



October 29, 2015

Russell Lee-Sung
Associated Superintendent, Chief HRO
Newport-Mesa Unified School District
2985 Bear Street, Suite A
Costa Mesa, CA 92626

Re: Medicare Part D – Retiree Drug Subsidy Program Engagement

Dear Russell,

We are very pleased to continue our work with Newport-Mesa USD as your Medicare Part D consultant. We believe we bring some unique service advantages by coordinating workflow between Cigna (effective October 1, 2015), and the Centers for Medicare and Medicaid Services (CMS) in order to take full advantage of the Retiree Drug Subsidy program (RDS).

As a first step in any continuing assignment, we find it helpful to document the commitment we have made to you, as well as our mutual roles and responsibilities. Your review and acceptance of this letter and the accompanying exhibits will help ensure the success of our partnership in this regard.

- **Exhibit A:** Services to be provided under this Agreement
- **Exhibit B:** Fees and Payment for Services as described in Exhibit A

In order to meet critical completion dates and adhere to CMS reporting standards, we will need your support at various intervals. For example we will need you to:

- Assign a representative that can legally bind Newport-Mesa USD to sign off on the subsidy application and subsequent requests for payment from CMS
- Assign a representative that can verify the authenticity of the individual above
- Assign RDS account manager responsibilities to Aon Consulting
- Provide basic information needed to complete the subsidy application
- Work with Aon Consulting to resolve data issues
- Send an authorization letter to Cigna to release pharmacy claims and rebate data to Aon Consulting.

Aon/Aon Hewitt | U.S. Health & Benefits Consulting
100 Bayview Circle | Suite 100 | Newport Beach, CA | 92660
t+1.949.725.4500 | f+1.949.725.9414 | aon.com
License Number 076390 | Proprietary & Confidential

Risk. Reinsurance. Human Resources. **Empower Results**



In addition, we will need Newport-Mesa USD's assistance to complete the work steps outlined in Exhibit A. We will go over all the details with you once we are authorized to begin work.

The general terms and conditions of this Agreement will be in conjunction with those currently in force between Aon Consulting and Newport-Mesa USD on existing engagements.

This current Agreement continues in effect until terminated. If you or Aon Consulting elect to terminate this Agreement, thirty days (30) advance written notice to the other party of its intent to terminate is required.

We look forward to working with you and your colleagues. Assuming this letter and accompanying exhibits meet your expectations, please sign the letter and return it to my attention at your earliest convenience. We appreciate this opportunity to work with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Kirby Bosley", is written over a light gray horizontal line.

Kirby Bosley
Senior Vice President
213.630.2903
kirby.bosley@aonhewitt.com

cc: Mary Ann Hilado, Aon

Signature for Newport-Mesa Unified School District

Russell Lee-Sung
Associate Superintendent, Chief HRO

(date)



Exhibit A – Services to be Provided

Retiree Drug Subsidy

2015-2016 Plan Year

Aon understands and agrees to provide the general consulting services outlined in points 1 through 12 from the District's RFP and reiterated below, with one exception. Under item 6, please note that we will prepare the notices of Creditable coverage but will ask that the District do the distribution of those notices. Almost without exception, our clients distribute these notices once per year as part of open enrollment. This approach saves money by eliminating postage costs and a separate distribution process. If the District desires that Aon perform the distribution, we would be glad to do so but there would be an additional cost.

