

**CONFIDENTIALITY/BUSINESS ASSOCIATE AGREEMENT
FOR PUBLIC SECTOR HEALTH PLAN SPONSOR**

The Segal Group, Inc., the parent of The Segal Company, for itself and on behalf of its subsidiaries and affiliates¹ (collectively “SEGAL”) understands that its client plans and plan sponsors desire to protect the confidentiality of plan participants’ and beneficiaries’ health information and keep such information secure. The confidentiality of individually identifiable health information (“IIHI”) and the security of electronic protected health information (ePHI) have long been a priority for SEGAL. The privacy regulation (“Privacy Rule”) and the security regulation (“Security Rule”) promulgated by the United States Department of Health and Human Services under the authority of the Health Insurance Portability and Accountability Act² (“HIPAA”) furnishes SEGAL with an opportunity to reaffirm that commitment. This Agreement, effective on (“the Effective Date”), by and between SEGAL and the client executing below City of Glendale, an Arizona municipal corporation (“Client”),³ is the integration of the Parties’ understandings as to the confidentiality of IIHI and the security of ePHI and supersedes all prior understandings and other contractual provisions in that regard (the “Agreement”).

WHEREAS Client sponsors one or more “health plans” (“the Plans”) which are “Covered Entities” under the Privacy Rule and the Security Rule. These rules require covered entities and certain of their service providers to enter into confidentiality agreements.

WHEREAS SEGAL may create on behalf of, or receive from, the Plans or the Plans’ other service providers IIHI deemed protected health information under the Privacy Rule (the “Protected Health Information” or the “PHI”).

WHEREAS SEGAL, in the course of providing services to Client, may on behalf of the Client and/or Plans create, receive, maintain, or transmit electronic Protected Health Information. “Electronic Protected Health Information” is Protected Health Information as defined in 45 C.F.R. 160.103 that is transmitted by electronic media or maintained in electronic media. The term, “electronic media” shall have the meaning set out in 45 C.F.R. 160.103.

WHEREAS the Parties wish to confirm the appropriateness of Client and/or Plans’ sharing of IIHI, PHI and ePHI with SEGAL related to the services SEGAL provides and which are various functions deemed to be “treatment,” “payment,” or “health care operations” under the HIPAA Regulations set forth at 45 CFR Parts 160 and 164.

WHEREAS the Parties now desire to comply with HIPAA, the Privacy Rule, and Security Rule, as amended by the Health Information Technology for Economic and Clinical Health Act of the American Recovery and Reinvestment Act of 2009 (“HITECH”) and any rules promulgated thereunder.⁴

¹ The obligations and privileges of Segal herein extend to all companies in The Segal Group, Inc., a Delaware corporation except Segal Advisors, Inc., a New York corporation.

² Subtitle F, Public Law 104-191, Section 261, et seq.

³ SEGAL and Client are referred to collectively herein as “the Parties.”

⁴ 42 U.S.C. §17921, et. seq.

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein, Client and SEGAL hereby agree as follows:

1. SEGAL Responsibilities with Respect to the Privacy of Protected Health Information.

To the extent that SEGAL is acting as a business associate under the HIPAA Privacy Rule, SEGAL hereby agrees, with regard to its use and/or disclosure of the PHI, to do the following:

- a. Subject to the provisions in Section 5 hereof, to use and/or disclose the PHI only: (i) in conjunction with the services it provides, or has contracted to provide, to Client (“the Services”), including but not limited to using data in bids and vendor selection processes; (ii) consistent with the manner which Client is permitted to use and disclose by 45 C.F.R. § 164.502 (as amended from time to time); (iii) for SEGAL’s proper management and administration or to fulfill any present or future legal responsibilities in accordance with 45 C.F.R. §164.504(e)(4); (iv) to aggregate with the IIHI of other SEGAL engagements to furnish data analyses; (v) for use by SEGAL after being de-identified in accordance with the requirements of 45 C.F.R. § 164.514(b), (vi) as otherwise permitted or required by this Agreement; or (vii) as otherwise permitted or required by law;
- b. to report to Client, in writing, any material use and/or disclosure of the PHI that is not permitted or required by this Agreement of which SEGAL’s Privacy Official⁵ become aware;
- c. to use commercially reasonable efforts to maintain the security of the PHI as required by the Privacy Rule and to prevent its use and/or disclosures contrary to this Agreement;
- d. to require all of SEGAL’s non-affiliated subcontractors and agents utilized in providing the Services to agree, in writing, to adhere to equivalent restrictions and conditions on the use and/or disclosure of the PHI that apply to SEGAL pursuant to this Section;
- e. make available upon reasonable notice and during normal business hours, its internal practices, records, books, agreements, policies and procedures directly relating to the use and/or disclosure of the PHI to the United States Department of Health and Human Services for purposes of determining Client’s compliance with the Privacy Rule subject to applicable privileges and confidentiality agreements;
- f. within thirty (30) days of receiving a written request from Client that Client has received a request by an individual for an accounting of the disclosures of the individual’s PHI in accordance with 45 C.F.R. § 164.528, provide to Client a list of disclosures (if any) made: for public health purposes, regarding abuse, neglect or domestic violence; to a health oversight agency; in the course of a judicial or

⁵ As a Business Associate, SEGAL is not required to have a Privacy Official. However, we have created an Office of Privacy Official for the purpose of implementing the Privacy Rule and for the convenience of our clients.

administrative proceeding; for law enforcement purposes; to coroners, medical examiners and funeral directors; to organ procurement organizations; for research; as required by law; to prevent a serious harm to health or safety; to military and veterans officials; or for workers' compensation purposes. In each case SEGAL shall provide at least the following information with respect to each such disclosure: (a) the date of the disclosure; (b) the name of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; (d) a brief statement of the purpose of such disclosure which includes an explanation of the basis for such disclosure;

- g. at such time as the Parties agree that SEGAL holds a portion of Client's members' Designated Record Set not in Client's possession, it will provide such information to Client to allow Client to fulfill access requests made in compliance with 45 C.F.R. § 164.524 or, at its option, respond directly to such requests; and
- h. at such time as the Parties agree that SEGAL holds, and has edit control over portions of the Designated Record Set with respect to the Plans' covered persons, to process at Client's costs, in the manner required by 45 C.F.R. § 526, requests for amendment to the Protected Health Information relevant to those persons.

2. **SEGAL Responsibilities with Respect to the Security of ePHI.** To the extent SEGAL creates, receives, maintains, or transmits the ePHI in its capacity as a Business Associate to the Plan, SEGAL hereby agrees to do the following:

- a. implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the ePHI;
- b. require all of its non-affiliated subcontractors and agents utilized in providing the Services to agree, in writing, to implement reasonable and appropriate safeguards for the ePHI as those that apply to SEGAL pursuant to this Section 2; and
- c. report to Client, in writing, any security incident of which it becomes aware. For purposes of this Agreement, "security incident" shall mean successful unauthorized access or disclosure or modification, destruction or interference with the ePHI by a third party.

3. **Breach Notification under HITECH.** SEGAL shall notify Client as soon as practicable, but no later than 30 days after discovery, of a Breach of Unsecured PHI, as defined in the regulations promulgated under HITECH, 45 C.F.R. Part 164, subpart D. Such notice shall include all available information required by 45 C.F.R. §164.410, including the identity of each individual whose Unsecured PHI has been or is reasonably believed by SEGAL to have been accessed, acquired, used or disclosed during the Breach; a brief description of what happened, including the date of the breach and the date of discovery if known; a description of the type of Unsecured PHI involved in the Breach; the steps individuals should take to protect themselves from any potential harm resulting from the Breach; a brief description of the steps SEGAL is taking to investigate, mitigate harm, and protect against further breaches; and contact information for follow-up questions.

