. These responsibilities include designing project-specific processes and training for call center representatives to ensure Service Level Agreements are met. Valentino has overall responsibility for the quality of call center services.			

Name	Position	Location	Industry Experience	Tenure at Secova
Qualifications	Valentino has 17 years of call center industry experience, including 14 years in call center management positions. During his tenure at Secova, he has managed call center activities for all of our Dependent Eligibility Verification Audits. He has significant background and expertise in the systems that Secova uses to manage and support the call center (AVAYA, CMS and NICE).			
Brian Cali	Senior Data Analyst	Wall, NJ	18 years	12 years
Job Description	The Senior Data Analyst works with FELRA & UFCW to identify and collect requisite data for subscribers and dependents to issue project communications and set up Secova's online Dependent Eligibility Management System. Brian will work directly with FELRA & UFCW to transmit and receive project data files and to design client reporting for the project.			
Qualifications	Brian has been involved in the systems set-up and management of all of Secova's large Dependent Eligibility Verification Audit projects. He has also helped set-up and manage most of our on-going Benefits Administration clients. As a result, he has had experience sending and receiving files to a majority of the well-known HRIS and Payroll vendors and several "in-house" systems.			
Diane Noroozi	Communications / Fulfillment Manager	Newport Beach, CA	16 years	9 years
Job Description	Diane's responsibilities include working directly with FELRA & UFCW on communication design, content, and distribution as well as version control. She also ensures that all outbound written materials have received final approval from FELRA & UFCW before going to print.			
Qualifications	Diane has worked with every Secova Dependent Eligibility Verification Audit client to develop and produce their audit communications. She is an expert at document layout where variable length fields are required. She has helped clients with subscribers from varying educational and cultural backgrounds tailor their communications to make them easy for subscribers to read and understand.			



Implementation Process

The customized design and setup tasks of every step in the dependent eligibility verification project are accomplished during project implementation. In this setup phase, the project schedule, technical/data requirements, participant communications, call center staff training, and production processes for the project will be established. Specific tasks include:

- Define Project Objectives - Establish the purpose and direction of the verification project, including financial savings, participant education, fiduciary compliance, etc.
- Confirm Project Population
- Define Rules for Verification:
 - Required and acceptable documentation from participants for validation process
 - Processes and procedures for Secova in reviewing the documents will be established
 - Define appeals process for post verification document submission and requests for reconsideration
- Define Participant Communication Methods – Secova will use e-mail, home address, and home phone calls to communicate to participants
- Establish Documentation Collection Process – Participants can submit documents via the online portal, mail, or fax and will have a dedicated toll-free Secova Call Center phone for questions and inquiries
- Develop Communication Content – Secova will work with FELRA & UFCW to develop and test concise participant communication documents
- Define Data Management and Reporting – Secova will track daily incoming volumes of mail, fax, e-mail, and phone calls related to the project. In addition, the validation status of each dependent is recorded using one of 8 (eight) different data states during the validation process

- Confirm Project Schedule, Timing, and Deadlines
- Conduct User Testing – participant communications, instructions, and directions will be tested internally prior to deployment to increase project compliance and reduce confusion
- Establish Production Processes – Secova has established standard procedures for all aspects of a verification to ensure security, accuracy, and efficiency of the verification process. These processes will be modified and implemented for FELRA & UFCW project as required
- Define Project Metrics and Reporting – Project metrics and reporting are essential in accurately managing project progress. FELRA & UFCW and Secova will review existing reporting metrics and establish additional ones as needed to keep both parties informed on the success of the project.

All projects are represented by a project plan created in Microsoft Project. Every element and phase of the process is detailed in the plan inclusive of task duration, task projected start, task projected finish, task assignments, and task dependencies, to name a few. For ease of communication between the Secova team and FELRA & UFCW's team, an outline format is employed to help everyone involved clearly visualize the total scope and scheduling requirements.

Verification Timeline

Below is a summary timeline of our suggested project plan for FELRA & UFCW's Dependent Eligibility Verification Audit project. A detailed project plan is included in the Attachments section of our response.