1. Providing professional, customary services to the District regarding the CMS Retiree Drug Subsidy Program.
2. Providing liaison services between the District, health benefit vendors and actuarial vendors.
3. Participate in CMS and RDS training programs.
4. Communicating CMS Retiree Drug Subsidy updates and revisions with the District. Assisting the District in adherence to government mandated requirements and state and federal laws and regulations.
5. Application and Actuarial- Define Benefit Options, assign actuaries, view attestation summary, define payment frequency, choose retiree list submission method, view/send/receive retiree data, submit and view payment data, withdraw an application, delete an application, request an extension, and submit an appeal. Create census data for actuarial. The qualified Actuary must be a member of the American Academy of Actuaries (AAA). The Actuary must sign the attestation of the plan's actuarial equivalence to the standard Medicare Part D benefit. A qualified actuary must attest to both the Gross and Net Values of each Benefit Option.
6. Manage Retiree files and submission-eligibility, communicate with Vendor to coordinate download of retiree response files, download weekly notification files to review and report changes to Vendor and prepare notices of Creditable coverage to be distributed by the District.
7. Payment Request- Request payment privilege will be permitted to request payment, and view all cost reports for the RDS applications. Coordinate with vendor for review of cost data.
8. Annual Reconciliation to include submitting added/updated/deleted retiree files to ensure that the retiree list reflects the most current data regarding qualifying covered retirees. Process all retiree response files and retiree notification files sent from CMS' RDS Center. Verify that all retiree and final cost data have been processed by communicating with all of the retiree data reporters and cost reporters (e.g., Vendors and Pharmacy Benefit Managers). All actual cost adjustments (e.g., discounts, charge backs, rebates,



and similar price concessions) for the final costs reported must be calculated. Also coordinate each individual retiree's cost data for purposes of calculating each retiree's cost threshold and cost limit across the application.

9. A designee, as applicable, must maintain and furnish to CMS or the Office of Inspector General (OIG) upon request, the records enumerated in Federal regulations at 42 CFR 423.888(d). The records must be maintained for 6 years, or any other period as specified by CMS or OIG, after the expiration of the plan year in which the costs were incurred for the purposes of audits and other oversight activities conducted by CMS to assure the accuracy of the actuarial attestation and the accuracy of payments.
10. Guidance and assistance in completing existing RDS plans 17564 and 40206. Assigned as designee for plan 89964 and scope of work as outlined in statement of work above.
11. Statement of work may adjust should CMS update processes and regulation changes for Designee assignments
12. Meeting and conferring at the district, as requested by the District, with key staff members, and if required, consulting with the Board of Trustees.



Exhibit B – Payment for Services

Based on the scope of services in Exhibit A, we present our fees in the table below:

Exhibit A Services	Total Fees
2015-2016 Plan Year	\$18,000
Future Plan Years	\$18,000

Please note the services to be provided in future plan years are the same as those outlined in Exhibit A.

Aon Consulting will bill N-MUSD on a time and expense basis with fees not to exceed total fees indicated above. Our actual fees will include:

- Amount of time we spend on the project multiplied by the hourly billing rates for the staff assigned to complete the project; and
- Associated out-of-pocket expenses.

If the assignment takes less time than estimated, our fees will be less; if the assignment takes more time, our fees will not exceed the agreed upon cap or any revised cap we might negotiate with N-MUSD.

We will bill you monthly as we incur charges for our services. Payment is due within 30 days of the invoice date.

During the course of the assignment, should N-MUSD and Aon Consulting agree to have Aon Consulting undertake additional projects, we will work within a separate proposal, fee estimate and Letter of Engagement. We will bill you monthly on a time and expense basis as we incur charges for the additional services.

Change in Scope/Significant Events

Please be aware that requested changes in the scope of services provided by Aon Consulting could result in an increase to our fees. Changes in scope that could materially increase fees (by 5% or more) could include, but are not limited to the following:

- Change of your payroll or other vendors or systems which are integral to the performance of our services;
- Assignment of additional roles, responsibilities or functions; or
- Other factors which were not anticipated and increase the complexity or timing of plan operations or which affect our responsibilities or duties.

In many cases, changes in scope may simply generate a one-time additional fee to adapt the process to fit the new scope. An example is a change in vendors that would require initial set up work that is not anticipated to increase the ongoing fees once completed.



Out-of-Pocket Expenses

Out-of-pocket expenses (including transportation, hotels, meals, etc.) will be billed as soon as possible after the actual expenses are incurred. Charges from third party vendors for printing or production services on your behalf will be passed through to you, as well as any sales or use tax that Aon Consulting becomes obligated to pay in connection with services provided on your behalf. If you require copies of files for transferring services to other service providers during or after this engagement, such services will be available based on our standard hourly time and expense rates.