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**TOWN OF HARRISON
VILLAGE OF HARRISON**
ALFRED F. SULLA, JR. MUNICIPAL BULDING
1 HEINEMAN PLACE
HARRISON, NEW YORK 10528



Telephone: (914) 670-3087
Fax: (914) 835-2013

DATE: July 29, 2013
TO: Town Board Members
Ron Belmont, Supervisor/Mayor
FROM: Debra Scocchera, Personnel Manager
SUBJECT: **Harbridge Consulting Group – Medicare Part D**

For your approval, I have attached the service agreement for Harbridge Consulting Group for the plan year 2014. The fee due for this service is \$3,200.00.

The hiring of an actuarial firm to attest that our plans prescription drug benefits are equivalent to Medicare Part D is an annual requirement of the Federal Government.

Funds are available in budget line 001-1900-100-4407.

Thank you.



Harbridge Consulting Group, LLC

One Lincoln Center, 12th floor, Syracuse, NY 13202
Toll Free: 1.866.401.5272 | Direct: 315.703.8900 | Fax: 315.703.8989
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Private & Confidential

July 24, 2013

Ms. Maureen MacKenzie
Comptroller
Town/Village of Harrison
1 Heineman Place
Harrison, NY 10528

RE: Medicare Part D Service Agreement for Town/Village of Harrison

Dear Maureen:

Enclosed you will find two original copies of our service agreement. If you would like us to proceed with the engagement, please return one signed copy to us for our files and retain the other for your files.

The following is the contact information for your engagement team.

Name	Title	Telephone Number	Email Address
Karen A. Oliver	Senior Consultant	(315) 703-8934	koliver@bpas.com
Molly Yehl	Associate	(315) 703-8914	myehl@bpas.com

Should you have any questions please do not hesitate to call me at (315) 703-8934.

Sincerely,

Karen A. Oliver F.S.A., E.A., M.A.A.A.
Senior Consultant- Harbridge

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RECEIVED
COMPTROLLER



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Engagement Letter for Medicare Part D Actuarial Engagement

Agreement

This Engagement Letter ("Agreement") and the accompanying Terms of Engagement is between Town/Village of Harrison and Harbridge Consulting Group, LLC, ("Harbridge").

Purpose

Town/Village of Harrison sponsors a retiree health plan ("the Plan") and is interested in obtaining an actuarial attestation that the Plan's prescription drug benefits for Medicare eligible retirees are actuarially equivalent to the prescription drug coverage provided under Medicare Part D. Town/Village of Harrison desires Harbridge to provide actuarial services to determine whether the Plan's retiree prescription drug benefits are actuarially equivalent to the Medicare Part D benefits for the Plan year beginning January 1, 2014 ("Plan Year"). Town/Village of Harrison and Harbridge wish to set forth in this Agreement the terms and conditions for the provision by Harbridge of the foregoing services to Town/Village of Harrison.

Standard Services

Harbridge will determine whether each prescription drug benefit option for Medicare eligible retirees and dependents under the Plan is actuarially equivalent to the standard Medicare Part D benefit by satisfying the:

- Gross Value Test (the gross Plan benefit is of equal or greater value than the standard Medicare Part D benefit), and
- Net Value Test (the net value of Plan benefits is equal to or greater than the value of standard Medicare Part D benefits after subtracting required retiree contributions to each plan).

Town/Village of Harrison's benefit options may be rich enough that Harbridge may, within its professional discretion, attest to the actuarial equivalence to the standard Medicare Part D benefit without calculating the Gross Value and Net Value Tests using Plan-specific claim data to support the attestation. Harbridge will determine whether to base these calculations on Town/Village of Harrison's actual Medicare eligible prescription drug claims experience or on normative Medicare eligible prescription drug claims, consistent with professional actuarial standards of practice and regulations prescribed by the Centers for Medicare and Medicaid Services ("CMS").

Harbridge will provide an actuarial attestation signed by a Member of the American Academy of Actuaries for each benefit option that we determine is actuarially equivalent to standard coverage under Medicare Part D. The actuarial attestation will be provided in a form consistent with the requirements of the Center for Medicare and Medicaid Services. Harbridge has no responsibility to update the report for events and circumstances occurring after the date of the report.

Fees for Standard Services

Harbridge's fees for the Standard Services described in this letter are \$3,200. This fee quotation is based on the assumption that Harbridge will be able to provide the actuarial attestation without performing the gross value and net value tests using Town/Village of Harrison's claim data. The total estimated engagement fee is based on Harbridge's understanding of Town/Village of Harrison's prescription drug benefit options. Actual engagement fees will be based upon the actual method required to test for actuarial equivalence, the number of benefit plans, and the number of Medicare eligible participants (if applicable). If actual fees differ materially from those



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estimated, Harbridge will notify Town/Village of Harrison promptly in writing and obtain their concurrence before proceeding with any services. Harbridge will invoice Town/Village of Harrison on a monthly basis as time is incurred in connection with this project and will issue a final invoice for the remaining fee upon completion of the engagement. Harbridge's fee estimate does not encompass additional work that Town/Village of Harrison may ask them to complete.