Sample Project Plan – FELRA & UFCW Dependent Eligibility Verification Audit	
Implementation Phase: (08/01/2014 – 09/17/2014)	
The planning and setup phase begins with the project implementation meeting. This is the time allocated to review and clarify all eligibility data and rules with Fund and AA staff prior to being incorporated into audit communications, call center/audit staff training, data testing, and systems configuration. This phase also includes a pre-verification Announcement letter mailed to participants to alert them to the scope and rationale of the upcoming audit.	
Verification Phase: (09/18/2014 – 10/29/2014)	
During this period, participants will receive a Verification Packet with instructions on submitting dependent eligibility documentation. For participants who don't respond to the initial notice, a Reminder Packet will be mailed and outbound telephone calls will be placed. Weekly files of dependents voluntarily identified by participants as ineligible will be transmitted to the Fund during this phase.	
Grace Period: (10/27/2014 – 12/12/2014)	
After the verification phase, a pending cancellation of coverage notice provides a brief grace period during which all participants with unverified dependents will have a final opportunity to submit required documentation to complete the verification process. Secova will also provide continued call center assistance to Fund participants for a full 2 weeks following the mailing of the Final Determination Letter.	
Post Audit: (12/12/2014 – 12/22/2014)	
Transmission of unverified dependent information to FELRA & UFCW Presentation of audit findings and recommendation report to FELRA & UFCW	

SECURITY AND PRIVACY PROTECTION

All verification participant data is kept confidential and private throughout each step in Secova's work processes. Incoming data is transferred via a secure FTP site, encrypted emails, or password-protected web uploads, then stored in our password-protected databases. We maintain security and privacy of project data and documents through the following processes and procedures that are currently in place at all Secova facilities:

- User Security: Each verification participant and authorized FELRA & UFCW administrator is assigned a unique PIN and password for accessing the system and has access only to their personal information, plus any public information that the employer has posted.
- Transmission Security: Secova uses Secure Socket Layer (SSL) encryption to protect all Web transmissions from being intercepted and read by a third party.
- Network Security: Systems hosting data are protected by enterprise class multilayer firewalls and IPS systems. Remote access to corporate users is provided using VPNs.
- Application Security: Our applications are secured against corruption through user-specific, restricted access to each individual component of the applications.
- Database Security: Sensitive user data is stored on the servers, preventing it from being picked up off the Internet. Identity verification functions prevent the false representation of a user's origin.
- Physical Security: Secova's private, redundant server network is co-located in a locked cage in a class IV SSAE-16 certified co-location facility.
- Security Audits: Secova conducts annual security assessments.

Secova's Data Protection and Privacy Policy is fully compliant with all current federal regulations and is comprised of the following components:

- Physical Access Safeguards and Clean Desk Practices – Physical access to information in the form of print, facsimiles, handwritten notes, and softcopies are controlled using secured area and access is controlled by both physical security personnel and a state of the art biometric and swipe card facility. Secova practices a fail proof clear desk, clear screen policy controlled by the infrastructure team's respective locations.
- Phone Correspondence Safeguards – Sensitive Information such as Social Security Numbers (SSN) and other personal health information are not communicated via phone. Secova strictly follows provided guidelines to identify participants before information is shared.
- Non-member Authorization to Release Information - Any release of participant information must be pre-approved by the participant on the "Authorization for Release of Health Information" form or by requiring the caller to provide certain key identification attributes
- Electronic Communications – All PHI related information is not transmitted via email and internet websites. Data files are encrypted and transmitted in a secure manner.
- Electronic Access to Participant Information – Access to participant information is limited to select Secova employees who service participants on a front end basis.
- Mail – Secova employees have restrictions / access controls in place to print any information. Thereby, mailing of information is clearly on a need basis. Secova deploys a dedicated fulfillment team to manage incoming and outgoing mail to any particular participant.

Protection of Data

Secova manages data security and confidentiality in accordance with HIPAA standards, and in full compliance with ISO/IEC 27001:2005 standards. Our system maintains very thorough audit trails on each and every transaction. Only assigned Secova personnel are allowed access to data on a need-to-know or need-to-do basis.

