

PROPOSAL TO PROVIDE
CLAIMS AUDITING SERVICES
FOR
THE CITY OF WEST ALLIS

March 26, 2013

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BACKGROUND

The City of West Allis (“WEST ALLIS”) is self-insured for its healthcare benefits with approximately 1,000 employees with claims being processed by Humana (“TPA”). Since WEST ALLIS is interested in confirming that the TPA is in compliance with industry standards for processing medical and pharmacy claims, WEST ALLIS is interested in having these claims payments audited for financial accuracy and would like any existing payment errors to be identified for claims paid during the audit period.

PROJECT SCOPE

Audit of Claims Payments

WILLIS will perform a systematic audit to determine the financial accuracy of the claims processed by WEST ALLIS’s TPA. In addition, WILLIS will work with the TPA to identify overpayments that have occurred on WEST ALLIS’s account. The audit period will include claims paid from 3/1/2011 through 2/28/2013 and will focus on determining if health care claims have consistently been processed and paid correctly. The following list represents the general areas that are tested during the course of this review:

- Data Quality and Integrity
- Duplicates Testing
- Eligibility and Enrollment
- Plan Document Compliance
- Payment and Pricing Analysis
- Other Items per Client Guidance

As part of this review, we will obtain an electronic file containing all claims processed on behalf of WEST ALLIS for the audit period. We will also obtain an electronic file of all enrollment information from the TPA, and also from WEST ALLIS (if available). These electronic data files will be subjected to a series of systematic edits and tests to determine financial and procedural accuracy as well as to identify exceptions to the plan document and contractual arrangements. WILLIS will then analyze the data and work through questions with the TPA on the preliminary findings seen in the data. WILLIS will then produce preliminary reports of our findings. These resulting reports will be reviewed and quantified by WILLIS and then submitted the TPA and WEST ALLIS as a project update. Once the TPA and WEST ALLIS have reviewed and agreed upon these findings, WILLIS will generate reports that show the TPA the claims level detail necessary for recouping claims overpayments on WEST ALLIS’s behalf. In addition, WILLIS will work with the TPA on answering any questions regarding these identified overpayments and help facilitate the normal process that the TPA currently use when addressing overpayments. After the conclusion of our field work, WILLIS will deliver a final report showing the

financial and procedural accuracy determined in this audit, as well as the claims overpayments identified and submitted for recoupment with the TPA.

WILLIS will indemnify and hold harmless WEST ALLIS, its officers, directors, employees and agents from any claims, liabilities, fines or penalties ("Claims"), and any legal defense costs associated with any Claims, that arise out of any failure by WILLIS to comply with the Administrative Simplification requirements of HIPAA as set forth in Title 45, Parts 160 and 164.

WILLIS shall not be liable for any breach of or failure to perform this agreement except to the extent such breach or failure is due to WILLIS' gross negligence or willful misconduct. For any claim arising out of this agreement or the services provided by WILLIS hereunder, whether such claim is based in contract or in tort the aggregate liability of WILLIS for any such claim shall be limited to the lesser of 3 times the amount of remuneration that WILLIS receives for providing services pursuant to this agreement or \$1 million. The provisions of this paragraph will survive termination of this Agreement.

PROJECT TIMING AND STAFFING

We are prepared to begin this project upon execution of this engagement letter. We anticipate completing a preliminary report on financial accuracy within 12 weeks of receiving the claims data with recoupment of overpayments taking additional time to finalize. The overall time required to complete this project is highly contingent upon and subject to change based on the cooperation of the TPA in supplying timely data and responses to our questions. In the event the TPA is responding to our requests in a slower than expected manner, we will discuss this with the TPA and WEST ALLIS to determine the proper action needed to expedite the process. On the following page is the projected timeline for this engagement:

PROPOSED TIMELINE

Project Timeline

Action Step	Apr '13	May/June	Jul	Aug	Sep	Oct
Review Proposal/Execute Engagement Letter						
Information Request for TPA						
Receive Data and Resolve any Concerns						
Analyze Data and Run Preliminary Reports						
Onsite Audit of TPA						
Confirm Identified Overpayments & Address Questions on Financial & Procedural Accuracy						
Submit Overpayments Verified by TPA for Recovery						
Draft Report Completed & Sent to TPA for Comments						
Finalize & Submit Report to TPA & WEST ALLIS						
Monitor Recovery of Overpayments & Ensure Any Identified Issues Being Addressed						
Update Communications to WEST ALLIS (as necessary)						

WILLIS will staff this engagement with only our most experienced personnel (please see complete Biographies for each team member following this proposal before the additional attachments). Below is our proposed project team:

James Duncan, Account Executive, will serve as the Client Service Executive on this project. He will be involved throughout this process to ensure the appropriateness of each project step, that each project milestone is completed on time, and that the quality of all work meets and/or exceeds WEST ALLIS’s expectations. James has over 14 years of experience working with providers, payers and large self-insured organizations.

Will Aclin, Consulting Manager, will serve as the Project Manager to ensure that each aspect of this engagement gets coordinated and executed on time, and that all milestones are met to the satisfaction of WEST ALLIS. Will has over 10 years of experience working with hospital systems, health plans, government health programs, and large self-insured organizations.

Other WILLIS professionals will be utilized, as necessary, to complete this project.

PROFESSIONAL FEES AND EXPENSES

An amount of \$25,000 for professional fees will be billed and due by July 1, 2013 after the execution of the acceptance letter accompanying this proposal.

Included in these fees are reasonable travel related expenses (i.e. rental car, airline tickets, hotels, meals, etc.) with any additional fees subject to negotiation and WEST ALLIS's approval.

ATTACHMENT A

TEAM BIOS

JAMES DUNCAN

ACCOUNT EXECUTIVE – WILLIS TPA AUDITING SERVICES

General Experience:

Mr. Duncan has over fourteen years of experience working with both providers and payers in the managed care industry. He has specialized in assisting his clients in the areas of auditing transactional data, network development, information management and operational consulting. He helped develop a statewide network for AETNA Health Plans of Arizona in his capacity as Sr. Network Administrator and has assisted several MCOs, Hospitals and Physician Groups with contracting issues. Regarding his information management expertise, he has established medical economics functions at several MCO clients which have identified millions of dollars of payment errors, and has worked with payment data for most of the major payers including Aetna, BCBS, CIGNA, etc. Additionally, he has published articles and delivered several industry presentations, as well as testifying as a managed care expert. Recently, he started a company that focused on large self-insured employers (Anderson News, Sea Ray Boats, State of Arizona, Wal-Mart) to generate new strategies for controlling healthcare expenses by auditing data processed by TPA. He is currently pursuing this interest as an Account Executive for Willis TPA Auditing Services in Nashville, TN.



Audit Experience:

Auditing transactional data for the following payers:

- Access MedPlus, Aetna, American Republic, Anthem, Ascent Assurance, BCBS, CIGNA, HighMark, Humana, Integrity Health Care, PHP/Cariten, PrimeHealth, Tennessee Health Partnership, Trigon, United Healthcare, Vanderbilt Health Plans, Wausau Benefits, etc.

Auditing claims data for the following self-insured employers:

- Allstate Insurance, Anderson News, Cracker Barrel Old Country Stores, Goody's Family Clothing, District, Moll Industries, Rogers Group, Ruby Tuesdays, Sea Ray Boats, State of Nevada, Wal-Mart, etc.

Communications Experience:

- Frequent Speaker for Employee Benefit News organization at annual Benefits Management Forum & Expo & 2004 Institute of Internal Auditors Conference. Speaker for 2001 Axia Individual Health Forum, etc.
- Articles written for Employee Benefit News magazine, Leading Edge Alliance, and Nashville and Memphis Medical News, etc.
- Litigation support as managed care expert in several cases including expert report and testimony in lawsuit involving E&Y tried before arbitration panel involving Judge William Webster (former CIA Director).