4. **Responsibilities of Client.** With regard to the use and/or disclosure of PHI by SEGAL, Client hereby agrees:

- a. that the uses and disclosures which SEGAL shall carry out pursuant to this Agreement are consistent with the form of notice of privacy practices (the "Notice") that Client provides to individuals pursuant to 45 C.F.R. § 164.520;
- b. to notify SEGAL, in writing and in a timely manner, of any arrangements permitted or required of Client under 45 C.F.R. parts 160 and 164 that may impact in any manner the use and/or disclosure of PHI by SEGAL under this Agreement including, but not limited to, restrictions on use and/or disclosure of PHI as provided for in 45 C.F.R. § 164.522 agreed to by Client, but to hold SEGAL harmless from the financial impact of any such agreement by Client;
- c. to obtain any consent or authorization that may be required under the Privacy Rule or state law prior to furnishing the protected health information to SEGAL;
- d. to ensure that any third party contacting SEGAL on Client's behalf has entered into a business associate agreement with Client as necessary;
- e. if Client is a plan sponsor, to (i) limit its requests for PHI to summary health information and use such data for the purpose of obtaining premium bids or for modifying, amending or terminating the group health plan, or to enrollment information or (ii) to use the PHI for plan administration functions following the provisions to the plan of the certification and amendment of the plan documents each as described in 45 C.F.R. 164.504(f)(2); and
- f. that SEGAL does not have direct responsibility to process requests by participants or beneficiaries under 45 C.F.R. §§ 164.522, 164.524, 164.526 or 164.528 but shall at its option, refer such requests to Client for its processing with SEGAL's assistance pursuant to Sections 1(f), (g) and (h).

5. **Scope, Compensation, Term, and Termination.**

- a. SEGAL agrees to provide serve as Client's benefits consultant in accordance with the Scope of Services outlined in Exhibit A hereto (Letter from Amy J. Girardo, Benefits Consultant, SEGAL to Client dated November 5, 2012) and Client shall compensate SEGAL as also set forth in Exhibit A.
- b. Unless otherwise terminated as provided in Sections 6, 7 or 8 this Agreement shall become effective on the Effective Date and shall have a term that shall run concurrently with that of any oral or written agreement by SEGAL to provide services to Client and will terminate without any further action of the Parties upon the termination of all such agreements. Upon the event of termination of this Agreement, SEGAL agrees, where feasible, to return or destroy the PHI, which SEGAL still maintains in any form. Prior to doing so, SEGAL further agrees, to the extent feasible, to request the destruction of the PHI that is in the possession of its subcontractors or agents. Client understands that SEGAL's need to maintain portions of the PHI in records of actuarial determinations and for other archival purposes

related to memorializing advice provided can render return or destruction infeasible. If it is not feasible for SEGAL or any of its subcontractors to return or destroy portions of the PHI, SEGAL shall inform Client as to the specific reasons that make such return or destruction infeasible, extend the protections of this Agreement to such PHI, and limit any further use or disclosures to the purposes that make the return or destruction of those portions of the PHI infeasible.