Hard copy incoming documents are scanned, capturing an electronic image of the document and uploaded into Secova's document management system. All mailed paper documents will be maintained in our Wall, NJ Center inside locked cabinets located within a secure processing room until the project is concluded. Soft copy incoming documents (online submission and fax) are uploaded directly into Secova's system for indexing and processing. Indexing agents then file imaged documents to the correct client queue.

Secova will provide FELRA & UFCW with all of its enrollment documentation images on storage media.

Our production systems are housed at an industry leading co-location facility in California, providing robust security (physical and network), redundant power sources and the ability to withstand an earthquake >7.0.

All data is backed up on a nightly basis and tapes are sent off-site weekly for storage. Our tape rotation is as follows: daily incremental backups, weekly full backups, weekly backups taken off-site for storage, and monthly restore test to validate data integrity of the backups.

All electronic data is maintained for seven (7) years in Secova's indexed archive of data. Physical information is returned at project end or destroyed in a HIPAA compliant manner at the client's request. All data is archived in our co-lo facility and on physical media housed in our secure Newport Beach facility. Physical information is removed for destruction by a third party licensed vendor. Electronic data is wiped and then reformatted to remove all trace data. All writeable media is destroyed in a secure and compliant manner.

Copies of Secova's "Disaster Recovery and Business Continuity Plan" and "Data Protection and Privacy Policy" have been included as attachments with our submission.

PROJECT PROGRESS REPORTS

Secova has developed an effective set of reports that measure, in real-time, all aspects of operations and verification progress during the active phase of every project. Our focus is on monitoring, in real-time, participant contact attempts and verification reporting progress. We review these reports during scheduled weekly project meeting or anytime at the Fund's request.

During the verification process we evaluate contact by individual participant for each of their dependents. The recording of participant contact helps us to monitor the effectiveness of communications and assess the status of dependent eligibility verification progress. We measure both complete and incomplete response attempts and can provide information on specific individuals who are not responding to each outbound communication initiative.

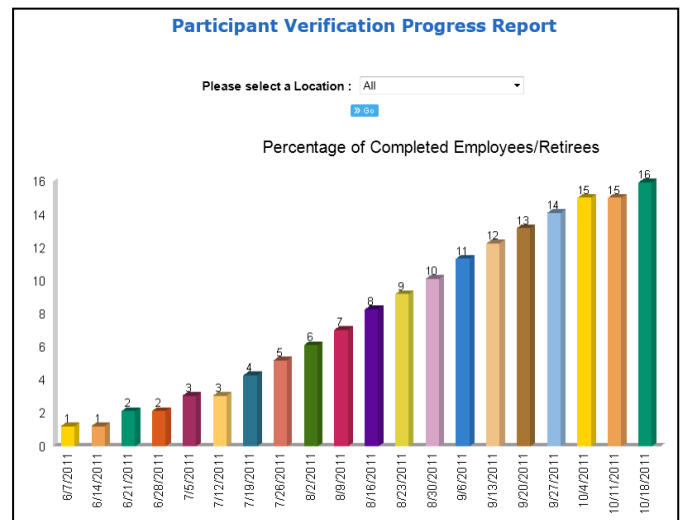
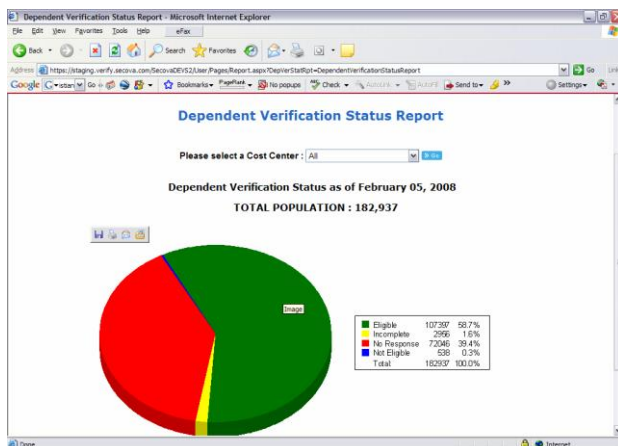
We can provide all reports by required organization structure. Information is available on an aggregate basis and by individual employer or location. Every material project activity and milestone can be measured and reported as required by the Fund.