Education:

Mr. Duncan holds a Masters of Business Administration in Accounting and MIS from the University of Illinois and a Bachelors of Science in Finance with High Honors from the University of Tennessee.

WILLIAM W. ACLIN
PROJECT MANAGER, WILLIS TPA AUDITING SERVICES

General Experience:

Mr. Aclin has over 12 years of experience working with commercial and employer-based health plans, government health programs, hospital systems, and physician organizations. He concentrates his consulting efforts in the area of corporate health plan management and operations. His areas of expertise include financial reimbursement recovery and optimization strategies, healthcare cost containment strategy, financial modeling, healthcare regulatory issues, process improvement/redesign and automation initiatives, database development and implementation, and litigation support. Previous to his work in healthcare consulting, Mr. Aclin held management positions with a regional health plan organization and a regional health system.



Audit Experience:

Auditing transactional data for the following payers:

- Aetna, BlueCross BlueShield, United HealthCare, CIGNA, PHP/Cariten (Tennessee), PrimeHealth (Alabama), Tennessee Health Partnership, Vanderbilt Health Plans, Health First Health Plans (Florida), John Deere Health Plans, American Medical Security, Mutual of Omaha, etc.

Auditing claims data for the following self-insured employers:

- Allstate Insurance, Anderson News, Cracker Barrel Old Country Stores, Hanson Building Materials of America, L.G.Philips Displays, Shoney's/Captain D's , T-Mobile, USA Truck, etc.

Education:

Mr. Aclin holds a Master of Business Administration with Concentrations in Finance and Health Care Management from the University of Tennessee and a Bachelor of Science in Public Administration from the University of Arkansas. Mr. Aclin continues to stay on the forefront of health care issues facing large corporations through his yearly continuing education schedule.

Personal/Community:

Mr. Aclin is active in and continues to support many professional and civic organizations, including:

- Nashville Health Care Council
- Healthcare Financial Management Association (HFMA)
- American College of Healthcare Executives (ACHE)
- Middle Tennessee Healthcare Executives
- Leadership Health Care (formerly *Young Healthcare Leaders*)
- Actively supports the following:
 - Big Brothers, Big Sisters of Middle Tennessee
 - American Heart Association
 - Juvenile Diabetes Foundation
 - Tomorrow Fund
 - YMCA of Middle Tennessee

A native of Arkansas, Mr. Aclin resides with his family in Nashville, TN.

Willis Auditing Services

ATTACHMENT B
WILLIS COMPANY BACKGROUND
AND EXPERIENCE

COMPANY BACKGROUND AND EXPERIENCE

History of Willis Group

The history of Willis can be traced to the early 19th century with the founding of three London firms, Henry Willis & Co, Faber Brothers, and Dumas & Wylie, the first two of which merged in 1897 to form Willis, Faber & Co. When that firm was joined by Dumas & Wylie, in 1928, Willis, Faber & Dumas Limited came into being. In New York in 1905, the origins of Corroon & Black were established. In 1990, the merger of Willis, Faber & Dumas and Corroon & Black created Willis Corroon which was ultimately taken private in a buyout in 1998 by Kohlberg Kravis Roberts & Co. and a consortium of six insurance companies including AXA, Chubb, Hartford, Royal Sun Alliance, Tokio Marine and Travelers. The following year, the entire operation was renamed Willis Group Limited and in June of 2001, the Group returned to the public ownership arena with an initial public offering (IPO). The Willis Group is now listed on the New York Stock Exchange under ticker symbol WSH.

Willis Group Limited, headquartered in London, is one of the only three major risk management and insurance intermediaries that operate on a worldwide basis. The Group, together with its associates employs 13,300 people and is represented through a network of 300 offices in 80 countries.

Willis of Nashville is part of the Willis North America business unit. In the early 1960's, Willis of Nashville opened its office as a start up operation. In those early days, we were known as Corroon and Black. Currently, the Nashville office consists of 105 professionals specializing in all areas of risk management, insurance, bonding and employee benefits.