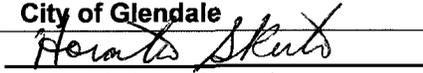
6. **Statutory or Regulatory Changes with respect to Protected Health Information.** If Client notifies SEGAL that SEGAL's responsibilities set out herein should be altered as a result of any changes in HIPAA, the Privacy Rule, the Security Rule or HITECH ("Additional Responsibilities"), SEGAL shall make such changes to the Services provided that appropriate fees are agreed to by Client and SEGAL. If, in its reasonable discretion SEGAL determines that the proposed, Additional Responsibilities have a material adverse financial effect on SEGAL's interest in this Agreement, and SEGAL and Client cannot come to agreement on fees and implementation schedules for the Additional Responsibilities, then SEGAL or Client may terminate the Agreement upon thirty (30) days prior written notice to the other party. Neither party shall assert any claim against the other party for monetary damages or equitable relief or otherwise for SEGAL's failure to perform the Additional Responsibilities from the date of notice to SEGAL of the Additional Responsibilities or, if SEGAL or Client exercise a right to terminate the Agreement, through the termination date.
7. **Material Breach by SEGAL.** If Client determines that SEGAL has engaged in a pattern of activity that constitutes a material breach of SEGAL's obligations under this Agreement, then Client shall, within twenty (20) days, notify SEGAL and SEGAL shall have thirty (30) days to cure the breach or end the violation. If SEGAL fails to take reasonable steps to affect such a cure within such a time period, Client may give such notice and opportunity to cure or invoke such dispute resolution as is otherwise permitted by any services agreement between Client and SEGAL. In the absence of such a procedure or in cases where such procedure has not successfully resolved the dispute relative to the pattern of activity alleged to constitute material breach, Client may terminate the relevant aspect of the services relationship, or, if not feasible to do so, may report the problem to the Secretary of Health and Human Services.
8. **Material Breach by Client.** If SEGAL determines that Client or the Plan has engaged in a pattern of activity that constitutes a material breach of Client's obligations under this Agreement, then SEGAL shall, within twenty (20) days, notify Client and Client shall have thirty (30) days to cure the breach or end the violation. If Client and/or the Plan fail to take reasonable steps to affect such a cure within such a time period, SEGAL may give such notice and opportunity to cure or invoke such dispute resolution as is otherwise required by any services agreement between Client and SEGAL. In the absence of such a procedure or in cases where such procedure has not successfully resolved the dispute relative to the pattern alleged to constitute material breach, Client may terminate the relevant aspect of the services relationship, or, if not feasible to do so, may report the problem to the Secretary of Health and Human Services.
9. **Compliance with HITECH Act.** The Parties acknowledge that HITECH amended certain provisions of HIPAA in ways that now directly regulate, or will on future dates directly regulate, the Parties' obligations and activities under HIPAA, the Privacy Rule and the

Security Rule. To the extent not referenced or incorporated herein, requirements applicable under HITECH are hereby incorporated by reference into this Agreement. The Parties agree to comply, as is necessary and appropriate, with each of the requirements imposed under HITECH, as of the applicable effective dates of each relevant HIPAA obligation.

10. **Third Party Beneficiaries.** Nothing in this Agreement shall be construed to create any third party beneficiary rights in any person, including any participant or beneficiary of the Plan.
11. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Facsimile copies thereof shall be deemed to be originals.
12. **Informal Resolution.** If any controversy, dispute, or claim arises between the Parties with respect to this Agreement, the Parties shall make good faith efforts to resolve such matters informally.
13. **Notices.** All notices to be given pursuant to the terms of this Agreement shall be in writing and shall be sent certified mail, return receipt requested, postage prepaid or by overnight air express mail service. If to Client, the notice shall be sent to the address set forth below Client's signature or such other address as Client notifies SEGAL of in writing. If to SEGAL, the notice shall be sent to the Privacy Official, c/o General Counsel, The Segal Company, 333 West 34th Street, New York, New York 10001, with a copy to The Segal Company, 333 West 34th Street, New York, New York 10001, ATTN President.
14. **Survival.** Section 5(b) shall survive the term of this Agreement.
15. **Effective Date.** The Effective Date shall be the last date this Agreement signed below, or the date that SEGAL first begins to perform the Services on behalf of the Client.

INTENDING TO BE LEGALLY BOUND, the Parties have duly executed this Agreement.

The Segal Group, Inc.
 Signed 
 Print Name Gary L. Petersen
 Title Vice President
 Date 11/13/2012

City of Glendale
 Signed 
 Print Name Horatio Skeete
 Title Acting City Manager
 Date 11/21/12
 Address 5850 West Glendale Avenue
Glendale, Arizona 85301

Approved as to form: Craig Tindal
 City Attorney 
 Attested: 
 City Clerk PAMELA HANNA



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Enrique Lopez
 agrardo@segalco.com

November 5, 2012

Ms. Marcie Bravo-Ortuno, PHR
 Employee Benefits Analyst
 City of Glendale
 5850 West Glendale Avenue, Suite 317
 Glendale, AZ 85301

Re: **RFP #13-15 Benefits Consultant**

Dear Marcie:

Thank you for advising us of your Intent to Award the City's Benefits Consultant contract to the Segal Company. Below please find a summary of the Scope of Work, Segal staff and fees for the Medical, Employee Assistance Plan and Flexible Spending Account RFP, as well as, other services proposed.