The following standard online reports will be provided:

- Dependent Eligibility Verification Status Reports
- Daily Dashboard Listing Communication Activities and Volumes

Additional reports can be posted online, transmitted through secure email, or posted to a secure FTP site and include:

- Weekly Project Management Summary Reports
- Appeals Status Reports
- Performance Guarantee Reports
- File Management Reports



VERIFICATION ANALYSIS AND RECOMMENDATIONS

At project conclusion, detailed deliverables about the dependent eligibility verification audit findings and eligibility management review will be provided, which include a written comparative analysis and recommendations for dependent enrollment and eligibility management improvements. The analysis will be customized for the Fund and can be subdivided as required. The analysis will include the following:

- Objectives of the verification and results against objectives
- Process and procedures taken to conduct the verification
- Full description of the verification and verification population
- Detailed results by category, type, and sub-type
- Analysis and recommendations for future compliance and cost savings activities
- Recommendation of cost savings recovery plans from activities

FELRA & UFCW

Dependent Eligibility Verification Audit

Project Analysis

[Date]

SECOVA

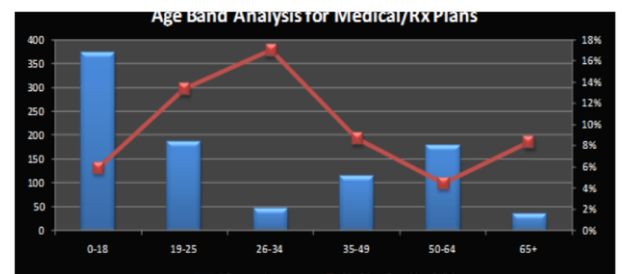
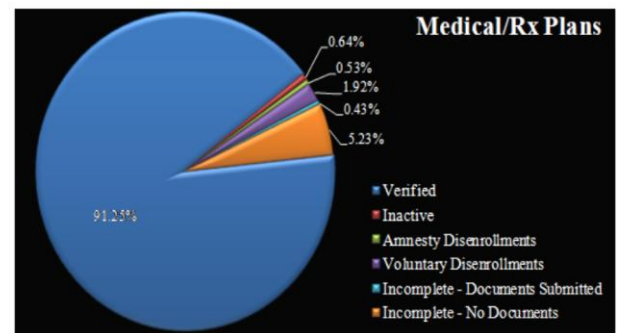
Submitted to

Name

Title

Street Address

City State Zip



PERFORMANCE GUARANTEES

Secova is confident in its ability to meet and exceed performance metrics to provide an effective verification project for FELRA & UFCW. We will work with the Fund to determine appropriate specific performance guarantees to ensure that all project goals and project delivery standards are met. Presented as a part of our proposal are the following Performance Guarantees for review and consideration.

MAXIMUM PROJECT FEES AT RISK: 10%				
SERVICE		DESCRIPTION OF PROPOSED PERFORMANCE STANDARD	MEASUREMENT	PERCENT OF FEES AT RISK
Customer Service	Call Center Average Speed of Answer 45 seconds or less	Defined as the amount of time a call is answered by the IVR or a live agent after the call is transferred to the automated call distribution system.	Total speed of answer (in seconds) divided by the number of calls received.	1%
	Call Center abandonment rate 5% or less	Defined as a call disconnected by the caller after the call is transferred to the automated call distribution system following opening greeting (30 seconds)	Total number of telephone calls abandoned less "short abandons" (those dropped in the initial 30 seconds of the call) / total number of telephone calls received less short abandons	1%
	Blocked calls less than 3%	Defined as a call where the caller receives a busy signal due to insufficient phone lines.	Total number of telephone calls with busy signals/total number of telephone calls.	1%
Document Processing Time	Document processing within 4 business days of receipt.	Defined as the amount of time marked between indexing of document and validation processing against the dependent record	Average of actual time for all documents processed	1%
Audit Accuracy	100% accuracy of submitted documents processed in Secova's system as of the end of the project against Client approved eligibility rule matrix.	Defined as the appropriate processing of dropped dependents as of the end of the Grace Period of the project against Client approved eligibility rule matrix.	Number of dependents dropped in compliance with the eligibility rules as of the end of the Grace Period of the project divided by the number of dependents dropped.	1%
Website Guarantee	99% availability of online portal to both administrators and members	Defined as the amount of time outside of pre-defined normal maintenance schedules that the portal is available.	Total time available as a percentage of total time (less maintenance time) during applicable scheduled phases of the project.	1%