Willis – Nashville has evolved as a flagship office of the The Willis Group. Our staff has won the coveted Robert F. Corroon Award for top retail office in the United States three times in the last 10 years. Our success lies in an unusual blend of talents, an entrepreneurial team organization, an extremely dynamic and creative style, strong work ethic and a continuing realization that our clients are the reason for our existence.

It is an exciting time at Willis. Joe Plumeri, who had recently retired following a successful career at Citigroup, was appointed Chairman in October 2000 and, under his vigorous leadership, the Group has embarked on its next stage of growth and development. In February of 2001, Mr. Plumeri published the Willis Vision and our Core Values. Our vision describes our firm's management philosophy, service commitment and the goals every Willis associate aspires to achieve, no matter where they are in the world. Our core values describe the attitudes and the behaviors we believe are central to achieving our vision which is vital to the success of our clients.

The Willis Vision

To create a truly great company, we believe in:



1. One Flag

To make this company great we will all work together as a team: we will support one vision for our company and work towards a shared direction. Working with each other under one flag is more important than working solely for the interests of our team, business unit, or country.

2. Entrepreneurial Spirit

We will build on our company's great tradition and the fine Willis name - working like entrepreneurs: excited for the future, ambitious, hard-working, focused on results and excellence. We will banish politics and bureaucracy!

3. Growth

We will grow our organization and our people. We will eliminate abuses and wastes of money in order to develop new products, train our people, acquire new businesses and to recruit new people.

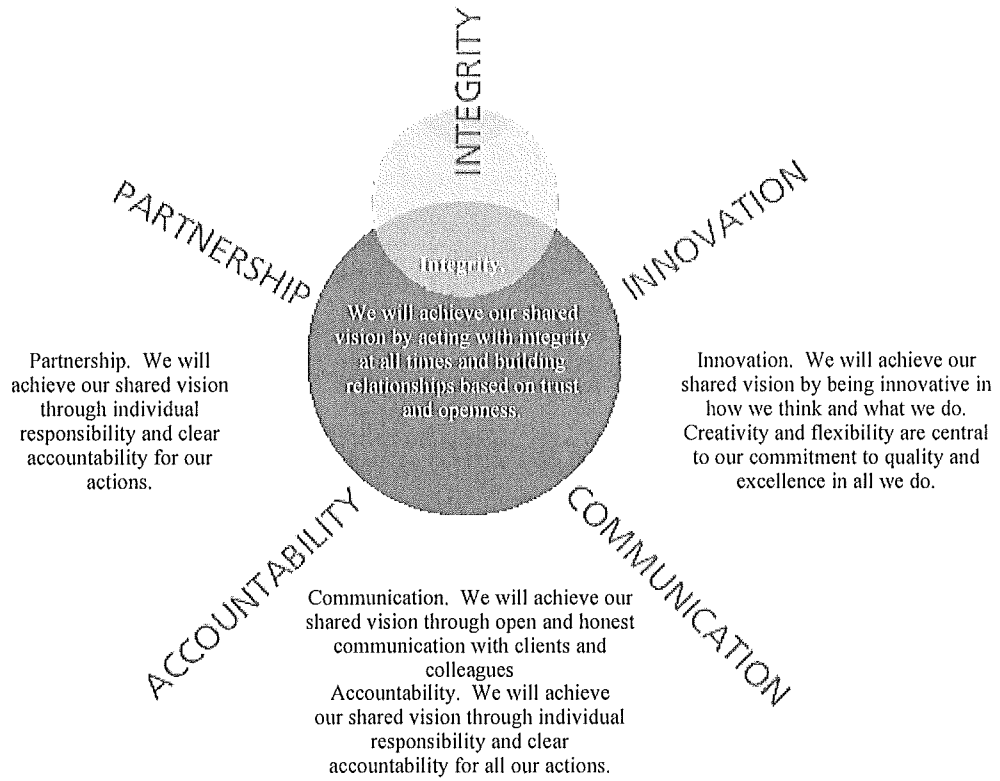
4. Delivering Value

Clients are the reason we're in business. Our relationship with our clients is determined by the value gap between what our clients can do for themselves and what we can do. That gap should help our clients solve their problems, fulfill their needs and help them make their business more profitable and efficient.

