United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund

Proposal for Consulting Services

Submitted December 20, 2013

Horizon Actuarial Services, LLC

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A. Introduction

Horizon Actuarial Services, LLC ("Horizon Actuarial") is pleased to present our proposal to the United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund (the "Fund") to provide benefits consulting services.

Horizon Actuarial is a national firm providing actuarial and consulting services to multiemployer benefit plans. Our staff includes experienced consulting actuaries, benefit consultants, and analysts, many of whom formerly served multiemployer clients as part of Watson Wyatt Worldwide (now Towers Watson). All of us at Horizon Actuarial welcome the opportunity to provide top quality, comprehensive benefits consulting services to the Fund.

Our Understanding of Your Needs

We understand you are seeking to engage a firm to provide the consulting services required to maintain and operate a multiemployer health and welfare plan. If we are chosen, we will provide superior service to you. We would be happy to provide references to confirm the quality of our work. We currently serve as actuarial consultants for over 100 multiemployer health and welfare and pension funds, and we look forward to developing a health benefits consulting relationship with you.

We propose to provide all the services outlined in the November 27, 2013 Request for Proposal for Benefits Consulting Services (the "RFP").

Why Horizon Actuarial Services?

At Horizon Actuarial we view ourselves as an extension of a client's team. We will meet with the Trustees and administrator, as desired, to obtain their input, listen to the issues surrounding the Fund's evolving needs, and explain important issues in depth.

We understand that outstanding consulting service is more than just technical expertise. We take pride in our ability to communicate difficult and sometimes very technical issues in a manner that is easily understood by our clients. We believe it is important to always keep the lines of communication open. Our consultants actively monitor developments and trends in the benefit community, which enables us to keep our clients informed of important issues as they develop and provide updates as appropriate.

At Horizon Actuarial, we know Trustees are often required to make extremely important decisions under time constraints, so we strive to resolve any unusual or controversial issues before reporting to the Trustees. For example, we will review unusual data changes with the administrator before producing an annual report.

We will provide you with the necessary information to help you decide if immediate action is warranted or if the current course of action is advisable. We recognize there are many critical issues that are faced by a multiemployer health and welfare right now, including health care legislation, and will work with you to both make sure there are no surprises for the Fund and to alert you to opportunities as they emerge.

A. Introduction

We work with your administrator to clarify all data requests, ensuring that the requested data is relevant and can be provided in a reasonable format. We review the data and confirm any questions with your administrator to resolve any data questions or issues. We also meet with your administrator at the beginning of a relationship to discuss the history, philosophy and other unique aspects of the Fund. This enables us to better understand your needs and better serve the Fund, and we do these things immediately so we can get us to speed as quickly as possible to shorten our learning time to be in a position to provide service to the Trustees.

In addition to the points outlined above, other reasons we firmly believe Horizon Actuarial is the best health and welfare consulting partner for you:

- **We are multiemployer specialists.** Horizon Actuarial is a national firm providing actuarial and consulting services to multiemployer benefit plans. This is what we do. Our sole focus is on multiemployer plans and their unique issues.

- **Our relevant experience is second to none.** The team we have assembled to work with the Fund has provided consulting and actuarial services to a wide variety of large and small multiemployer plans. Each member of our health consulting team has significant experience with funding policy, benefit design and administrative issues.

- **We bring broad resources to meet your needs.** Our consultants specialize in multiemployer issues and bring deep knowledge of the issues facing today's multiemployer benefit plans. We use proven tools and established processes, and are prepared to respond fully and rapidly to your needs.

- **Our consultants present our work effectively.** Each of us has both the communication skills to clearly explain our work and the technical expertise to ensure the Trustees always have accurate and reliable information on which to base decisions.

- **We help you avoid problems.** We believe it is our role to offer guidance and strategic advice when we see potential issues ahead. We will help you understand the impact of emerging developments *in advance* so you are not forced to react hastily.

- **We emphasize superior quality.** Our work meets the highest quality standards through our use of strict actuarial practices and review procedures. Our overall commitment to high quality is evidenced by principles and programs that our firm has in place and by what our clients say about our work. We invite you to contact the references listed on page 19.

- **We look at things differently**. Clients do not hire consultants to offer the same old advice to every organization, regardless of circumstances. You will not get that from Horizon Actuarial -- our consultants bring fresh perspectives to our clients. Here are just a few examples:

A. Introduction

- Horizon Actuarial worked with one health and welfare trust to keep health cost increases at about 1/3 the national health cost trend over the last 10 years – with no reduction in benefits. This was achieved through a variety of tactics including referenced based pricing, steering employees to the highest quality medical providers through tiered networks, and making specialty drugs available only through the pharmacy benefits manager (not through hospitals or doctors).
- For another health and welfare trust Horizon Actuarial negotiated outcomes based guarantees with a national health carrier to quantify the value of its provider performance-based patient-centered care program. These guarantees were based on meeting a health cost trend target and ensured the client received a return on its investment for the program.
- Horizon Actuarial has worked with several clients to review new ways of reducing retiree health costs including the introduction of private exchanges for retirees, the creation of retiree-only health plans, and the implementation of employer group waiver programs for prescription drugs.

B. Specific Comments About Your Fund

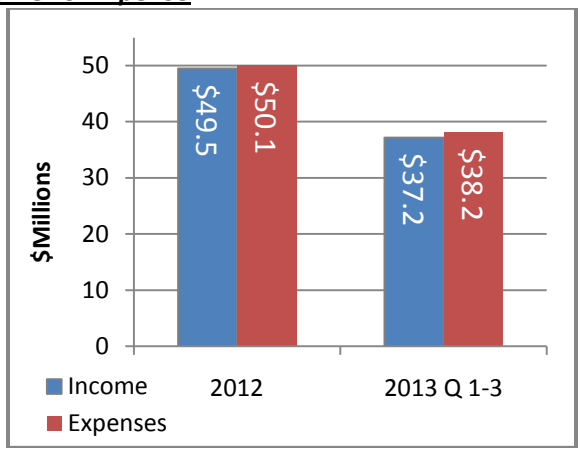
We are providing specific comments about the Fund to give you a sense of our consulting style. We based the following comments on our review of publicly available materials and the reports and documents provided for this proposal and other documents found on the Fund's website.

Our health and welfare consultants differentiate themselves in the marketplace in a number of ways. We do more than develop rates, projections and forecasts – we take the results to the next level. Our consultants develop strategies and tactics through our understanding of the market to provide suggestions and recommendations that the trustees can adopt to help control fund costs. All of this is done while focusing on improved outcomes and participant satisfaction.

FINANCIAL PERFORMANCE

The Administrative Manager's Report indicates:

Income vs. Expense



- In 2012 the expenses exceeded income by approximately $618,000.
- In the first three quarters of 2013 income totaled $37.2 million and expenses totaled $38.2 million, for a deficit of $1.0 million.
    - This is larger than the deficit of $451,000 experienced through the first three quarters of 2012.
    - If income and expenses continue at the current rate, the deficit by the end of 2013 is expected to be above $1.3 million.
- Overall income in the first three quarters of 2013 is 1.4% higher than overall income in the first three quarters of 2012.
    - The increase in overall income was driven primarily by a 1.7% increase in contributions, partially offset by a 22.0% reduction in interest and dividends.
- Overall expenses in the first three quarters of 2013 are 2.9% higher than overall expenses in the first three quarters of 2012.
    - Benefit expenses increased by 2.1% due primarily to:
        - 5.9% higher medical costs
        - 4.4% higher drug costs
        - 4.2% higher disability costs

        - 6.7% higher PPO fees
        - These increases were partially offset by a 19.1% reduction in retiree costs and a 20.6% reduction in EAP costs.
    - Operating expenses increased by 27.8% due primarily to an 86.5% increase in miscellaneous operating expenses.
        - This increase appears to be driven by miscellaneous operating expenses in the third quarter of 2013 of $403,000.

Participation

- Total participant counts have decreased steadily from 7,342 in Q2 2012 to most recent counts of 7,081 in Q3 2013.
- Currently there are approximately 845 retirees enrolled in the plan.
- Currently there are 11 contributing employers.
    - Participants from three employers make up the majority of plan participants. The three largest employers are Kroger, Shoppers Food 400, and Metro Basics.

Individual Plan Results

- Currently participants are enrolled in 9 medical plans:
    - JS: 11 participants
    - JSS-2: 707 participants
    - K2: 1,438 participants
    - K20: 1,587 participants
    - Richmond Tidewater: 1,074 participants
    - S: 3 participants
    - Y: 1,604 participants
    - Y20: 652 participants
    - Z: 5 participants
- Each plan has a separate contribution rate.
- Of the 9 plans, only the largest, Plan Y, operated at a surplus in Q3 2013.
- Retirees pay one of 12 contribution rates ranging from $0 to $377 per month.
    - Almost half of all retirees pay $0 in contributions.
    - Expenses for retirees exceed the contributions received for them. In the third quarter of 2013, the expenses for retirees were almost $1 million higher than their contributions.

The key financial issue for the Fund to address is the ongoing operating deficit. We recommend a complete review of the Fund's finances and plan structure to identify opportunities for improving the Fund's financial position. Ensuring the financial health of a fund is a critical issue given the state of the economy, the challenges of recruiting and maintaining participating employers, the expected impacts of health care reform and expenses trend.

B. Specific Comments About Your Fund

As your consultant, our principal task in our ongoing review includes advising you about the appropriateness of the funding, design and strategy to maintain the long-term viability of the Fund. We will begin that process with an analysis that includes a review of the Fund's demographics, administrative costs, benefit plan design, actual claims cost trends versus norms, and cost drivers.

At Horizon Actuarial, we differentiate ourselves by using creative tactics to address *income vs. expense* issues. We have reviewed the SPDs for the three largest plans, Plan Y, Plan K2, and Plan K20. Based on this review, we offer several areas that we could explore further with the Trustees for your self-funded PPOs, fully-insured HMOs, Prescription Drug, Vision, Dental, and Retiree programs along with eligibility requirements and self-pay rules. These options are outlined below.

SELF FUNDED PPO PLANS

Utilization Review and Large Case Management Audit

Seven of the current self-funded plans received annual limit waivers. These waivers have allowed the following annual limits to be maintained despite the provisions of the Patient Protection and Affordable Care Act (PPACA or ACA):

- Plan Y20: $100,000 limit
- Plan K20: $150,000 limit
- Plan JS: $250,000 limit
- Plan Z: $300,000 limit
- Plan JSS-2 , Plan K2, and Plan Y: $400,000 limit

For plan years beginning on or after January 1, 2014, all of these annual limits will have to be removed. Exposure to large claims in your self-funded plans could rise as a result of this change. In addition to a review of possible risk aversion through stop loss coverage, we recommend a thorough review of the utilization and large case management programs provided by CareFirst and Conifer to improve efficacy, management, and patient advocacy.

