

EXHIBIT A

RETIREE HEALTH CARE BENEFITS PROGRAM CONSULTING SERVICES

STATEMENT OF WORK

The consultant will be responsible for providing the following services:

A. Strategic Planning

The consultant will assist LACERA in the development of a long range plan to accomplish the Association's goals to provide retirees and beneficiaries with a comprehensive health care benefits program of the highest quality and to aggressively control costs associated with the program.

The consultant will provide LACERA with information related to identifying, analyzing, and forecasting the following:

- Cost trends in health care
- Trends in delivery systems
- State and national legislative issues
- Medicare and Medicaid issues; including Retiree Drug Subsidy (RDS)
- Trends in quality of care issues
- Trends in Long Term Care benefits
- Risk management
- Pharmacy benefit management

B. Annual Program Evaluation

Each year, the consultant will evaluate the effectiveness of the existing health care benefits program. This evaluation will include an analysis of claims data (utilization studies), a review of our reserves and retention, the preparation of experience studies, and a projection of premiums for future years. This evaluation will also include a critique of each carrier providing information on carrier efficiency, carrier responsiveness, member satisfaction, carrier audits (annual or bi-annual), and adherence to contract provisions.

The results of the annual evaluations will be used by the consultant to determine whether any program changes are recommended.

In recommending changes, the consultant will identify the most efficient and effective approaches to benefit delivery. Consideration will be given to alternate plan designs, benefit enhancements, new carriers, different approaches to cost management, and strategies to maximize coordination of benefit savings and most effective integration with Medicare. Any recommendation will include an estimate of the actuarial cost of benefit changes. The recommendations must also include a forecast of financial impact of the proposed changes upon the entire health care benefits program.

If changes are adopted, the consultant will assist LACERA in the selection of carriers or vendors. The consultant may also be required to prepare the Request for Proposals (RFP's) for new carriers or vendors, analyze the responses to the RFP's, and assist in the finalization of any contract that may result from the RFP process.

This work will require the consultant to become familiar with all aspects of LACERA's Retiree Health Care Benefits Program plan design, governing documents, and vendor contracts.

The evaluation, analysis, and any recommendations will be provided to LACERA in a written report format. The annual timing of this report will be determined at the beginning of the contract period and remain constant throughout.

C. Annual Medicare Part B Premium Reimbursement Program Analysis and Report

The Board of Supervisors of the County of Los Angeles annually reviews the Medicare Part B Premium Reimbursement Program. Under this annually-renewed program, eligible retired members receive a monthly reimbursement of their standard-rate Part B premium. The consultant will be responsible for performing a cost analysis of the program, based on the following year's published Medicare Premium rates and LACERA's Medicare plans and enrolled retirees, that will be forwarded to the Board of Supervisors for their consideration. The timing of this report is triggered by Medicare's publishing of the Medicare premium rates for the following year.

D. Annual Renewal Process

The consultant will have primary responsibility for the annual premium contract negotiations with our carriers. The consultant will be responsible for preparing and presenting the renewal analysis and the updating of member contribution rates based on benefit structure.

E. Audits

1. The Consultant will conduct, as needed, up to two claims audits per year; one each on Anthem Blue Cross of California, Plans I, II and III, and the CIGNA HealthCare Dental PPO. The audits must be statistically valid, and must determine, at the least, 1) the timeliness of claims processing; 2) the rate of incorrect claims payments; and 3) the rate of non-payment claims errors.

2. The Consultant will assist LACERA in the development of an Audit Program that will analyze the effectiveness, accuracy, and quality of our carriers and of the Retiree Health Care Benefits Program internal operational practices. The product of this assignment will be a comprehensive audit program that will meet the short- and long-term needs of the LACERA Retiree Health Care Program in the areas of benefit maximization, cost-savings, and industry best practices. LACERA is seeking guidance in this currently unexplored area.

F. Ongoing Program Administration and Maintenance

The consultant will assist LACERA in the overall day-to-day administration and maintenance of the retiree health care benefits program. The consultant must have the resources available to assist LACERA in evaluating current administrative practices and developing recommendations to enhance the effectiveness of procedures. The various services that may be required are:

- Serving as administrative liaison with carriers
- Assisting in reviewing, evaluating and negotiating contracts
- Assisting in interpreting, addressing and resolving legislative, legal, contract and compliance issues
- Monitoring the carriers' production of monthly claim service reports
- Producing monthly claim service reports for the Insurance, Benefits & Legislative Committee
- Reviewing year-end accounting for LACERA participating arrangement contracts for reasonableness and accuracy
- Monitoring carrier compliance with contractual provisions
- Responding to ad hoc information requests from LACERA
- Providing and interpreting legislation affecting or otherwise relating to the LACERA Retiree Health Care Benefits Program, including without limitation Medicare rules and laws, including RDS

- Monitoring and reporting on the development of Medicare changes and its effect on LACERA's Retiree Health Care Benefits Program, including RDS
- Reporting on changes to the COBRA program
- General due diligence

G. Communications

Benefit programs must be supported by effective communications programs if they are to be understood and appreciated by plan participants. The consultant must have qualified benefit communications personnel who have prior experience developing and implementing strategic communication plans for groups with LACERA's population. As necessary, the consultant will design, write and produce and/or review announcements, brochures, enrollment kits, plan summaries, decision guides, rate charts, Medicare summaries, and other media, such as:

- Enrollment Forms and Brochures
- Rate Booklets
- Vendor Booklets
- Outgoing and Return Envelopes
- Letters and Other Information to Retirees
- Carrier/Vendor Informational Material
- Medicare Charts
- Special Mailings
- Wellness Program Handouts and Mailings

LACERA will pay all postage costs incurred for above communication pieces, if mailed.

The consultant will also provide the following services as a part of the overall responsibilities for the communication program:

- Maintaining carrier contributions to wellness program efforts and providing LACERA with a monthly accounting of these funds

- Researching vendor sources and obtaining quotes to achieve the best prices and quality for printed material
- Coordinating carrier mailings to LACERA members, such as announcement materials, identification cards and certificates of coverage
- Reviewing for accuracy and content, the communication materials furnished by carriers, such as certificates of coverage, summary brochures, enrollment forms, claim forms, letters and announcements to LACERA members
- Collating monthly supplies of LACERA's enrollment packet contents for new retirees and maintaining inventories of carrier materials and other LACERA media; this includes the responsibilities of shipping, and providing messenger mail delivery services to maintain availability of these resources at LACERA
- Writing and producing printed copies of letters advising members of benefit changes, rate increases, and other plan information
- Designing, writing and producing media campaigns for special projects, including theme logos, identification buttons and mailings to members

H. Training and Education

In the area of training and education the consultant will be responsible for but is not limited to the following:

- Training of LACERA's staff on benefit issues and programs. In addition to any education programs available to all clients of consultant, training will be provided on a quarterly basis on either topics of current interest, or general, relevant education. Topics will be recommended to LACERA, and LACERA will choose the topic to be discussed. Training will take place at the LACERA offices in Pasadena.
- Making monthly informational presentations to the Insurance, Benefits and Legislative Committee on current and ongoing health care issues
- Explaining new insurance industry products
- Providing updates on benefits legislation at the state and federal levels

I. Special Projects

Consultant will be responsible for but is not limited to working with LACERA on special projects such as:

- Planning, coordinating and operating the semi-annual wellness program/health education workshops for LACERA members
- Implementing and coordinating Medicare programs with carriers, including, but not limited to, RDS and Medicare Advantage programs

Information about LACERA's Retiree Health Care Benefits Program can be found at LACERA's website: www.lacera.com.