5. A Supportive Working Environment

We will create an environment where people - no matter who they are or where they come from – feel empowered. Everyone will be well trained for their role; they will know what their career path is; and everyone will feel that their dreams can come true at Willis.

Willis Core Values



ATTACHMENT C

WILLIS CONFIDENTIALITY AGREEMENT

WILLIS CONFIDENTIALITY AGREEMENT

WILLIS agrees to comply with the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as set forth in Title 45, Parts 160 and 164 of the Code of Federal Regulations (CFR), while acting in the role of Business Associate on behalf of WEST ALLIS's Group Health Plan (Health Plan). The following sections describe our responsibility as it pertains to the use and disclosure of Protected Health Information (PHI).

Definitions

Capitalized terms not otherwise defined in this agreement shall have the meanings given to them in Title 45, Parts 160 and 164 of the CFR and are incorporated herein by reference.

Use and Disclosure of PHI

WILLIS shall use and/or disclose PHI only to the extent necessary to satisfy our obligations under this agreement.

Prohibition on Unauthorized Use or Disclosure of PHI

WILLIS shall not use or disclose any PHI received from or on behalf of Health Plan, except as permitted or required by the agreement, as required by law or as otherwise authorized in writing by Health Plan. WILLIS shall comply with:

- a) Title 45, Part 164 of the CFR;
- b) State laws, rules and regulations applicable to PHI not preempted pursuant to Title 45, Part 160, Subpart B of the CFR or the Employee Retirement Income Security Act of 1974 (ERISA) as amended; and
- c) Health Plan's health information privacy and security policies and procedures.

Operations

WILLIS may use PHI it creates or receives for or from Health Plan only to the extent necessary for proper management and execution of the engagement or to carry out WILLIS's legal responsibilities. WILLIS may disclose such PHI as necessary for WILLIS's proper management and administration or to carry out WILLIS's legal responsibilities only if:

- a) The disclosure is required by law; or
- b) WILLIS obtains reasonable assurance, evidenced by written contract, from any person or organization to which WILLIS shall disclose such PHI that such person or organization shall:

- i. Hold such PHI in confidence and use or further disclose it only for the purpose for which WILLIS disclosed it to the person or organization or as required by law; and
- ii. Notify WILLIS (who shall in turn promptly notify Health Plan) of any instance of which the person or organization becomes aware in which the confidentiality of such PHI was breached.

Data Aggregation Services

WILLIS may use PHI to provide Data Aggregation Services related to Health Plan's Health Care Operations.

PHI Safeguards

WILLIS shall develop, implement, maintain and use appropriate administrative, technical and physical safeguards to prevent the improper use or disclosure of any PHI received from or on behalf of Health Plan.

Electronic Health Information Security and Integrity

WILLIS shall develop, implement, maintain and use appropriate administrative, technical and physical security measures in compliance with Section 1173(d) of the Social Security Act, Title 42, Section 1320d-2(d) of the United States Code and Title 45, Part 142 of the CFR to preserve the integrity and confidentiality of all electronically maintained or transmitted Health Information received from or on behalf of Health Plan pertaining to an individual. WILLIS shall document and keep these security measures current.

Protection of Exchanged Information in Electronic Transactions

If WILLIS conducts any Standard Transaction for or on behalf of Health Plan, WILLIS shall comply, and shall require any subcontractor or agent conducting such Standard Transaction to comply, with each applicable requirement of Title 45, Part 162 of the CFR. WILLIS shall not enter into or permit its subcontractors or agents to enter into any Trading Partner Agreement in connection with the conduct of Standard Transactions for or on behalf of Health Plan that:

- a) changes the definition, Health Information condition or use of a Health Information element or segment in a Standard;
- b) adds any Health Information elements or segments to the maximum defined Health Information set;
- c) uses any code or Health Information elements that are either marked "not used" in the Standard's Implementation Specification or are not in the Standard's Implementation Specification(s); or

- d) changes the meaning or intent of the Standard's Implementation Specification(s)

Subcontractors and Agents

WILLIS shall require each of its subcontractors or agents to whom WILLIS may provide PHI to agree to written contractual provisions that impose at least the same obligations to protect such PHI as imposed on WILLIS by this agreement.