Scope of Work and Fees

The Segal Company is proposing to conduct the Medical, Flexible Spending Account and Employee Assistance Plan RFP for \$320 per hour not to exceed \$40,000⁽¹⁾.

Below is a summary of all services proposed.

Service		COST	
Consulting Services	Estimate the Number of Hrs for Service	Hourly Rate Per Service (On Site)	Total
Consultant Rate (Sec. 1.1 & 1.5) ⁽¹⁾	125	\$ 320.00	\$40,000
List any additional charges (3.1)		\$ 320.00	See attachment
Total (not to exceed amount)		\$ 40,000	

Offices throughout the United States and Canada



Founding Member of the Multinational Group of Actuaries and Consultants, a global affiliation of independent firms

Note: ⁽¹⁾ With some RFP's, these RFP fees can be passed along as one-time costs to the winning vendor and, in such instances, may be paid from the vendors marketing budget rather than included in their proposed fees or rates.

For General Consulting under Section 3.1, the City can access Segal services at a rate of \$320 per hour. In lieu of hourly service charges, the City may select one of the annual retainer options listed below. The check boxes represent what is included in the fee listed at the bottom of the chart under each Option. All other services not listed below and desired by the City can be priced once a clear scope of services is defined or if the services are considered general health and welfare consulting a fee of \$320 per hour will be charged. If one of the options below does not meet the needs of the City we will be happy to discuss alternatives in order to best satisfy the City.

List of Services	Option 1	Option 2	Option 3
Strategic planning meeting (1 per year)	✓	✓	✓
Self Funded Budget Projections (1 preliminary and 1 final (including final plan design changes)	✓	✓	✓
Modeling contribution strategies	✓ up to 6 scenarios included	✓ up to 2 scenarios included	✓ up to 2 scenarios included
Compliance Assistance (general advice excluding special projects)	✓	✓	✓
Liaison and advocate for the City with vendors (health and welfare) and assistance in resolving difficult claims when requested to do so	✓	✓	✓
Vendor renewal negotiations	✓	✓	✓
Meetings to discuss renewals, plan design changes, emerging trends, potential cost savings measures, budget projections and contribution strategies	✓ up to 8 meetings	✓ up to 8 meetings	✓ up to 4 meetings
Incurred But Not Reported (IBNR) Annual Certification	✓	✓	✓
Review of contracts, plan documents, insurance policies and other documents for applicability, accuracy and consistency including implementation of any contracts	✓	✓	✓
Monthly claims experience reports presented at monthly meeting	✓	✓	✓ Quarterly reports presented at quarterly meeting

List of Services	Option 1	Option 2	Option 3
Annual medical plan utilization report analysis as a supplement to annual report produced by the vendor	✓		
Claims Audits and Custom Communications Projects	Additional fee that can be priced once a clear scope of services is agreed upon	Additional fee that can be priced once a clear scope of services is agreed upon	Additional fee that can be priced once a clear scope of services is agreed upon
Request for Proposals (RFP's)	Additional fee that can be priced once a clear scope of service is agreed upon	Additional fee that can be priced once a clear scope of service is agreed upon	
Annual Cost	\$64,000 annually	\$57,000 annually	\$51,000 annually

Expertise of Assigned Staff

Amy J. Girardo is your Client Relationship/Project Manager and Consultant. Amy has more than 20 years' experience in consulting with public sector employers. Segal works in a team environment with our clients. Below is a short summary of Segal Team members that may provide services to the City depending on the services requested.

