

Central Unified
4605 N. Polk Avenue
Fresno CA 93722

Purchase Order No.
The number below MUST appear on all invoices, pkgs., etc.
184689
Order Date: 02/06/2018

(559) 274-4700

FAX: ()

CC: Tatum T.
CC: Anita L.

Invoice To:

Ship Prepaid To:

CENTRAL UNIFIED SCHOOL DISTRICT 7500 - CENTRAL USD BUSINESS OFFI
ACCOUNTS PAYABLE (559-274-4700) I MACILLAS 559-274-4700 x63111
4605 N POLK 4605 N. POLK
FRESNO CA 93722-5334 FRESNO CA 93722-0000

TO: VE# 3459 FAX# (415) 403-1334 Phone# (415) 403-1333

MILLIMAN INC
2175 N CALIFORNIA BLVD
SUITE# 810
WALNUT CREEK CA 94596

Remit To:

MILLIMAN INC
2175 N CALIFORNIA BLVD
SUITE# 810
WALNUT CREEK CA 94596-

Quantity Ordered	Unit of Measure	Description of Articles or Service	Unit Price	Total Cost
1	Each	DISTRICT EMPLOYEE BENEFIT PLAN Actuarial Valuation of District's H & W Plan as of June 30, 2018 "ESTIMATE" PURCHASE ORDER - PO VALID UNTIL 6/30/18 ***RECEIVER REQUIRED*** NOTE: VENDOR MUST CHECK-IN AT MAIN OFFICE **FREIGHT DELIVERIES BY APPT ONLY** DELIVERIES NOT SHIPPED TO "SHIP PREPAID" ADDRESS ABOVE WILL BE REFUSED.	\$18,000.00	\$18,000.00
			Sub Total:	\$18,000.00
			Discount:	\$0.00
			Tax:	\$0.00
			P.O. Total:	\$18,000.00

Requested By: C Crossley	Authorized By: tt	Requisition #: 185097
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Fu---Re---Y-Gl---Fn---Ob---Si---RP---Mg
6700-00000-0-0000-6000-580000-000-0502-7500

Amount
\$18,000.00

No contractor or subcontractor may be listed on a bid
Proposal for a public works project unless registered with
the D.I.R. pursuant to Labor Code section 1725.5
No contractor or subcontractor may be awarded a contract
for public work on a public works project awarded on or
after April 1, 2015 unless registered with the Department of
Industrial Relations pursuant to Labor Code section
1725.5.

This project is subject to compliance monitoring and
enforcement by the Department of Industrial Relations.

1. If unable to fill order or invoice exactly in accordance with description, unit and price hereon, do not ship. Advise us.
2. If price is omitted on order it is agreed that your price will be the lowest prevailing market price.
3. Orders not received on date specified may be cancelled by us.
4. Goods subject to our inspection on arrival.
5. There must be a separate invoice for each purchase order.
6. On orders F.O.B. Shipping Point prepay shipping charges, add to invoice, and attach paid freight bill as evidence of prepayment charges.
7. All materials, supplies and equipment must comply with requirements of the California Occupational Safety and Health Act and all electrical equipment must comply with three wire grounding requirements.

Approved

FEB 09 2018



2175 N. California Blvd.,
Suite 810
Walnut Creek, CA 94596
USA

Tel +1 888 881 4015
Fax +1 888 881 0329

milliman.com

January 29, 2018

Sent via email: doug@dlris.com

Mr. Doug Richesin
DLR Insurance Solutions
7110 North Fresno, Suite 430
Fresno, California 93720

**Central Unified School District
Proposal for Actuarial Services – Self-Funded Health and Welfare Fund**

Dear Doug:

We are pleased to present this proposal to provide actuarial services to the Central Unified School District ("District"). Milliman will conduct an actuarial study of the self-funded health and welfare program's costs for the 2018-2019 plan year.

SCOPE OF WORK

We will perform a study that will assist the District in its determination of an adequate level of funding for its self-funded Health and Welfare Plan and projection of future health and welfare costs over the next fiscal year. The study will include the following:

- An estimate of Incurred But Not Paid (IBNP) claim reserves as of June 30, 2018, for the plan's medical, prescription drug, dental, and vision benefits.
- A Statement of Fund Position (comparison of claims reserves to fund assets) as of June 30, 2018.
- A projection of medical, prescription drug, dental, and vision claims and expenses for the 2018-19 fiscal year, both on an aggregate and per member basis.
- Development of updated rates for the part-time health plan.

The results of our study will be presented in a written report, which will also include a summary of the actuarial methods and assumptions used in the valuation, as well as a description of the plan and summary of claims and enrollment data.

APPROACH AND METHODOLOGY

Data Collection: We will collect information from you, as outlined in the attached Exhibit 1 – Data Request. We will provide a limited review of that data and discuss any ambiguities or inconsistencies with you, as they pertain to this report.

Estimate of Claims Reserves: We will analyze the lagged claims experience data for each benefit type (medical, prescription drug, dental, and vision benefits). We will examine underlying claims patterns in light of other information, such as pending claims, claims backlogs, stop loss claims, and changes in administrative claims practices. We will then estimate the incurred but not paid claims as of June 30, 2018. We will also estimate the reserve for claims expenses and recommend a reserve margin due to potential claims fluctuations.