Based on the SPD's that were reviewed, it appears that your Fund currently participates in the Health Care Cost Containment Corporation of the MidAtlantic region (HCCCC). In addition, it appears that you utilize CompuFacts.

We have made high level observations about your plans that we would explore after we know more about you.

Implementation of Centers of Excellence for both Specialty Care and Transplants

We recommend you consider adding "centers of excellence," which are designated facilities that meet objective, evidence-based thresholds for clinical quality with demonstrated expertise and significant positive outcomes for select procedures impacting both the quality and cost effectiveness of your plan.

Implementation may include educating participants about higher quality, lower cost treatment options through the use of centers of excellence and medical second opinion programs.

B. Specific Comments About Your Fund

FULLY-INSURED HMO PLANS AND SELF-FUNDED PPO PLANS

Vendor Performance Management Review

In light of medical cost trend increases, we would recommend for discussion the following:

- Increased use of "free" programs and services offered by your vendors, including wellness and communication content.
- A thorough review of vendors to benchmark fees and premiums, quality, and service including the dental and vision providers.
- Implementation of a higher threshold of performance guarantees and a review of the services and operations being provided.

We have reviewed the list of your current vendors. We currently work with most of them and are familiar with the marketplace for all the benefits you provide.

The complexity of the Fund's benefit structure and vendor management is also noteworthy. We would want to know a lot more about why the Fund has this complicated structure. We have seen a lot of complexity around benefit design in UFCW plans and have found that often this happens because the Trustees are trying to directly equate costs and contributions to individual employers.

We may recommend a separate, focused strategy to review the current benefits and vendor structure with options and alternatives for modifying both current health plans and/or vendors. As an example, marketplace options, including health insurance exchanges in 2014, can facilitate the redesign of both Medicare and early retiree medical programs to deliver benefits cost-effectively.

Our team of health consultants and actuaries has a comprehensive understanding of the group and health care industry and benefit vendors, including pricing practices, business models and clinical and operational capabilities. Our overall goal is to help the Fund be more economically effective, while providing exceptional benefits to active and retired participants and dependents.

Cost Containment and Health Management

With the continual increase in health benefit costs, cost containment and health management initiatives are critical to the well being of your Fund. We consider your objectives and culture in order to match the best plan design with the highest value for your investment. We balance fiscal prudence with the impact on participants and dependents, and base our advice to our clients on these two critical considerations.

Aruna Vohra, Senior Consultant for Horizon Actuarial, presented "The Administrator's Role in Successful Disease Management and Wellness Programs" at the IFEBP's Administrators Conference. This is just one example of the depth of understanding and expertise our organization offers the Fund regarding health care management programs.

B. Specific Comments About Your Fund

PRESCRIPTION DRUGS

It appears that only certain participants receive prescription drug benefits from the Fund. Specifically, the Fund does not provide prescription drug benefits to Kroger participants, whose benefit is provided by Kroger under SXC. Prescription drug benefits provided by the Fund can be a substantial cost driver.

We recommend the following:

- Evaluation of the benefits and cost savings of the pharmacy benefit of the non-Kaiser HMO medical programs.
- Consideration of a pharmacy benefit manager (PBM) that provides "transparent pricing" (where the PBM takes a flat administrative fee for each prescription). Unlike traditional PBMs, whose contracts often bar pharmacies from revealing what the PBMs are paying them, transparent managers disclose what they pay.
- Implementation of a pharmacy "gaps in care" program that analyzes under-utilization, compliance and drug interactions to improve health outcomes.
- Examination of rebates received from the Catamaran Rx program.
- Consideration of formulary management and incentives for the use of preferred brands.
- Consideration of specialty drug strategies to control the cost of burgeoning medications.
- Evaluation of whether the pharmacy programs should be fully insured or self-funded.
- Implementation of pharmaceutical clinical management programs to help curb over-utilization of high cost medications, which is the fastest growing pharmacy expense category for many funds.

RETIREE PROGRAM

Based on the recent change which separated retiree from active plans, it is apparent that retiree medical liabilities are a current concern for the Trustees. Based on the expectation that as time goes on the Fund will be further challenged by significant retiree medical liabilities, we suggest consideration of the following:

- Marketplace options, including the planned advent of health insurance exchanges in 2014, which can provide opportunities for redesign of both Medicare and early retiree medical programs to deliver benefits more cost-effectively.
- Review of potential prescription drug changes, including employer group waiver program options.

ELIGIBILITY AND SELF PAY RULES

We recommend a review of:

- Current active eligibility requirements. In light of the PPACA 90-day eligibility waiting period requirements, first of the month after 3 months and delayed prescription drug coverage could be issues.
- Appropriateness of the contribution rates and reviewing the Fund subsidy for various groups such as retirees.

B. Specific Comments About Your Fund

CUSTOMIZED PRACTICAL SOLUTIONS

We mentioned earlier that Horizon Actuarial consultants differentiate ourselves by looking for creative tactics to solve *income vs. expense* issues. Other types of services we recommend would be based on an analysis of customized tactics and solutions to meet the specific needs of your Fund. Examples are provided below:

STRATEGY AND TACTICS	DESCRIPTION	COMMENTS
Benefit Design: Pre-authorizations	Controls on inpatient admissions and lengths of stay	Considered highly effective
Benefit Design: Value Based Benefit Design or Reference Based Pricing	Design to remove barriers to essential, high-value health services	On the increase, proven results in some areas
Benefit Design: Rewards or penalties based upon behavior	Behavioral economics including tobacco surcharge, health risk assessment	On the increase, proven results in some areas
Benefit Design: Pharmacy	Step therapy, disease management focus	On the increase, proven results
Benefit Design: Consumer driven health plans (CDHP) or account based health care plans (ABHP's)	High deductible health benefit plans that engage individuals in choosing their own providers, managing health expenses, and improving health	On the increase in non Taft-Hartley plans, proven financial results
Networks: Centers of Excellence	Preferred places of care with best outcomes	On the increase, proven financial and quality results
Networks: High quality provider networks	Selective contracting with health care providers, Accountable Care Organizations -ACO's	On the increase, proven financial and quality results
Networks: Custom select networks, onsite clinics	Select provider networks and/or onsite clinic	Current selective usage, trending upward
Care Management: Disease management	Coordinated health care interventions and communications for populations with conditions in which patient self-care efforts are significant	Increasing trend, variable financial results
Care Management: Large Case Management	Intensive management of high-cost health care cases	Getting increased attention
Care Management: Gaps in care	Analytic programs to review under utilization, compliance and drug interaction	Becoming standard practice with positive results, low investment
Care Management: Decision support	Nurse triage, shared decision making programs, Telemedicine	Utilization poor on nurse line, increase focus on shared decision making
Specialized Review: Second Opinions	Health review in order to get a differing point-of-view	Getting increased attention, ROI variable
Specialized Review: Advocacy	Support to navigate healthcare and insurance. More prevalent in cancer treatment	Getting increased attention
Specialized Review: Audits	Medical – pre/post Pharmacy Dependent	Getting increased attention, ROI

B. Specific Comments About Your Fund

STRATEGY AND TACTICS	DESCRIPTION	COMMENTS
Private Insurance Exchanges	Marketplace intermediaries working as an extension of the particular carriers	On the increase for post -65, proven financial results
Vendor Performance Management	Performance guarantees based upon outcomes	Getting increased attention
Annual plan performance scorecards or dashboards	Metric to evaluate program and target areas for improvement	Getting increased attention and integrating with other plan metrics

LEGISLATIVE COMPLIANCE

Grandfathered Status and Annual Limit Waivers

Based on the benefits we reviewed on the Associated Administrators website, it appears the Fund has completed the waiver requirements to maintain annual benefit limits and remain "grandfathered" under the Patient Protection and Affordable Care Act guidelines for several plans. With the expiration of annual limit waivers, we can provide recommendations for the Trustees to make informed decisions on mitigating risk. In addition, we can provide input about your status as a "grandfathered" plan along with changes that need to be made in upcoming years. If plan design changes are made that affect "grandfathered status," we can quantify the cost of changes required for non-grandfathered plans.

Definition of Dependent and Pre-existing Conditions

Unless already changed, the Fund should review the definition of eligible dependents for the treatment of "foster children" and stepchildren, as well as the exclusion of dependents with other employer coverage (after discussing with Fund counsel. The pre-existing condition clause should also be removed for all participants with the plan years beginning in 2014.

Excise "Cadillac" Tax

We also recommend an evaluation of the ACA Excise or "Cadillac tax." Based on the findings, we will suggest strategies and tactics to mitigate the impact of this tax.

We recommend our clients work to find ways now to avoid the application of this tax to their benefit programs even though the Cadillac tax will not be effective for five years. This is especially important in collectively bargained plans, which may require negotiations before plan changes can be made.

Ongoing Review

We have worked with many clients to quantify the cost impact of changes and recommended solutions based on best practices of other multiemployer plans. We can assist with any upcoming changes such as payment of various fees or confirming that CareFirst and Catamaran claims data is combined to meet compliance requirements on out-of-pocket maximums for non-grandfathered plans.

B. Specific Comments About Your Fund

OUR APPROACH

In general, we believe there are three critical issues facing welfare funds in the near future, namely financial viability, legislative impacts, and cost containment and health management.

Financial Viability

Ensuring the financial health of a fund is a critical issue given the state of the economy and the resulting drop in eligibility and fund income, while expenses are increasing. One of our jobs as consultants is to project and monitor the Fund's experience, and consult with you about the appropriateness of the actuarial assumptions and funding.

We analyze prior experience and set appropriate rates for the projection period using actuarially sound methodologies and our underwriting tools. We choose our assumptions and methods to ensure they are reasonable and appropriate. Our analysis to determine the rates includes a review of the Fund's demographics, administrative costs, design, actual claim costs trends versus norms, and a review of cost drivers. It also includes "what-if" analysis to demonstrate the financial impact of employer contributions under normal employment conditions, and under high and low employment conditions.

This is especially important in collectively bargained plans, where negotiations may need to take place before plan changes can be made. During the course of our analysis, we may uncover areas where the plan could be changed to become more efficient or to mitigate rising costs. If and when these areas are identified, we will bring them to the Trustees' attention with a recommendation.

Legislative Impacts

Keeping abreast of legislative and regulatory changes is a critical issue facing funds today. There are numerous requirements that impact welfare plans. In addition to keeping our clients informed of the issues, we also work with them to identify any necessary plan changes, estimate the cost impact of such changes, and communicate these changes to participants.

Cost Containment and Health Management

With the continual increase in benefit costs, cost containment and management initiatives are critical to the well-being of a Fund. We look at the client's objectives and match the best design approach to solve their issues. We balance fiscal prudence with the impact on participants and beneficiaries, and base our advice to our clients on these two critical factors.