MAXIMUM PROJECT FEES AT RISK: 10%				
SERVICE		DESCRIPTION OF PROPOSED PERFORMANCE STANDARD	MEASUREMENT	PERCENT OF FEES AT RISK
ROI Guarantee	Minimum of 5:1 Return on Investment	Defined as the total savings associated with the identified non-verified dependents presented as a ratio of total project costs. The final number of ineligible dependents will be based on the final file Secova returns to the Fund at the conclusion of the Grace Period.	Annual Cost per dependent type (assumed at \$3500) multiplied by the number of identified non-verified dependents (by dependent type) against total fees charged by Secova for the project.	5%

PRICING

For 11,000 benefit participants with 20,000 enrolled dependents:

Pricing Option 1 – Contingency Based

Secova is offering the Fund a Contingency Based Fee for the proposed dependent verification audit which is to be conducted in 2014:

- a) 24x7 Call Center - \$75,000 implementation fee (billed upon execution of the contract) and \$250 for every dependent determined to be ineligible. Ineligible dependent fees to be billed at the end of each month as those determinations are made. The final reconciliation of the total number of dependents identified as ineligible and fees owed for ineligible dependents will be conducted at the end of the Silent Period of the audit project. Postage is a pass through expense which will be invoiced as it occurs. The invoice for the postage will be payable within 30-days from the receipt of the invoice. Postage has been estimated at \$24,000.
- b) 15x5 Call Center - \$50,000 implementation fee (billed upon execution of the contract) and \$250 for every dependent determined to be ineligible. Ineligible dependent fees to be billed at the end of each month as those determinations are made. The final reconciliation of the total number of dependents identified as ineligible and fees owed for ineligible dependents will be conducted at the end of the Silent Period of the audit project. Postage is a pass through expense which will be invoiced as it occurs. The invoice for the postage will be payable within 30-days from the receipt of the invoice. Postage has been estimated at \$24,000.

Pricing Option 2 – Per Dependent Fee

Secova is offering the Fund a Per Dependent Fee for the proposed dependent verification audit which is to be conducted in 2014.

- a) 24x7 Call Center - \$11.95 per enrolled dependent. Postage is a pass through expense which will be invoiced as it occurs. The invoice for the postage will be payable within 30-days from the receipt of the invoice. Postage has been estimated at \$24,000.
- b) 15x5 Call Center - \$10.25 per enrolled dependent. Postage is a pass through expense which will be invoiced as it occurs. The invoice for the postage will be payable within 30-days from the receipt of the invoice. Postage has been estimated at \$24,000.

Secova will guarantee a Return on Investment (ROI) of 5:1 and specific performance guarantees mentioned above, with a maximum of 10% total fees at risk for the Per Dependent Fee option.

Pricing Assumptions:

- The Project Fee proposed is based on a total of 11,000 benefit participants covering 20,000 enrolled dependents.
- Fees quoted are subject to review in the event the dependent count increases / decreases by 10% and are based on the production census file received from the Fund.
- Deliverables contingent upon receiving data from the Fund and/or third party as agreed during implementation. Performance penalties will not apply on delayed deliverables by Secova due to untimely receipt of client data.