Doug Richesin
January 29, 2018
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Claims Projection. We will examine the District's claim experience for the prior three years. Based on the claims experience and the size of the District's population, we will develop expected claims for the next fiscal year. In developing expected claims, we consider factors such as the demographics of the employee group. Finally, we adjust the expected claims to account for medical trend.

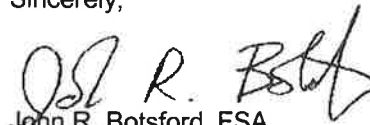
FEES, DATA REQUIREMENTS, AND TIMETABLE

We propose a fee of \$16,000 - \$18,000 for the claims valuation. Enclosed is Exhibit 1 that contains the data and informational items required to complete the proposed services. We expect to complete the report within four weeks of receipt of timely, complete, and accurate census and claims data. All work will be performed under the same terms as those defined in Milliman's Consulting Service Agreement with Central Unified School District dated June 1, 2004.

CLOSING

If this proposal is acceptable to the District, please have the appropriate District representative sign below and return a copy to us along with the data requested. If you have any questions about the proposed services or data requested, please contact me at (415) 394-3740. I look forward to working with you on this project.

Sincerely,


John R. Botsford, FSA

JRB/

Enclosure

cc: Ellen Harrington

Reviewed and Accepted for Central Unified School District by:



Name



Date

Exhibit 1 – Data Request

Please provide the following data for **each health benefit** (e.g., medical, prescription drug, dental, and vision). Provide data for the most recent three years (the "experience period"). Medical claims and enrollment for the part-time plan should be broken out and reported separately. **Please provide all numerical data in Excel, whenever possible.** Note that we are intentionally requesting data for time periods that overlap with data we have already received. Please do not send any Protected Health Information (PHI), if possible. If PHI is sent, please send that information via a Secure File Transfer Protocol.

Experience Data

1. Lagged Claims Experience Data. For each month, provide that month's claims paid by month incurred, for incurred claims from January 2015 through December 2017, with paid claims through December 2017. These reports are often referred to as triangle/lag reports. Please provide separate tables for each benefit (medical, prescription drug, dental, and vision).
2. Claims Summary – Benefit Type. Provide the amount of paid claims by benefit type (e.g., medical, prescription drug, dental, and vision) for each month, January 2016 through December 2017. Indicate whether the medical claims are gross or net of stop loss reimbursements, and provide month by month stop loss reimbursements.
3. Monthly Member Counts. Provide the number of covered employees and dependents each month during the experience period. If membership was not stable during the experience period, describe the issues affecting such changes.
4. Large Claims. Provide a report listing claims exceeding \$50,000 within a contract period. Please also provide actual reimbursements by month under the stop loss contract (see item 2 above). Please provide a prognosis for cases currently exceeding \$100,000.
5. Miscellaneous. Describe any events that may have a material impact on the membership, claims, or reserves. For example, indicate if there were any changes to the claim administration system that would affect the time to process a claim, the lag in payment of claims, the amount of claims returned or pended for additional information, how stop loss recoveries are processed, and any other aspect of claim payment that may affect the Plan's liability.

Vendor Information

Last year you provided a summary of claims administrative costs. Please update that exhibit for the 2017/18 and, if available, 2018/19 plan years. Please indicate effective date of fees and provide any information on changes to vendors or services. When possible, please provide fee agreements from each vendor.

- Advantek: medical and dental claims administration and COBRA per employee per month (PEPM) fees.
- Medical Eye Services: vision administration PEPM fees.
- Case Management and Disease Management program hourly fees.
- Blue Cross: network access PEPM fees.
- Stop Loss: Provide the contract with the Fund's new stop loss vendor, including individual and aggregate attachment point, benefits covered, the contract period, and the PEPM premium for each of specific and aggregate coverage. Describe how the claims and related reimbursements are shown in the lagged claim reports.
- Other vendor costs by month. Last year you provided a report labeled "Cost of Care."
- Life insurance rates, split by active and retiree groups.

Exhibit 1 – Data Request

RETIREE CENSUS DATA

Please provide the Retiree Fund Transfer report as of December 2017 in an Excel spreadsheet with one line per member as you did last year.

PLAN BENEFITS

From our prior work, we have a copy of the Summary Plan Document dated October 20, 2016. Please provide a summary of any changes in benefits that have occurred in the past two years that are not yet reflected in that document. Identify the benefit change and effective date of change.

Please provide a schedule of the District's current budgeted claims costs for active employees, dependents, and retirees. Please provide any cost sharing arrangements or premiums charged to employees and retirees. Provide the current budgeted claims costs for both the full-time employees and part-time employees covered under the part-time plan.

FUND BALANCE AND AGGREGATE REVENUE AND EXPENSE

Please provide a copy of the fund's most recent financial statements, including the following:

- Monthly Financial Report Schedule for 2016-17 and year to date 2017-18, as provided last year.
- Balance Sheet as of December 31, 2017
- Income and Expense report for December 2016 to December 2017
- Trial Balance worksheet as of June 30, 2017 and December 31, 2017.
- Reconciliation of the fund balance from June 30, 2016, to June 30, 2017, and from June 30, 2017, to December 31, 2017.