Additionally, an aging population has an impact on health costs, as well as on life insurance and disability benefits. We work with clients to identify the impact of demographic changes on their benefit programs and develop solutions to help mitigate these impacts.

Thank you for the opportunity to submit this proposal. In the following pages, we describe our team's qualifications and our firm's resources. We also outline our experience and provide reference information.

C. Questionnaire Responses

1. What is the location of the office that would service the Fund? Please describe the staffing, facilities, and equipment available at that office, as well as the primary contact should your proposal be accepted.

HORIZON ACTUARIAL OFFICES

Horizon Actuarial is comprised of five offices across the United States. Our locations include Miami, Atlanta, Los Angeles, Washington DC, and Cleveland. Though we are spread across the country, our associates collaborate across offices to meet our clients' needs. Contact information for our offices is provided below.

MIAMI	ATLANTA	LOS ANGELES	WASHINGTON, DC	CLEVELAND
6120 Rolling Road Dr. Miami, FL Tel: 678-317-4150 Fax: 678-317-4151	900 Ashwood Pkwy. Suite 170 Atlanta, GA Tel: 678-317-4100 Fax: 678-317-4101	5200 Lankershim Blvd. Suite 740 N. Hollywood, CA Tel: 818-691-2000 Fax: 818-691-2001	8601 Georgia Ave. Suite 700 Silver Spring, MD Tel: 240-247-4600 Fax: 240-247-4601	5005 Rockside Road. Suite 600 Independence, OH Tel: 678-317-4162 Fax: 678-317-4163

CONSULTING TEAM

The proposed consulting team for your Fund will be located primarily in our ***Miami and Atlanta*** offices, with additional support from other offices. Our proposed lead consultant is Aruna Vohra in our Miami office. Please contact Aruna with any questions regarding this proposal. Aruna's contact information is below.

Aruna Vohra
Senior Consultant
Phone: 678.317.4150 | cell: 305.773.9047 | fax: 678.317.4151
aruna.vohra@horizonactuarial.com
www.horizonactuarial.com

We serve our clients using a team approach. For your Fund, the following associates will be actively involved in providing services:

- Aruna Vohra will be the lead consultant and primary contact and will attend the Board of Trustees meetings and coordinate all services provided by our team.
- Stephanie Patrick will serve as the lead actuary and have secondary responsibility. She will complete the annual report, calculate the COBRA rates, provide vendor management, and provide overall actuarial support. Stephanie will also attend the Board of Trustees meetings as needed.
- Jason Russell will lead the completion of the ASC 965 Valuation, if needed.
- Larry Weitzner as Managing Consultant is responsible for your overall satisfaction with our services.

C. Questionnaire Responses

These associates will be supported by analysts experienced in health and welfare benefit plans.

Biographies for the team follow below:

Aruna Vohra
Senior Consultant
Phone: 678.317.4150 | fax: 678.317.4151
aruna.vohra@horizonactuarial.com

Proposed Lead Fund Consultant: Aruna will serve as the primary contact to the Trustees and the Administrator on issues related to the Fund.

Aruna Vohra is the health and welfare practice leader of Horizon Actuarial and is located in our Miami office. Aruna has 27 years of experience in group benefits and health and welfare plan consulting with Horizon Actuarial and Watson Wyatt. She has served as lead consultant on a number of large health benefit plan projects. Her work includes health care cost containment, plan design, wellness initiatives, vendor bids, retiree medical design and pricing, underwriting, compliance and financial audits, reserve analysis, rate setting, and projection of group insurance and self-funded programs.

Aruna's multiemployer benefit fund clients include:

- Teamsters Local 639 Employers Health Trust Fund and Teamsters Local 639 Employers Retiree Medical 401(h) Account
- Fox Valley Laborers Health and Welfare Fund
- Asbestos Workers Local Union Number 53 Welfare Fund
- United Association Local 198 Health and Welfare Trust Fund
- Plumbers and Pipefitters Local Union No. 630 Welfare Fund
- California Teachers Association Employees' Health and Welfare Benefits Trust
- ACRA Local Union No. 725 Health and Welfare Trust Fund

She also leads the provision of consulting services to multiemployer trust funds with respect to the Patient Protection and Affordable Care Act.

Before the formation of Horizon Actuarial, Aruna spent more than twenty years with Watson Wyatt Worldwide. Aruna has an MBA degree from the University of Miami. She has been a member of the Group and Flexible Benefits Practice Committee and the Flexible Benefits Peer Review Committee at Watson Wyatt, and she chaired Watson Wyatt's workgroup on legislative compliance. She has testified before the Internal Revenue Service on issues in regard to the Affordable Care Act. Aruna has spoken on a number of benefits topics before the International Foundation of Employee Benefit Plans (IFEBP) and other groups such as the Midwest Coalition of Employee Benefit Plans. She was a member of the IFEBP's Continuing Education and Research Committees and has spoken on health care reform at the IFEBP's one day seminars across the country.

C. Questionnaire Responses

Stephanie Patrick, FSA, MAAA
Consulting Actuary
Phone: 678.317.4116 | fax: 678.317.4117
stephanie.patrick@horizonactuarial.com

Proposed Lead Actuary Consultant: Stephanie will serve as the actuary and secondary contact to the Trustees and the Administrator on issues related to the Fund.

Stephanie Patrick is a consulting actuary in our Atlanta, GA office. She has over seven years of experience in the health and group benefits field, three years of which have been with Horizon Actuarial. Her experience includes plan design strategy, vendor renewals and RFPs, annual rate projections, utilization reviews, contribution strategy, and mid-year budget assessments.

Stephanie's career as an actuary began at Towers Watson, where she worked on a variety of large corporate clients before joining Horizon Actuarial in 2010.

Her current clients include:

- United Food and Commercial Workers Local No. 1529 and Employers Health & Welfare Plan and United Food and Commercial Workers Local No. 1529 and Employers Health & Welfare Plan for Retirees
- Fox Valley Laborers Health and Welfare Fund
- Teamsters Local 639 Employers Health Trust Fund
- Plumbers and Pipefitters Local Union No. 421 Welfare Fund
- California Teachers Association Employees' Health and Welfare Benefits Trust
- San Diego Electrical Workers Welfare Fund

Stephanie graduated magna cum laude from Vanderbilt University with a BS in mathematics and philosophy. She is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries.

Jason L. Russell, FSA, EA, MAAA
Consulting Actuary
Phone: 240.247.4522 | fax: 240.247.4523
jason.russell@horizonactuarial.com

Proposed Actuary Consultant: Jason will lead the completion of the ASC 965 Valuation, if needed.

Jason Russell is a consulting actuary in the Washington, DC office of Horizon Actuarial Services, LLC. He began his career as an actuary with Watson Wyatt Worldwide in 2001 and joined Horizon Actuarial upon its founding in early 2008. Jason's areas of experience include actuarial valuations under ERISA, asset-liability modeling, plan design, and plan administration. He has special expertise in performing interactive modeling for multiemployer plans with respect to their projected

funded status and the requirements of the Pension Protection Act of 2006 (PPA). Jason also recently authored the report on construction industry pension plans with the Mechanical Contractors Association of America and the Horizon Actuarial survey of capital market assumptions.

Some of Jason's clients include:

- UFCW Consolidated Pension Fund
- AFTRA Retirement Fund
- New England Teamsters & Trucking Industry Pension Fund
- Buffalo Laborers' Pension Fund
- International Union, United Mine Workers of America Pension Plan

Jason graduated with honors from the University of North Carolina at Chapel Hill with a BS in mathematical sciences. He is a Fellow of the Society of Actuaries, an Enrolled Actuary, and a Member of the American Academy of Actuaries. Jason is a regular speaker at the IFEBP Annual Employee Benefits Conferences, having led sessions each year since 2007.

Larry H. Weitzner, ASA, EA, MAAA
Actuary & Managing Consultant, Atlanta office

Proposed Senior Advisor: Larry will serve as the Senior Advisor and will be responsible for your satisfaction with our services.

Larry Weitzner is one of three principals of Horizon Actuarial and is based in the Atlanta office. Larry had been a senior consulting actuary in Watson Wyatt's Retirement Practice in Atlanta and Miami since 1970. He provides client services as an actuary in the fields of defined benefit and defined contribution plans. Larry has deep experience working with multiemployer benefit funds.

Larry's clients include:

- UFCW Consolidated Pension Fund
- ACRA Local 725 Pension Trust Fund
- Asbestos Workers Locals 48, 53 and 60
- Atlantic and Gulf Region (Masters, Mates & Pilots)
- Cement Masons 681 and 783
- IBEW Locals 728 and 1579
- Iron Workers Locals 272 and 397
- Plumbers Locals 72, 123, 150, 188, 198, 234, 421, 519 and 630
- Sheet Metal Workers Locals 32 and 85
- Roofers Locals 11, 20 and 30
- The National Roofing Industry Pension Plan

Larry has a BS from the Georgia Institute of Technology where he majored in industrial management and graduated with honors. He also attended Georgia State University, majoring in actuarial science. He is an Associate of the Society of Actuaries, a member of the American Academy of Actuaries, an Enrolled Actuary under ERISA, and a past member of the Southern Employee Benefits Conference.

HORIZON ACTUARIAL STAFF

Horizon Actuarial staff includes over 50 professionals, of whom 26 are credentialed actuaries. They bring general qualifications and expertise as follows:

Staffing	Number of Staff	Average Years of Service	Professional Credentials
Washington Office: 23 Professionals; 2 Admin – TOTAL: 25 Staff			
Actuary & Managing Consultant	1	34 years	FSA, EA
Consulting Actuaries & Other Consultants	13	19 years	FSA, ASA, EA, JD
Actuarial Analysts	9	3 years	Pursuing
Administrative Staff	2	12 years	
Atlanta Office: 9 Professionals; 2 Admin – TOTAL: 11 Staff			
Actuary & Managing Consultant	1	43 years	ASA, EA
Consulting Actuaries & Other Consultants	5	20 years	FSA, ASA, EA, CFP
Actuarial Analysts	3	6 years	Pursuing
Administrative Staff	2	20 years	
Los Angeles Office: 10 Professionals; 3 Admin – TOTAL: 13 Staff			
Actuary & Managing Consultant	1	37 years	FSA, EA
Consulting Actuaries & Other Consultants	8	20 years	FSA, EA
Actuarial Analysts	1	3 years	Pursuing
Administrative Staff	3	6 years	
Cleveland Office: 2 Professionals – TOTAL: 2 Staff			
Senior Consultant	1	27 years	
Consulting Actuary & Other Consultant	1	23 Years	FSA, EA
Miami Office: 1 Professional – TOTAL: 1 Staff			
Senior Consultant	1	35 years	MBA

OFFICE, FACILITIES, AND TOOLS

All of the facilities used by Horizon Actuarial are leased; however, all furniture within the offices is owned by Horizon Actuarial. Most associates are equipped with laptop computers and therefore have the capability to access data or process actuarial valuations through a secure VPN connection, anywhere they can access the Internet. Horizon Actuarial associates without laptop computers generally have VPN capability on their own personal computers. The result is that virtually all associates are able to service their clients from the office, from home, or from the road.