For 5,434 benefit participants with 10,327 enrolled dependents:**Pricing Option 3 – Contingency Based**

Secova is offering the Fund a Contingency Based Fee for the proposed dependent verification audit which is to be conducted in 2014:

- c) 24x7 Call Center - \$45,000 implementation fee (billed upon execution of the contract) and \$250 for every dependent determined to be ineligible. Ineligible dependent fees to be billed at the end of each month as those determinations are made. The final reconciliation of the total number of dependents identified as ineligible and fees owed for ineligible dependents will be conducted at the end of the Grace Period of the audit project. Postage is a pass through expense which will be invoiced as it occurs. The invoice for the postage will be payable within 30-days from the receipt of the invoice. Postage has been estimated at \$11,700.
- d) 15x5 Call Center - \$30,000 implementation fee (billed upon execution of the contract) and \$250 for every dependent determined to be ineligible. Ineligible dependent fees to be billed at the end of each month as those determinations are made. The final reconciliation of the total number of dependents identified as ineligible and fees owed for ineligible dependents will be conducted at the end of the Grace Period of the audit project. Postage is a pass through expense which will be invoiced as it occurs. The invoice for the postage will be payable within 30-days from the receipt of the invoice. Postage has been estimated at \$11,700.

Pricing Option 4 – Per Dependent Fee

Secova is offering the Fund a Per Dependent Fee for the proposed dependent verification audit which is to be conducted in 2014.

- c) 24x7 Call Center - \$12.60 per enrolled dependent. Postage is a pass through expense which will be invoiced as it occurs. The invoice for the postage will be payable within 30-days from the receipt of the invoice. Postage has been estimated at \$11,700.
- d) 15x5 Call Center - \$10.70 per enrolled dependent. Postage is a pass through expense which will be invoiced as it occurs. The invoice for the postage will be payable within 30-days from the receipt of the invoice. Postage has been estimated at \$11,700.

Secova will guarantee a Return on Investment (ROI) of 5:1 and specific performance guarantees mentioned above, with a maximum of 10% total fees at risk for the Per Dependent Fee option.

Pricing Assumptions:

- The Project Fee proposed is based on a total of 5,434 benefit participant members covering 10,327 enrolled dependents.
- Fees quoted are subject to review in the event the dependent count increases / decreases by 10% and are based on the production census file received from the Fund.
- Deliverables contingent upon receiving data from the Fund and/or third party as agreed during implementation. Performance penalties will not apply on delayed deliverables by Secova due to untimely receipt of client data.

Transit Employees' Health & Welfare Plan	
Address	2701 Whitney Place Forestville, MD 20747
Contact Name and Title	James L. McGee, Executive Director
Email Address	jmcgee@wmata.com
Contact Telephone Number	(301)568-5499

REFERENCES

Chicago Regional Council of Carpenters (CRCC)	
Address	12 E. Erie Street Chicago, IL 60611
Contact Name and Title	Kristina M. Guastaferrri, Administrator
Email Address	kguastaferrri@cdccbenefits.org
Contact Telephone Number	(312)951-1504

Carpenters Trust of Western Washington (CTWW)	
Address	P.O. Box 1929 Seattle, WA 98111-1929
Contact Name and Title	Randy S. Parker, Assistant Administrator
Email Address	randyp@ctww.org
Contact Telephone Number	(206)441-6514

SECOVA VALUE PROPOSITION

SECURITY FOCUSED

ISO/IEC 27001:2005 and SSAE-16 Type II Certified

EXTENSIVE PLANNING

Appropriate time for requirements gathering, system configuration, testing and training

PROJECT UPDATES & REPORTS

Regular project status updates, 24/7 online reports and ad hoc reports access

FLEXIBLE APPROACH

Accommodate response delays from participants

Extended project timelines to assist/support client

GREATER PROJECT END SUPPORT

Additional reporting that can benefit the client is delivered at no charge

MORE PARTICIPANT OUTREACH

Multiple levels communication: email, mail, multiple outbound contact

PARTICIPANT ADVOCACY

Support Services – Anywhere/Anyway/Anytime

GOING BEYOND STATUTORY COMPLIANCE

Our strategy is driven by our customers' needs