HEALTH CONSULTING AND ANALYSIS		
Team Member	Classification	Role
Amy J. Girardo <i>Benefits Consultant and Client Relationship Manager</i>	Lead Consultant	Amy, a public sector consultant, will be the lead consultant and will work closely with the City to develop a project plan. She will also be involved with benefit strategy, RFP's, provider negotiations and overall account responsibilities
Gary L. Petersen, FCA, ASA, MAAA <i>Vice President and Consulting Actuary</i>	Consulting Actuary	Mr Petersen will work closely with Amy to assist in all actuarial and strategic planning support He has over 30 years' experience consulting to public sector clients

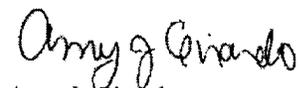
HEALTH CONSULTING AND ANALYSIS		
Team Member	Classification	Role
David Weller <i>Health Benefits Analyst</i>	Health Benefits Analyst	Dave will be responsible to review all insurance contracts, answer day-to-day questions and research employee benefit issues. Dave worked at the State of Arizona for more than 20 years and brings his public sector experience to the City.
Stephanie Calandro, ASA, MAAA <i>Consulting Actuary</i>	Financial Analyst	Stephanie will be responsible for analyzing all health and welfare actuarial financial matters associated with the City. She is currently providing her expertise to several public sector clients.
Nancy R. Hakes, RN, MSN <i>Vice President/Health Care Consultant and Compliance Manager</i>	Senior Consultant	Ms. Hakes will be available to consult on health care clinical and operational issues as well as health compliance issues. Nancy consults with all of Segal's clients, many of whom are public sector.
Mike Macdissi <i>Manager, Health Benefits Analytical Department</i>	Manager	Mr. Macdissi manages a team of 7 analysts and is responsible for assigning all analytical work to appropriate individuals. He also provides oversight and direction on complex financial projections and contractual issues as well as provides a focal point for our quality assurance initiatives. Mike has worked with several public sector clients including the City of Phoenix.
Ritu Malhotra, PharmD <i>Vice President, Pharmacy Benefit Consultant, National Pharmacy Practice Leader</i>	Pharmacy Consultant	Ritu Malhotra will provide technical and analytic support for all pharmacy consulting services.
Dave Bergerson, ASA, MAAA, EA <i>Vice President and Actuary</i>	Actuarial Manager	Mr. Bergerson leads our GASB 43/45 valuation team.
Thomas Bergman, MAAA, EA <i>Actuarial Associate</i>	Actuary	Thomas Bergman is a team member on the GASB 43/45 valuation team.
Tupper Hillard <i>Vice President, National Communications</i>	Senior Consultant	Mr. Hillard will provide communications strategy and consulting assistance as needed from the Phoenix office.
Allison Brown <i>Communications Associate</i>	Communications	Allison Brown is a communications designer located in the Phoenix office.
Jennifer Schuster <i>Vice President, Senior Consultant</i>	Communications	Jennifer is a communications consultant and will assist Tupper Hillard as needed.

HEALTH CONSULTING AND ANALYSIS		
Team Member	Classification	Role
MaryAnne L. Watson <i>Vice President and Manager, Claims Auditing Division</i>	Senior Consultant	Ms Watson will be available to consult on claims audits and eligibility issues
Sadhna Paralkar, MD, MPH, MBA <i>Health Management Consultant</i>	Medical Director	Dr Paralkar provides her clinical and research experience in the design and development of medical care delivery strategies
Ruth Donahue <i>Consultant</i>	Consultant	Ruth is a clinician who is able to bring specialized expertise and experience to any in depth mental health and substance abuse consulting activities
Ben Schechter, DDS <i>Consultant</i>	Dental Consultant	Dr. Schechter provides clinical experience in the design and development of dental programs

We look forward to working closely with the City of Glendale on this important Consulting assignment

Should you have any questions, please do not hesitate to contact me.

Sincerely,


Amy J. Girardo
Benefits Consultant

Enclosure

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