Horizon Actuarial has purchased designated servers to host its data, which are located in a co-location facility in Atlanta. The servers are maintained and serviced by All Covered, which is a trusted company in providing IT infrastructure to small businesses. This vendor was selected after an extensive search by Horizon Actuarial, and was determined to be the best able to match or exceed the services, security, and speed that would be needed by a first class consulting firm. This service includes data and server backup and redundancies in case one of our servers goes down. We also use this outside vendor for IT support.

At Horizon Actuarial, we deeply believe in utilizing technology to make our firm work as effectively and efficiently as possible. Today, each of our offices and their personnel can maintain immediate contact with each other, utilizing our mainframe system to communicate and share information like never before. Each of our consultants and staff has their own e-mail accounts (utilizing Microsoft Outlook) and the ability to communicate and share files and documents at a blink of an eye.

We utilize Microsoft suite of software including Excel, Word, PowerPoint, and Outlook, and the Relius suite for preparation of our attestations for our client's Form 5500. The use of Powerpoint, Excel, Publisher and other software allows us to produce professional-level documents and presentations both to and for our clients.

We also utilize cost-saving communication initiatives, such as conference calls and e-mail, on a daily basis to keep in constant contact with our clients.

Horizon Actuarial currently uses a variety of proprietary and purchased actuarial and data processing software, including Health Maps health rating software, Quantify data processing and report generation systems, and actuarial valuation and life contingency systems like fxAct and Quantify. We have developed additional tools for report generation, asset liability modeling, pension plan and health plan financial projections, and health claims pricing.

Three systems developed to better serve our clients are described below.

- HealthMAPS: Health Rating Software HealthMAPS health rating manuals and corresponding software are the most comprehensive guides available. The software is used as primary rating tools or for relative pricing factors. The manuals and software contain information necessary for rating a complete range of health products.

- Projection model: Our consultants stress the importance of looking beyond the one year "snapshot" results to long-term projections. To that end, we have developed an interactive projection model that enables us to analyze the effects of various factors such as investment returns, work levels, contribution rates, and plan design on future funding levels.

- Quantify: We use a software application called "Quantify" to perform actuarial valuations for pension plans and retiree medical plans. This software is developed and supported by Towers Watson, with whom we have a special lease to utilize the full capabilities of the software. (In other words, this software is not available in the marketplace.) Quantify is state-of-the-art; we selected it after considering and testing other applications that are available through third parties. The flexibility and power of Quantify enable our consultants and analysts to effectively and efficiently value even complicated multiemployer plan designs. We use Quantify for processing and reconciling participant data records and for determining actuarial costs and liabilities. We also use Quantify to perform open group projections of plan costs and liabilities, which we then load into our proprietary projection model.

2. Please outline your firm's experience in providing consulting services to group health plans, particularly multiemployer group health plans, of a similar size to the Fund.

HORIZON ACTUARIAL'S HISTORY

Horizon Actuarial was created and began providing actuarial and consulting services to health and welfare plans in October, 2007, when Watson Wyatt Worldwide, a multinational consulting firm, announced it was exiting the multiemployer and Taft-Hartley plan consulting business. After providing consulting services to multiemployer plans for nearly 60 years, Watson Wyatt decided to focus on its corporate clients, and spun off its multiemployer/Taft-Hartley business to a new company – Horizon Actuarial Services, LLC.

For a select group of actuaries and consultants at Watson Wyatt, this event provided an exciting opportunity to create a new company dedicated to serving of multiemployer and Taft-Hartley plans. Horizon Actuarial officially began serving clients on February 1, 2008.

Most of the senior actuaries and consultants at Horizon Actuarial began their careers at The Wyatt Company. In 1995, The Wyatt Company formed a partnership with R. Watson and Sons, which created Watson Wyatt and Company. That partnership was solidified with an official merger in 2002, creating Watson Wyatt Worldwide. A few months following Watson Wyatt's spin-off of Horizon Actuarial in 2008, Watson Wyatt merged with Towers Perrin (another firm focusing on corporate clients) to form a new firm, Towers Watson. Horizon Actuarial is entirely separate and independent of Towers Watson. However, the two firms maintain a cooperative relationship.

OUR CLIENTS

Horizon Actuarial serves roughly 100 multiemployer health and welfare and pension funds. While Horizon Actuarial is a relatively new firm, we have experienced substantial growth in our client base since our inception. We attribute our growth to our firm's ability to provide innovative, high-value consulting coupled with our strict commitment to providing the highest quality work.

C. Questionnaire Responses

The following is a representative list of our health and welfare plan clients that are Taft-Hartley plans and includes the size of the Fund.

Fund Name	Fund Location	Asset Size (Market Value)	Participants*
Airconditioning and Refrigeration Industry Health and Welfare Trust Fund	Los Angeles, CA	$15 million	2,000
ACRA Local 725 Health & Welfare Trust Fund	Ft. Lauderdale, FL	$8 million	800
Asbestos Workers Local Number 53 Welfare Fund	New Orleans, LA	$4 million	230
California Teachers Association Employees' Health and Welfare Benefits Trust	Burlingame, CA	$18 million	1,100
Fox Valley Laborers Health and Welfare Fund	Elgin, IL	$50 million	1,500
Inland Refrigeration and Air Conditioning Trust Fund	Inland Empire, CA	$1.4 million	100
Plumbers and Pipefitters Local Union No. 421 Welfare Fund	North Carolina, South Carolina	$10 million	900
Plumbers and Pipefitters Local Union No. 630 Welfare Fund	West Palm Beach, FL	$16 million	800
Producers Health Benefit Plan	New York, NY	$4 million	1,800
San Diego Electrical Workers Welfare Fund	San Diego, CA	$28 million	2,300
Southern California Plastering Institute Group Benefits Trust	Pomona, CA	$7 million	350
Teamsters Joint Council 83	Richmond, VA	$60 million	3,200
Teamsters Local 639 – Employers Health Trust Fund	Washington, DC	$90 million	3,700
Teamsters Local 639 – Employers Retiree Medical 401(h) Account	Washington, DC	$12 million	1,800
Tri-County Building Trades Health Fund, Sheet Metal Workers Local 33	Massillon, OH	$22 million	1,400
United Association Local 198 Health and Welfare Trust Fund	Baton Rouge, LA	$8 million	1,500
United Food and Commercial Workers 1529 Employers H&W Trust Fund	Memphis, TN	$7 million	6,000

** Includes active members and retirees* ***Bold*** *indicates fund selected as reference below*

In addition to the list outlined above, we serve as health and welfare actuaries in the completion of the ASC 965 valuations for a number of multiemployer funds.

C. Questionnaire Responses

OUR EXPERIENCE

Over the years, we have gained tremendous experience helping our clients address an extensive range of issues, from new carrier/vendor implementation, to health and welfare fund reserve analysis, and everything in between. We provide a wide array of services related to health and welfare consulting, including legislative compliance, vendor studies, performance measurement and guarantees, annual actuarial projections and valuations, plan design cost analysis, and merger and spin-off studies.

Our years of experience have also given us a deep understanding of the unique dynamics of multiemployer plans. We have always viewed our role as consultants whose responsibility it is to protect the interests of the plan participants by keeping all trustees – both labor and management – well-informed and well-equipped to navigate the challenges facing their plans.

We understand that an important aspect of providing top-tier service is keeping our clients apprised of emerging legislation, regulations, and ideas affecting multiemployer plans. Our consultants are proactive with their research and analysis of new laws and regulations, often serving as thought leaders within the actuarial and multiemployer community.

We have ongoing cooperative relationships with several organizations, as described below.

- We are active with the International Foundation of Employee Benefit Plans. Many of our consultants and actuaries are regular speakers at the Foundation's Annual Conferences, Trustees and Administrators Institutes, and Investment Institutes.

- We often assist the National Coordinating Council for Multiemployer Plans (NCCMP) on actuarial issues as it advocates for the interests of plans such as yours. We are the only actuarial firm to present and exhibit at the last three of the NCCMP's annual conferences.

- Our actuaries are members of the Society of Actuaries (SOA), the Conference of Consulting Actuaries (CCA), and the American Academy of Actuaries (AAA). We not only keep abreast of the latest developments as members of these organizations; we also regularly draft white papers and communications that serve to educate and inform the rest of the actuarial community.

The following are examples of our presences as thought leaders within the actuarial and multiemployer plan community.

- Aruna Vohra, Senior Consultant for Horizon Actuarial, presented "The Administrator's Role in Successful Disease Management and Wellness Programs" at the International Foundation's Administrators Conference. This is an example of the depth of understanding and expertise our organization has to offer the Fund regarding health care management programs. She also spoke on Health Care Reform for the International Foundation's Trustees Masters Program at last year's annual conference. She spoke on the Affordable Care Act and Collective Bargaining as well as on Evolving Plan Designs at the most recent International Foundation annual conference in Las Vegas. She also coauthored a letter to the Internal Revenue Service with John McNerney, General Counsel Mechanical Contractors Association of America regarding "Comments on Proposed Rules for Shared Responsibility for Employers Regarding Health Coverage as They Relate to Employers Participating in Multiemployer Plans."

- Cary Franklin of our Los Angeles office was part of a small coalition of employers and plan professionals that educated FASB on multiemployer plans over the past year, resulting in final disclosure rules that are much less draconian than those FASB had originally proposed. Cary is also on the faculty of the International Foundation's Trustees Masters Program.

- Horizon Actuarial conducts an annual survey of capital market assumptions from different investment consultants to multiemployer pension plans. This survey helps our actuaries and consultants evaluate the reasonableness of the investment return assumption for their client funds. This survey also helps investment consultants gauge their expectations relative to their peers in the industry. Jason Russell was the principal author of the 2013 edition of the survey, which can be found on our website.

3. Please provide three references from other multiemployer group health plans.

1. **United Food and Commercial Workers Local No. 1529 and Employers Health and Welfare Trust**
   Rick Slayton, *Labor Trustee*
   8205 Macon Road
   Cordova, TN 38101
   901.758.1529

   Peggy Prescott, *Management Trustee*
   2175 Parklake Drive
   Atlanta, GA 30045
   770.496.7545

2. **Teamsters Local 639 Employers Health Trust Fund**
   Teamsters Local 639 Employers Retiree Medical 401(h) Account
   Mark Winter, *Administrator*
   3130 Ames Place, NE
   Washington, DC 20018-1993
   202.636.6529

3. **Fox Valley and Vicinity Laborers Pension and Health and Welfare Funds**
   Patricia M. Shales, *Administrative Manager*
   2400 Big Timber Road, Suite 206B
   Elgin, IL 60124-7812
   847.742.0900

4. **Teamster Joint Council 83**
   Mike McCall, *President and CEO*
   West End Administrators, Inc.
   8814 Fargo Road, Suite 200
   Richmond, VA 23229
   804.282.7204

4. Please furnish a copy of a standard consulting services agreement. Please outline any limit of liability such agreement would contain.