Access to PHI

WILLIS shall provide access, at the request of Health Plan, to PHI in a Designated Record Set, to Health Plan or, as directed by Health Plan, to an individual to meet the requirements under Title 45, Part 164, Subpart E, Section 164.524 of the CFR and applicable state law. WILLIS shall provide access in the time and manner set forth in Health Plan's health information privacy and security policies and procedures. The Health Plan agrees to provide WILLIS with a copy of Health Plan's policies and procedures upon request by WILLIS.

Amending PHI

WILLIS shall make any amendment(s) to PHI in a Designated Record Set that Health Plan directs or agrees to pursuant to Title 45, Part 164, Subpart E, Section 164.526 of the CFR at the request of Health Plan or an Individual, and in the time and manner set forth in Health Plan's health information privacy and security policies and procedures.

Accounting of Disclosures of PHI

WILLIS shall document such disclosures of PHI and information related to such disclosures as would be required for Health Plan to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with Title 45, Part 164, Subpart E, Section 164.528 of the CFR.

WILLIS agrees to provide Health Plan or an individual, in the time and manner set forth in Health Plan's health information privacy and security policies and procedures, information collected in accordance with Section 11(a) above, to permit Health Plan to respond to a request by an individual for an accounting of disclosures of PHI in accordance with Title 45, Part 164, Subpart E, Section 164.528 of the CFR.

Access to Books and Records

WILLIS shall make its internal practices, books and records relating to the use and disclosure of PHI received from or on behalf of Health Plan available to Health Plan and to DHHS or its designee for the purpose of determining Health Plan's compliance with the Privacy Rule.

Reporting

WILLIS shall report to Health Plan any use or disclosure of PHI not authorized by this agreement, by law, or in writing by Health Plan. WILLIS shall make the report to Health Plan's Privacy Official not less than 24 hours after WILLIS learns of such unauthorized use or disclosure. WILLIS's report shall at least:

- a) identify the nature of the unauthorized use or disclosure;
- b) identify the PHI used or disclosed;
- c) identify who made the unauthorized use or received the unauthorized disclosure;
- d) identify what WILLIS has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure;
- e) identify what corrective action WILLIS has taken or shall take to prevent future similar unauthorized use or disclosure; and
- f) provide such other information, including a written report, as reasonably requested by Health Plan's Privacy Official.

Mitigation

WILLIS agrees to mitigate, to the extent practicable, any harmful effect that is known to WILLIS of a use or disclosure of PHI by WILLIS in violation of the requirements of this agreement.

Termination for Cause

Upon Health Plan's knowledge of a material breach of the HIPAA requirements of this agreement by WILLIS, Health Plan shall:

- a) Provide an opportunity for WILLIS to cure the breach or end the violation and terminate if WILLIS does not cure the breach or end the violation within the time specified by Health Plan.
- b) Immediately terminate the agreement if WILLIS has breached a material term of this agreement and cure is not possible.
- c) If neither termination nor cure is feasible, Health Plan shall report the violation to DHHS.

Return or Destruction of Health Information

Upon termination, cancellation, expiration or other conclusion of this agreement, WILLIS shall return to Health Plan or destroy all PHI received from Health Plan, or created or received by WILLIS on behalf of Health Plan. This provision shall apply to PHI that is in the possession of subcontractors or agents of WILLIS. WILLIS shall retain no copies of the PHI.

In the event that WILLIS determines that returning or destroying the PHI is infeasible, WILLIS shall provide to Health Plan notification of the conditions that make return or destruction infeasible. Upon verification by Health Plan that the return or destruction of PHI is infeasible, WILLIS shall extend the protections of the Agreement to such PHI and limit further uses and disclosure of PHI to those purposes that make the return or destruction infeasible, for so long as WILLIS maintains such PHI.