Please see Appendix I for a copy of Horizon Actuarial's sample engagement letter and contract with terms and conditions.

Horizon Actuarial will not require a limitation of liability as part of the terms of our engagement with the Fund. In general, we would hope to amicably work through any dispute with the Fund on a good faith basis. Included in the appendices is a copy of our standard terms and conditions, which includes a "Resolution of Disputes" clause. These terms are negotiable.

5. Please advise whether your firm will receive fees or other consideration, direct or indirect, from any party other than the Fund for, or in connection with, the provision of your services to the Fund, and if applicable, describe such fees.

Horizon Actuarial will not receive fees or other consideration from any party other than the Fund for, or in connection with, the provision of services. We typically do not accept any commissions or other fees from vendors – this is an essential characteristic of our consulting independence.

Horizon Actuarial earns fees by providing consulting services to our clients. We will not receive commissions or compensation with respect to insurance or other services purchased by the Fund. We can, however, accommodate such an arrangement if a client requires it and would disclose all such remuneration to the Trustees and any commissions received will be used to offset our fees otherwise payable. As an example, recently while working with a client to assist in the transition of their retirees to a private exchange it was brought to our attention that the exchange company was planning to pay referral fees to Horizon Actuarial for the assistance we provided.

After much discussion, it was determined that the exchange company could not pay these referral fees to the client directly and could not reduce the premiums charged to retirees if the referral fees were not used. Therefore, if the referral fees were not paid to Horizon, they would be lost. Working in the best interest of the client, Horizon Actuarial agreed to accept these referral fees, which were used to offset our consulting fees. The reduction to our fees matched dollar for dollar what we received from the exchange company and will report the referral fees on an ERISA 408(b)(2) disclosure each year.

Horizon Actuarial is an independent company. Both our firm and our individual associates will not enter into a financial relationship with any broker dealers, insurance vendors, or money management companies, or any other type of relationship which would impact our independence.

As a professional service provider, we have to disclose any indirect compensation on Form 5500 Schedule C. If we kept any referral money and did not disclose it, we would be in violation of federal law (under ERISA).

We are willing to confirm in writing that we would agree not to accept any compensation, gifts or things of value from any third-parties in exchange for recommending their service or product to the Fund and/or its participants.

6. Do you contemplate subcontracting any portion of the work? If so, please describe.

Horizon Actuarial typically does not use outside vendors to perform any of the services we are proposing for the Fund, with two exceptions. We use an outside vendor to manage our data, which is located offsite at a secure co-location facility. This outside vendor (All Covered) is a trusted company in providing IT infrastructure to small businesses.

In addition, on a very limited basis, we may occasionally utilize certain contractors to assist with communication assignments, brochure layouts, and printing. Generally, we expect this work will be performed under the supervision of Horizon Actuarial's Senior Consultant.

We accept full responsibility for the quality, timeliness, and accuracy of all services provided to the Fund, including those provided by outside vendors, as described above.

7. Please provide an estimated installation/startup timeline for the Fund.

Horizon Actuarial's goal is to facilitate the knowledge transfer as quickly as possible. Our associates have worked together many times to smoothly transition new clients from other actuarial and consulting firms. We have a well-documented transition approach that is both flexible and cost-effective, enabling the Fund to make a smooth transition to Horizon Actuarial as your new consultant.

Here are the transition steps we follow:

Informational Meetings. We will meet with the administrator, Trustees, attorneys and other professionals (as appropriate), to discuss the history and current state of the Fund. In initiating our actuarial and consulting relationship, we seek to:

- Become as familiar as possible with the Fund's financial and benefit objectives.
- Design data formats and screening procedures to eliminate unnecessary work.
- Review procedures for collecting and verifying participant and financial data.
- Discuss plan administration to ensure effective ongoing support.

From our perspective, the purpose of these meetings is to obtain an in-depth knowledge of the Fund's history. This includes how the benefits reached their present form, alternatives considered in the past, and any additional changes contemplated for the future. This valuable insight will ensure our advice and services do not unnecessarily retrace previously explored steps.

C. Questionnaire Responses

From the Trustees' and administrator's perspectives, these informational sessions provide another view of the Fund within the context of benefits design, financial management and governance trends. They will also serve to raise issues and provide insights that may not have been fully investigated. Finally, the review provides a new perspective on the implications of recent legislation and assures the Trustees, the administrator and Horizon Actuarial that all the relevant issues are addressed.

Transferring Background Information. Our goal in transferring background information is to understand your culture, processes, and programs, both from a historical perspective and with an eye to the future.

We recommend scheduling conference calls with Fund professionals to discuss the history, current state, and future of your programs. These calls may include Associated Administrator account staff as well as other professionals including Fund attorneys, auditors, investment consultants, medical, dental and prescription drug management vendors.

Data Transfer. When we begin working with a new client, we prepare a comprehensive data request that includes demographics, enrollment, rate history, vendor contacts, copies of policies, Fund documents, sample premium statements, the benefits section of the collective bargaining agreements, and historical premium, fees and claims information. We work with vendors, the administrator, and the client to get this information.

This step involves the transfer of sufficient participant and claims data and written documents from the incumbent consultant and/or vendors to Horizon Actuarial to support your consulting requirements. Since the Health and Welfare annual report usually includes a multiple year claims and utilization analysis, we will want to receive this data from the prior consultant to set up our underwriting and actuarial models and annual report formats.

See Appendix II for a sample data request.

Validating Data. Finally, we review with you the overall picture to ensure the data is reasonable and that any changes, trends, and/or peculiarities reflect reality.

Our proven transition process will provide you with the benefits of a smooth transition and will meet our own professional standards. A typical timeline is depicted below.

Activity	Purpose	Week							
		1	2	3	4	5	6	7	8
Information Meeting	Establish Expectations	X							
Transfer Background	Review Information	X	X						
Transfer Data	Ongoing Process	X	X	X	X				
Validate Data	Validate/Resolve Questions				X	X	X	X	X

Our structured transition process will be completed within eight weeks.

No Transition Fees

Horizon Actuarial will not charge the Fund for transition services.

The transition process has two objectives: to provide you with a smooth transition and to meet our own professional standards. Because the process is as much for our purposes as yours, Horizon Actuarial will absorb all costs associated with the transition, provided we receive accurate and timely information from the administrator, and current consultant. We will notify the Trustees immediately if we encounter any issues or concerns during the transition.

8. Please provide a summary of any litigation involving your firm within the last five years. Please describe any governmental investigations involving your firm within the last five years.

Horizon Actuarial has not been party to any government investigation or proceeding since its inception.

9. Please provide the name of your errors and omissions carrier and describe the applicable policy limits and sub-limits.

Horizon Actuarial maintains professional liability (errors and omissions) insurance with limits of not less than $10,000,000. The coverage provider is XL Insurance, located at One World Financial Center, 200 Liberty Street, 21st Floor, New York, New York 10281. The insurance was bound on December 18, 2007, with a January 1, 2008 effective date. The binder letter can be found in Appendix III. No claim has ever been made against our errors and omissions insurance policy.

10. Please provide your annual retainer for 2014 and 2015, as well as hourly rates for any additional services not covered in your standard agreement or otherwise described above.

We generally find that Taft-Hartley welfare funds prefer to include in the fixed monthly retainer only those projects that recur each year with a fairly predictable scope (retainer services). Examples of this type of service include the annual welfare actuarial report, rate setting, setting claim reserves, attendance at Board of Trustees' meetings, and vendor renewals.

Services that are provided infrequently are generally provided as separate billable non-retainer services on an as needed basis. Examples of additional services (non retainer services) include tasks such as preparation of a Summary Plan Description and Summary of Material Modifications, estimating the impact of major plan design changes, drafting or review of amendments, vendor searches, etc.

We are flexible about which services are included in the retainer and which are not. Based on our review of the Standard Services listed in the RFP, we would like to propose a monthly retainer in a range of $12,500 -$16,500, depending on the specific items included for the covered services shown below and our learning more about you and the required work.

C. Questionnaire Responses

We will invoice the Fund for reasonable out-of-pocket expenses incurred in performing the services. These expenses may include travel, costs related to production and the cost of other services or materials purchased from third parties in connection with this engagement.

As an investment in our relationship with you, we will not pass on any of the set-up charges we will incur in transitioning the work from the prior actuary and consultant.

	Standard Services	Annual Fee (Retainer)	Special Time Charge Billing (Non-Retainer)
1.	Prepare annual reports analyzing fund claims experience, benefits paid, contributions, administrative expenses and other relevant items.	Included	
2.	Prepare annual forecasts, reflecting the Fund's current funding level and forecasts of projected future contribution levels.	Included	
3.	Calculate maintenance of benefit contribution rates annually. Review sufficiency of fixed rate contributions based on applicable bargaining agreements. Calculate COBRA premium rates.	Included	
4.	Perform actuarial costing and prepare recommendations with respect to plan design changes. It is anticipated that such cost estimates would be narrow in focus, as opposed to major plan changes.		Special studies for plan design changes are considered Non-Retainer
5.	Negotiate with insurance providers and health benefit vendors and assist in the selection of new Fund vendors or renewal of agreements with existing vendors.	Negotiation and General Advice Included	RFPs or new vendor searches are considered Non-Retainer
6.	Assist in developing benchmarks and monitoring Fund vendor performance.	Included	
7.	Determine Medicare Part D creditable coverage status and draft the required annual notice to the Fund's participants.	Included	
8.	Review and coordinate compliance with the Fund's reporting obligations under the Affordable Care Act and other applicable laws.	General Advice Included	Specific costing of changes and implementation is considered Non-Retainer
9.	Assist in the drafting of forms, participant notices, plan amendments, and summaries of material modifications, as required.	Review Included	Drafting is considered Non-Retainer
10.	Advise and report on financial impact of statutory and regulatory developments affecting the Fund.	General Advice Included	
11.	Meetings: • Attend four meetings of the Board of Trustees per year. • Be available by telephone for Board meetings, if necessary.	Included – At least one consultant will attend each meeting	

C. Questionnaire Responses

	Additional Services	Annual Fee (Retainer)	Special Time Charge Billing (Non-Retainer)
1.	Prepare and circulate RFP's for vendors such as PPO, PBM, and other providers.		X
2.	Prepare cost estimates of major plan changes, benefit redesign or cost restructuring studies.		X
3.	Prepare proposals for benefit plan alterations.		X
4.	Analyze compliance with legislation or new regulations that affect the Fund.		X
5.	Assist in the review of plan documents or amendments.	Review Included	Drafting is considered Non-Retainer
6.	Assist in the drafting of revised summary plan description booklets.		Drafting is considered Non-Retainer
7.	Develop new procedures or actuarial calculations required by changes in accounting or auditing standards, usually as a result of guidelines issued by the Financial Accounting Standards Board.		X

We can also provide other services such as the ASC 965 valuation of retiree medical liabilities, Medicare Part D certification, calculation of incurred but not reported reserves for the auditor, etc. Any special projects or studies will be billed on either a project or time and expense basis with a "not to exceed" cap. Our current hourly rates are shown in the table below. These hourly rates will apply to the first two years of our contract with the Fund. In the third year of the agreement, we may adjust the underlying rates based on inflation.

Associate Level	Hourly Rate
Senior Consultant / Senior Actuary	$395 - $540
Consultant / Actuary	$235 - $455
Actuarial Analyst / Technical Specialist	$195 - $325
Administrative Support	$150 - $175

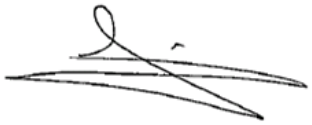
D. Closing

Thank You

Thank you again for the opportunity to submit this proposal. If selected to be your partner, we will provide the highest quality advice and service to the Fund. We are proud to be of assistance to the UFCW Unions and Participating Employers Health and Welfare Fund.

Respectfully submitted,

Aruna Vohra
Senior Consultant



Larry Weitzner, ASA, EA
Actuary & Managing Consultant

Submitted: December 20, 2013

Appendices:

- Sample Engagement Letter with Terms and Conditions
- Sample Data Request Letter
- Professional Liability Insurance

Horizon Actuarial Services, LLC
6120 Rolling Road Dr.
Miami, FL 33156-5629
Phone: 678.317.4150
Fax: 678.317.4151
www.horizonactuarial.com

December 20, 2013

VIA ELECTRONIC MAIL

Mr. Joseph Sears, CEBS
911 Ridgebrook Road
Sparks, Maryland 21152-9451

Subject: Engagement Letter

Dear Mr. Sears:

This letter agreement will confirm the scope and terms of Horizon Actuarial Services, LLC ("Horizon Actuarial") engagement by United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund (the "Fund") to provide consulting and actuarial services to the Board.

Scope of Services
Horizon Actuarial will provide the Basic Services described below and in Attachment 1 to this letter effective _____.

Terms and Conditions of Engagement
The services described above and in Attachment 1 and any other services that Horizon Actuarial provides to the Board will be provided subject to the Terms and Conditions of Engagement contained in Attachment 2 to this letter.

Additional Services
At your request, we may provide Additional Services, either those listed in the Additional Services section in Attachment 1 or other services not specifically described as Basic Services in Attachment 1. Unless otherwise agreed, Horizon Actuarial's consulting fees for any Additional Services are based on the time spent by our associates in performing the Services for you and on the value of the work. Actual fees will be determined in accordance with Section 4 Fees and Expenses of our Standard Terms and Conditions as set forth in Attachment 2 of this letter.

Fees and Expenses
Horizon Actuarial's fees for Basic Services are provided on a retainer basis. Based upon our review of the information provided, we propose a monthly retainer of $_____ for the first two years and $_____ for the third year to cover the Basic Services under the retainer in Attachment 1.

Fees for Additional Services are generally provided once the scope of the service is known. Sometimes, when a project is open ended and time is of the essence, we may use an hourly rate charge until the project has been defined and a fee quote provided. Associates' time will be invoiced at our customary hourly rates in effect at the time the Services are performed, and our rates will be subject to adjustment annually, normally effective October 1st of each year.

We guarantee our retainer fee for three years. We will waive the charges for out-of-pocket expenses incurred in performing the Basic Services in the first year that relate to associate travel (including meals and lodging), production costs and the cost of other services or materials purchased from third parties in connection with this engagement. Expenses for the second and third years will be renegotiated after the end of the first year.

A sample Business Associate Agreement is included as Attachment 3.

If this letter and the Attachments accurately describe the terms of our engagement, please have an authorized representative of the Board sign this letter as noted below and return the enclosed copy to Aruna Vohra.

Horizon Actuarial appreciates the opportunity to be of service to the Board and the participants. If you have any questions now or during the course of our engagement, please contact us**.**

Very truly yours,

HORIZON ACTUARIAL

_____	_____
Stanley I. Goldfarb, FSA, EA, MAAA	Aruna Vohra
Actuary & Managing Consultant	Senior Consultant

File Path

Attachments: Attachment 1 (Scope of Services)
Attachment 2 (Terms and Conditions of Engagement)
Attachment 3 (Business Associate Agreement)

ACCEPTED AND AGREED:
United Food and Commercial Workers Unions and
Participating Employers Health and Welfare Fund

By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

ATTACHMENT 1: SCOPE OF SERVICES

	BASIC SERVICES	ANNUAL FEE (RETAINER)	SPECIAL TIME CHARGE BILLING (NON-RETAINER)
1.	Prepare annual reports analyzing fund claims experience, benefits paid, contributions, administrative expenses and other relevant items.	Included	
2.	Prepare annual forecasts, reflecting the Fund's current funding level and forecasts of projected future contribution levels.	Included	
3.	Calculate maintenance of benefit contribution rates annually. Review sufficiency of fixed rate contributions based on applicable bargaining agreements. Calculate COBRA premium rates.	Included	
4.	Perform actuarial costing and prepare recommendations with respect to plan design changes. It is anticipated that such cost estimates would be narrow in focus, as opposed to major plan changes.		Special studies for plan design changes are considered Non-Retainer
5.	Negotiate with insurance providers and health benefit vendors and assist in the selection of new Fund vendors or renewal of agreements with existing vendors.	Negotiation and General Advice Included	RFPs or new vendor searches are considered Non-Retainer
6.	Assist in developing benchmarks and monitoring Fund vendor performance.	Included	
7.	Determine Medicare Part D creditable coverage status and draft the required annual notice to the Fund's participants.	Included	
8.	Review and coordinate compliance with the Fund's reporting obligations under the Affordable Care Act and other applicable laws.	General Advice Included	Specific costing of changes and implementation is considered Non-Retainer
9.	Assist in the drafting of forms, participant notices, plan amendments, and summaries of material modifications, as required.	Review Included	Drafting is considered Non-Retainer
10.	Advise and report on financial impact of statutory and regulatory developments affecting the Fund.	General Advice Included	
11.	Meetings: • Attend four meetings of the Board of Trustees per year. • Be available by telephone for Board meetings, if necessary.	Included – At least one consultant will attend each meeting	

	ADDITIONAL SERVICES	ANNUAL FEE (RETAINER)	SPECIAL TIME CHARGE BILLING (NON-RETAINER)
1.	Prepare and circulate RFP's for vendors such as PPO, PBM, and other providers.		X
2.	Prepare cost estimates of major plan changes, benefit redesign or cost restructuring studies.		X
3.	Prepare proposals for benefit plan alterations.		X
4.	Analyze compliance with legislation or new regulations that affect the Fund.		X

ATTACHMENT 1: SCOPE OF SERVICES

	ADDITIONAL SERVICES	ANNUAL FEE (RETAINER)	SPECIAL TIME CHARGE BILLING (NON-RETAINER)
5.	Assist in the review of plan documents or amendments.	Review Included	Drafting is considered Non-Retainer
6.	Assist in the drafting of revised summary plan description booklets.		Drafting is considered Non-Retainer
7.	Develop new procedures or actuarial calculations required by changes in accounting or auditing standards, usually as a result of guidelines issued by the Financial Accounting Standards Board.		X

ATTACHMENT 2: TERMS AND CONDITIONS OF ENGAGEMENT

Horizon Actuarial Services, LLC
and UFCW Unions and Participating Employers Health and Welfare Fund

1. **General.** These master terms and conditions ("general terms") will apply to all engagements for services provided to the entity identified above or its subsidiaries or affiliates ("Client") by Horizon Actuarial Services, LLC or any entity directly or indirectly owned or controlled by Horizon Actuarial Services, LLC ("Horizon Actuarial") unless the services furnished are the subject of a separate written agreement signed by both parties. These general terms may be changed only by a written amendment signed by the duly authorized representatives of Client and Horizon Actuarial.

2. **Engagement Letters.** From time to time, Horizon Actuarial may issue engagement letters for particular projects or assignments. All such engagement letters will be deemed, unless they provide otherwise, to incorporate these general terms, as they may have been amended from time to time by a written agreement signed by both parties. Except with respect to the description of specific services and fees for any engagement, these general terms will prevail over any conflicting terms of any engagement letter. Together with such engagement letters, these general terms state the entire understanding between the parties concerning Horizon Actuarial's services and supersede any prior proposals, correspondence or discussions.

3. **Scope of Services.** Horizon Actuarial will provide the services described in engagement letters or other communications through which Horizon Actuarial agrees to provide services. Horizon Actuarial's undertakings will be limited to advising Client or its subsidiaries or affiliates concerning those matters on which Horizon Actuarial has been specifically engaged. Horizon Actuarial will perform its services with due care and in accordance with the engagement letters, these general terms and prevailing consulting industry standards for comparable services. Horizon Actuarial is not a law firm and does not provide legal or tax advice. Except for the warranties expressed in these general terms, Horizon Actuarial makes no warranty, either express or implied, with respect to its services.

4. **Fees and Expenses.** Unless the parties agree otherwise, Horizon Actuarial's fees will be determined taking into account factors that generally include the circumstances relevant to the particular engagement, the time required to perform the services, the novelty and difficulty of the work, the skill required, the experience and seniority of the associates who perform the services, any time limitations or other unusual conditions that may be applicable, and Horizon Actuarial's standard hourly rates in effect at the time services are performed. Client will reimburse Horizon Actuarial at cost for reasonable out-of-pocket expenses, including travel, incurred in performing the services. Invoices for services rendered and expenses incurred are normally rendered monthly and are due upon receipt. A late payment charge is payable on balances outstanding more than 30 days. Client is responsible for any sales, gross receipts or similar taxes applicable to the services but not for taxes based upon Horizon Actuarial's net income.

5. **Client's Responsibilities.** Client will provide Horizon Actuarial with all documentation and information required to enable Horizon Actuarial to provide the services. Client also will cause its employees and any third parties who are otherwise assisting, advising or representing Client to cooperate on a timely basis with Horizon Actuarial in the provision of its services. Horizon Actuarial may rely upon information provided by Client and its employees and agents as accurate and complete. Horizon Actuarial may rely upon any directions provided by Client and its employees and agents concerning the provision of the services, including without limitation directions with respect to the interpretation of Client's employee benefit plans or matters reflecting the exercise of discretion by Client or the administrator of such plans. If Client or its employees and agents are unable to participate in the project as required, or if information provided by Client or its employees and agents is inaccurate, incomplete or delayed, the scope of the services may be different, the schedule may be delayed, Horizon Actuarial's fees may be higher than described, and/or Horizon Actuarial may be unable to perform some or all of the services as originally agreed.

6. **Resolution of Disputes.** The parties will try to resolve any dispute or claim arising from or in connection with these general terms, any engagement letter or Horizon Actuarial's services by appropriate internal means, including referral to each party's senior management. If the parties cannot reach a mutually satisfactory resolution, then any such dispute or claim will be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), and the Federal Arbitration Act, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. The arbitration will be conducted in the metropolitan area where the Client's office is located in Ohio before a panel of three neutral arbitrators, with one arbitrator named by each party and the third named by the two party-appointed arbitrators, or, if they should fail to agree on the third, by the AAA. The arbitrators may not award non-monetary or equitable relief, punitive damages or any other damages not measured by the prevailing party's actual direct damages. This paragraph will not prevent any party from pursuing equitable remedies to the extent required to protect rights or property or to prevent irreparable harm. If any dispute or claim between the parties is subject to judicial proceedings, each party expressly waives any right it might have to demand a jury trial in such proceedings.

7. **Horizon Actuarial Not a Fiduciary.** Horizon Actuarial is not being engaged to perform or assume any fiduciary functions, including those of any plan administrator, with respect to Client or any employee benefit plan of Client or its affiliates. If Horizon Actuarial is deemed to be a fiduciary with respect to any services, Horizon Actuarial's responsibility as a fiduciary shall extend only to those activities deemed to be fiduciary activities under applicable law and shall in no event extend to any acts or omissions of any other person who is not an employee of and/or otherwise under Horizon Actuarial's direction or control.

8. **Termination.** Either party may terminate any engagement upon 30 days' prior written notice. Client will compensate Horizon Actuarial for all services provided through the effective date of termination. Paragraphs 4, 6, and 9 will survive the termination or expiration of these general terms or any engagement letter to which they apply.

9. **Confidentiality.** Each party will take reasonable measures to preserve the confidentiality of any proprietary or confidential information provided to it in connection with the services. At the conclusion of any engagement, the recipient will, upon request, return any materials, data or documents provided by the other party, provided that Horizon Actuarial may retain a copy of such materials for archival purposes, subject to its confidentiality obligations hereunder. Client shall retain ownership of all data and materials provided to Horizon Actuarial. Horizon Actuarial does not confer to Client any interest in the materials, tools, software or know how used or developed by Horizon Actuarial to provide the services.

10. **Governing Law; Severability.** These general terms will be governed by and construed in accordance with the laws of the jurisdiction where the Horizon Actuarial office principally responsible for providing services to Client is located. If any provision of these general terms is declared invalid by a court or in arbitration, the remaining provisions shall remain in full force and effect.

ATTACHMENT 3: BUSINESS ASSOCIATE AGREEMENT

HIPAA BUSINESS ASSOCIATE ADDENDUM

THIS BUSINESS ASSOCIATE ADDENDUM (the "Addendum") is made as of _____ _____ by and between UFCW Unions and Participating Employers Health and Welfare Fund ("Client") and Horizon Actuarial Services, LLC ("Horizon Actuarial").

R e c i t a l s

WHEREAS, Horizon Actuarial and Client are parties to an engagement letter dated December 30, 2011 pursuant to which Horizon Actuarial has agreed to provide certain services (the "Services") to Client; and

WHEREAS, pursuant to the Services Agreement Horizon Actuarial may receive certain Protected Health Information, as described below, and Client desires to protect such Protected Health Information in accordance with the applicable requirements of the Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. 1171 et seq ("HIPAA"), and the privacy regulations promulgated thereunder (45 CFR part 160 and part 164, subparts A and E) (the "Privacy Rule") and the security regulations (45 CFR part 160 and part 164, subpart C) (the "Security Rule") promulgated thereunder; and

WHEREAS, Horizon Actuarial may be a "Business Associate" of Client within the meaning of 45 CFR Section 160.103; and

WHEREAS, Horizon Actuarial and Client desire to amend the Services Agreement by adding this Addendum containing the terms and conditions under which Horizon Actuarial may use the Protected Health Information;

A g r e e m e n t

NOW THEREFORE, in consideration of the foregoing and the mutual covenants set forth herein, and intending to be legally bound, the parties hereto have agreed as follows:

1. **Certain Definitions**.

"Designated Record Set" shall have the meaning set forth in 45 CFR 164.501.

"Individual" shall have the same meaning as the term "individual" in 45 CFR 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR 164.502(g).

"Protected Health Information" shall mean any "protected health information", as defined in 45 CFR 160.103, that is created by Horizon Actuarial or received by Horizon Actuarial from or on behalf of Client in connection with the Services.

"Required by Law" shall have the same meaning as the term "required by law" in 45 CFR 164.103.

"Secretary" shall mean the Secretary of the Department of Health and Human Services.
"Security Incident" shall have the same meaning as the term "security incident" in 45 CFR 164.304.

2. **Effective Date**. The effective date of this Addendum (the "Effective Date") shall be the date of this Addendum.

3. **Use and Disclosure by Horizon Actuarial of Protected Health Information**. Horizon Actuarial may use and disclose Protected Health Information for the following purposes:

(a) to perform the Services and Horizon Actuarial's obligations under the Services Agreement and this Addendum;

(b) for the proper management and administration of Horizon Actuarial; and

(c) to carry out Horizon Actuarial's legal responsibilities.

In addition, Horizon Actuarial may use and disclose Protected Health Information as may be Required by Law. Horizon Actuarial shall not use or further disclose the Protected Health Information.

4. **Obligations of Horizon Actuarial**.

(a) **Appropriate Safeguards**. Horizon Actuarial shall use reasonable and appropriate safeguards to prevent use or disclosure of Protected Health Information other than as permitted by this Addendum or the Services Agreement.

(b) **Reporting of Improper Use**. Horizon Actuarial shall report to Client any use or disclosure by Horizon Actuarial of the Protected Health Information other than as permitted by this Addendum or the Services Agreement of which Horizon Actuarial becomes aware.

(c) **Agents and Subcontractors**. Horizon Actuarial shall ensure that Horizon Actuarial's agents, including any subcontractor, to whom Horizon Actuarial provides the Protected Health Information agree to the same restrictions and conditions that apply to Horizon Actuarial hereunder with respect to such information.

(d) **Access to Protected Health Information**. If the Protected Health Information is held in a Designated Record Set, upon request by Client, Horizon Actuarial shall make available the Protected Health Information (to the extent that Horizon Actuarial is in possession of same) to Client in accordance with the requirements of 45 CFR Sec. 164.524, and subject to the limitations specified therein. If an Individual requests access to his or her Protected Health Information directly from Horizon Actuarial, Horizon Actuarial shall forward such request to Client and Client shall be responsible for responding to such request.

(e) **Amendment of Protected Health Information**. If the Protected Health Information is held in a Designated Record Set, upon request by Client, Horizon Actuarial shall make available the Protected Health Information (to the extent that Horizon Actuarial is in possession of same) to Client for amendment and incorporate any amendments thereto in accordance with the requirements of 45 CFR Sec. 164.526. If an Individual requests an amendment of his or her Protected Health Information directly from Horizon Actuarial, Horizon Actuarial shall forward such request to Client and Client shall be responsible for responding to such request.

(f) **Accounting of Disclosures**. Upon request by Client Horizon Actuarial shall make available the information required to provide an accounting of disclosures (to the extent made by Horizon Actuarial) in accordance with the requirements of 45 CFR Sec.164.528, subject to the limitations specified therein.

(g) **Access to Records by the Government**. Horizon Actuarial shall make available its internal practices, books, and records relating to its use and disclosure of the Protected Health Information to the Secretary for the purpose of determining Client's compliance with the Privacy Rule.

(h) **Obligations Relating to Security Rule.**

(i) Horizon Actuarial shall implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of electronic Protected Health Information that it creates, receives, maintains or transmits on behalf of Client as required by the Security Rule.

(ii) Horizon Actuarial shall report to Client any Security Incident concerning electronic Protected Health Information of which Horizon Actuarial becomes aware. "Security Incident" shall have the same meaning as the term "security incident" in 45 CFR 164.304.

(iii) Horizon Actuarial shall ensure that Horizon Actuarial's agents, including any subcontractor to whom Horizon Actuarial provides electronic Protected Health Information agrees to implement reasonable and appropriate safeguards to protect Client's Protected Health Information.

5. **Obligations of Client**.

(a) **Privacy Practices**. Client shall notify Horizon Actuarial of any limitations in the applicable Notice of Privacy Practices, in accordance with 45 CFR 164.520, to the extent that such limitations may affect Horizon Actuarial's use or disclosure of Protected Health Information.

(b) **Changes in Individual Permission**. Client shall notify Horizon Actuarial of any changes in, or revocation of, permissions by an Individual to use or disclose Protected Health Information to the extent that such changes may affect Horizon Actuarial's use or disclosure of the Protected Health Information.

(c) **Restrictions on Use or Disclosure of Protected Health Information**. Client shall notify Horizon Actuarial in writing of any restrictions affecting the use or disclosure of Protected Health Information to which Client may agree pursuant to 45 CFR 164.522, to the extent that such restrictions affect Horizon Actuarial's use or Disclosure of Protected Health Information.

(d) **Privacy Rule**. Client shall not request Horizon Actuarial to use or disclose Protected Health Information in any manner that would violate the Privacy Rule if done by Client.

6. **Term and Termination**.

(a) **Term**. The term of this Addendum shall commence as of the Effective Date and, except as otherwise set forth in Section 6(b), shall terminate when all Protected Health Information provided by Client to Horizon Actuarial, or created or received by Horizon Actuarial on behalf of Client, is destroyed or returned to Client.

(b) **Termination for Cause; Termination of Services Agreement**. Client shall notify Horizon Actuarial in writing of any material breach by Horizon Actuarial of this Addendum. Horizon Actuarial shall have not less than 30 days to cure any such breach. If Horizon Actuarial fails to cure such breach within such period, Client may terminate this Addendum upon written notice to Horizon Actuarial. Notwithstanding any provision of the Services Agreement to the contrary, termination of this Addendum by Client shall constitute grounds for immediate termination of the Services Agreement by Client.

(c) **Effect of Termination**. Upon termination of this Addendum or the Services Agreement for any reason, Horizon Actuarial shall return or destroy all Protected Health Information. If Horizon Actuarial determines that returning or destroying the Protected Health Information is not feasible, Horizon Actuarial shall retain the Protected Health Information in accordance with the requirements of this Addendum, which shall remain in effect until Horizon Actuarial destroys the Protected Health Information or returns it to Client.

7. **Conflict with Services Agreement**. The provisions of this Addendum shall prevail over any conflicting provisions of the Services Agreement. Except as modified by this Addendum, the terms of the engagement letter shall remain in full force and effect.

8. **No Third Party Beneficiaries**. The parties do not intend to confer any rights or remedies to any party other than Horizon Actuarial and Client and their respective successors and permitted assignees.

9. **Governing Law**. This Addendum shall be construed in accordance with applicable federal law and the governing law specified in the Services Agreement.

IN WITNESS HEREOF, the parties hereto have executed this Addendum effective as of the Effective Date.

Horizon Actuarial Services, LLC	UFCW Unions and Participating Employers Health and Welfare Fund
By: _____	By: _____
Name: Stanley I. Goldfarb	Name: _____
Title: Actuary & Managing Consultant	Title: _____

Sample Client Health Fund Transition Data Request
December 20th, 2013

Please provide the following information in an electronic format: (Excel and Word, as applicable)

VENDORS	**Received**
1. Vendor contact list	
2. Current vendor contracts	
3. Vendor renewals for past two years	
4. 2012/2013 Vendor reports including summary annual management reports	

COMMUNICATION	**Received**
5. Open Enrollment Materials	
6. Summary of Benefits and Coverage (SBC)	
7. Member health benefit communication materials sent within the last 12 months	
8. Schedule of benefits (active and retiree)	
9. Most recent plan document	
10. Plan amendments	
11. Copies of SPD's and Summaries of Material Modifications issued since the release of the SPD, if any	

BOARD OF TRUSTEES	**Received**
12. Contact List	
13. Board of Trustees Meeting Minutes for 2011, 2012 and 2013	
14. Most recent trust agreement and any amendments	
15. Copy of relevant pages from the prevalent collective bargaining agreement(s) pertaining to health and welfare benefits	
16. Schedule of upcoming Trustee meetings	

CENSUS AND ENROLLMENT	**Received**
17. Recent census with covered employees and retirees including the following information: • Unique identifier (or Social Security Number) • Gender • Date of Birth • Spousal Date of Birth • Date of Enrollment • Status (active, COBRA, retiree, self-pay) • Coverage tier (employee only, employee + 1, family) • Medical plan • Medicare code (member only, member and spouse, spouse only, etc.)	
18. Number of covered employees split by coverage tier (employee only, employee + 1, family, etc.) and plan tier by month broken out for actives, COBRAs, retirees, self-pay etc. for plan years 2011, 2012 and 2013 to date	
19. Summary of hours worked by month, split for regular hours, reciprocal hours in, and reciprocal hours out	

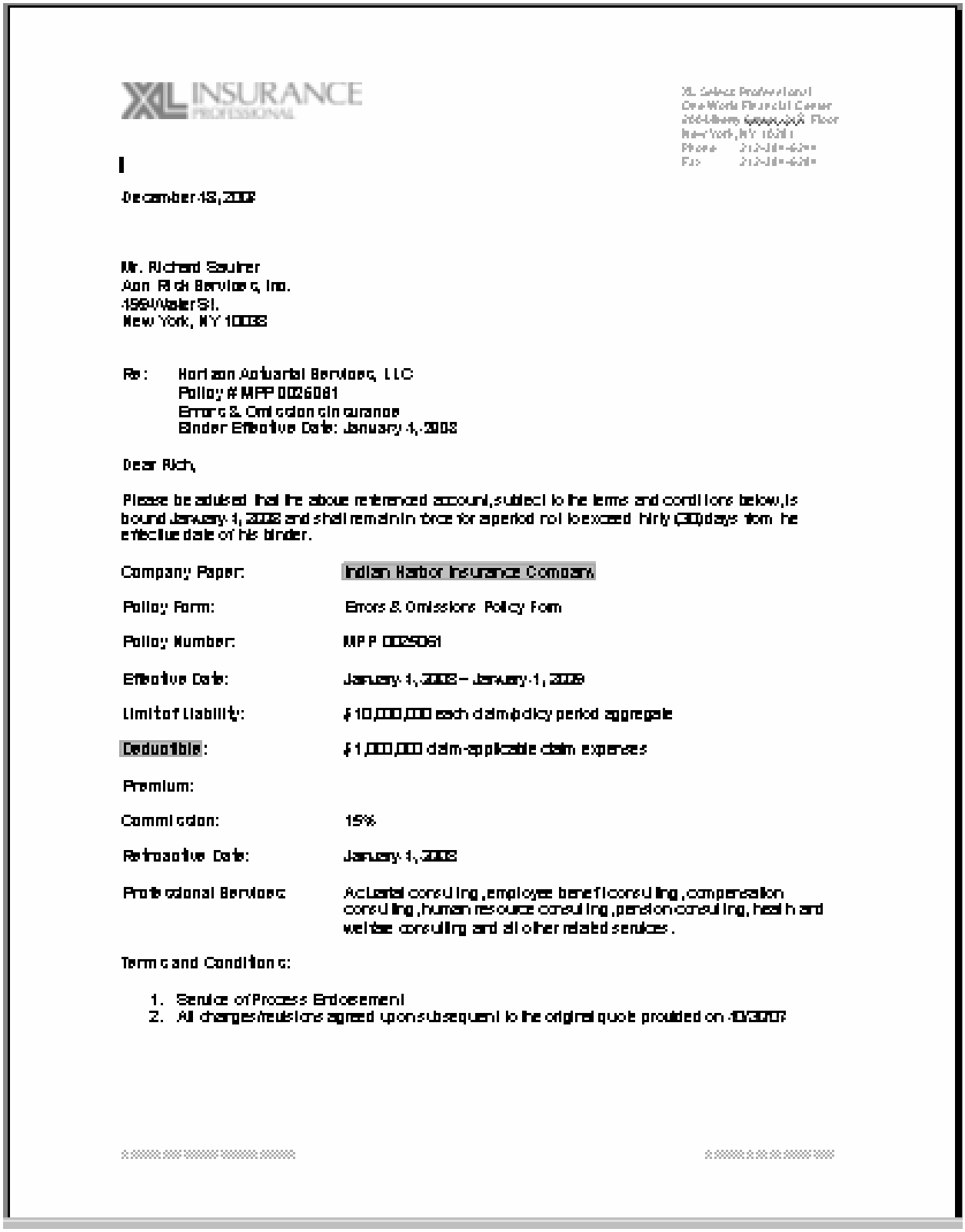
CLAIM AND PREMIUM INFORMATION: ***Please provide the following information for each of the plan years 2011, 2012 and 2013 (please specify the year-to-date period covered) separately, as available:*** ***In addition, where possible please separate claims for actives, COBRA participants, non-Medicare retirees, and Medicare retirees***	**Received**
20. Claims or premiums paid by month for each type of coverage (medical, prescription drug, dental, vision, etc.)	
21. Large claim report showing "large" medical and prescription drug claims including diagnosis. A "large" claim is a claim in excess of the lesser of $100,000 or half the stop loss threshold	
22. Lag report showing claims incurred and paid by month for medical and pharmacy (separate lag reports for actives and retirees)	
23. Summary of prescription drug rebates and subrogation recoveries received	
24. Premium and COBRA rates (please note whether or not rates include the 2% load) and self pay rates for plan years 2010, 2011, 2012 and 2013 for all fully insured and self funded products	

25. Summary report showing a breakout of medical and mental health claims by inpatient, outpatient and professional categories	
26. PPO discount savings report, if available	

HISTORICAL CONTRIBUTION RATES ***Please provide the following information for each of the plan years 2010, 2011, 2012 and 2013 to date:***	**Received**
27. Summary of active earnings	
28. Summary of total employer contribution income	
29. Active contribution rates and summary of active employee contribution income	
30. Retiree contribution rates and summary of total retiree contribution income	
31. Employee Self-Pay contribution rates	

HISTORIC FINANCIAL REPORTS: ***Please provide the following information for each of the plan years 2011, 2012 and 2013 to date (or as otherwise noted):***	**Received**
32. Form 5500 and attachments (2012 only)	
33. Audited financial statements as of 2010, 2011 and 2012	
34. Operating statement financials by month	
35. Copy of ASC report (2011, 2012)	
36. Consultant's annual reports as well as periodic update reports	
37. Copy of the investment consultant's annual report for 2012 as well as the most recent report	
38. List of any plan design and vendor changes since January 1, 2011, including the effective dates and any analysis that accompanied these changes	
39. List of any health & welfare contribution changes since 2010, including the effective dates any analysis that accompanied these changes	

Professional Liability Insurance



XL INSURANCE PROFESSIONAL

XL Select Professional
One World Financial Center
200 Liberty Street, 20th Floor
New York, NY 10281
Phone: 212-[illegible]-62**
Fax: 212-[illegible]-62**

December 18, 2007

Mr. Richard Saulner
Aon Risk Services, Inc.
199 Water St.
New York, NY 10038

Re: Horizon Actuarial Services, LLC
Policy # MPP 0026081
Errors & Omission Insurance
Binder Effective Date: January 1, 2008

Dear Rich,

Please be advised that the above referenced account, subject to the terms and conditions below, is bound January 1, 2008 and shall remain in force for a period not to exceed thirty (30) days from the effective date of this binder.

Company Paper:	Indian Harbor Insurance Company
Policy Form:	Errors & Omissions Policy Form
Policy Number:	MPP 0026081
Effective Date:	January 1, 2008 – January 1, 2009
Limit of Liability:	$10,000,000 each claim/policy period aggregate
Deductible:	$1,000,000 claim-applicable claim expenses
Premium:	
Commission:	15%
Retroactive Date:	January 1, 2008
Professional Services:	Actuarial consulting, employee benefit consulting, compensation consulting, human resource consulting, pension consulting, health and welfare consulting and all other related services.

Terms and Conditions:

1. Service of Process Endorsement
2. All changes/revisions agreed upon subsequent to the original quote provided on 10/30/07

Horizon

Professional Liability Insurance (cont.)

XL INSURANCE
PROFESSIONAL

THE POLICY IS BEING ISSUED BY A CARRIER NOT LICENSED TO DO BUSINESS IN THE STATE WHERE THE INSURED IS DOMICILED. YOUR OFFICE MUST HAVE A VALID ESS LICENSE AND WILL BE RESPONSIBLE FOR THE COLLECTION AND REMITTANCE OF ANY APPLICABLE TAXES AND FEES AS WELL AS THE FILING OF ALL REQUIRED AFFIDAVITS.

Premiums must be remitted within thirty days of the effective date

If you have any questions, please contact me at 212-33[redacted]. Thank you for thinking of XL Select Professional for your professional liability needs. We look forward to working with you on other opportunities in the near future.

Sincerely,

Christopher T. Allen
Vice President
XL Select Professional
[redacted]

[redacted]

[redacted]

Horizon