Additional Services and Fees

In the event that additional services that are outside the scope of this engagement letter are requested by Town/Village of Harrison, Harbridge shall provide such additional services at the rate of \$250 per hour, only as and to the extent requested by Town/Village of Harrison or a representative of Town/Village of Harrison. Additional services that are beyond the scope of Standard Services include time required for consultation regarding Town/Village of Harrison's strategy for responding to the introduction of Medicare Part D, assistance with Town/Village of Harrison's filing with or responses to audit requests from the Center for Medicare and Medicaid Services, revisions to the Business Associate Agreement, and rework due to inaccurate, incomplete, or revised Plan Information.

Responsibilities of Town/Village of Harrison

Town/Village of Harrison will provide Harbridge information regarding plan provisions, plan participants, plan contributions, and claim data (collectively, "Plan Information") in order to complete the services outlined herein.

Town/Village of Harrison represents and warrants that all Plan Information provided are accurate and complete. Town/Village of Harrison agrees to indemnify, defend, and hold harmless Harbridge against any claims, fines, demands, losses, damages, and expenses (including reasonable attorney's fees) related to inaccurate actuarial equivalency test results to the extent that such results are attributable to inaccurate or incomplete Plan Information. Harbridge will review the information provided for reasonableness, but we will not perform an audit or independent verification of Plan Information.

If testing using Town/Village of Harrison claim data is required, Town/Village of Harrison will provide or direct the insurer or claim administrator for the Plan to provide an electronic claim file in accordance with specifications provided by Harbridge. The claim file will include one record per claim that reflects final adjudication of all claims, including any adjustments. If Harbridge needs to analyze claim data that is protected health information under HIPAA, Town/Village of Harrison and Harbridge will execute Harbridge's Business Associate Agreement.

Report

The information contained in our report will be prepared for use by Town/Village of Harrison in its management of the Plan and for documentation of whether the Plan is actuarially equivalent to Medicare Part D prescription drug coverage consistent with the requirements of regulations issued by CMS. It is not intended, nor necessarily suitable, for other purposes.

Timing

The actuarial equivalency test results and report will be provided within four weeks of Harbridge's receipt of complete and accurate Plan Information.



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Terms of Engagement

1. Entire Agreement

These Terms of Engagement to Provide Human Resource Consulting Services and the engagement letter to which they are attached (collectively, the "Agreement") constitute the entire agreement between the client to whom such engagement letter is addressed and any other legal entities referred to therein ("Client" or "you") and Harbridge Consulting Group LLC, a State of New York limited liability corporation ("Harbridge Consulting Group," "we" or "us"), regarding the services described in the engagement letter.

2. Responsibilities of the Client

In circumstances where the Client is a business entity, the Client agrees to identify those individuals authorized to request services from Harbridge Consulting Group under the terms of this Agreement. Individuals authorized to request services agree to identify the purpose of the services, and identify for whom the services are to be performed (e.g., the corporation, an employee, a director) at the time the services are requested.

A fundamental term of this Agreement is that the Client will provide us with all information relevant to the services to be performed and to provide us with any reasonable assistance as may be required to properly perform the engagement. The Client agrees to bring to our attention any matters that may reasonably be expected to require further consideration to determine the proper treatment of any relevant item. The Client also agrees to bring to our attention any changes in the information as originally presented as soon as such information becomes available. Client acknowledges that it retains all management responsibilities related to judgments and decisions regarding the Client's financial or business matters.

Unless otherwise indicated, any returns, reports, letters, written opinions, memoranda, etc. delivered to the Client as part of the services ("Deliverables") are solely for the Client and are not intended to nor may they be relied upon by any other party ("Third Party").

3. Responsibilities of Harbridge Consulting Group

We will perform our services on the basis of the information you have provided and in consideration of the applicable federal, foreign, state or local tax laws, regulations and associated interpretations relative to the appropriate jurisdiction as of the date the services are provided. Laws and regulations are subject to change at any time, and such changes may be retroactive in effect and may be applicable to advice given or other services rendered before their effective dates. We do not assume responsibility for such changes occurring after the date we have completed our services. Client acknowledges that Harbridge does not practice law and Harbridge's services do not constitute legal advice.

Some of the matters on which we may be asked to advise the Client may have implications to other persons or entities. However, we have no responsibility to these persons or entities unless we are specifically engaged to address these issues to such persons or entities, and we agree to do so in writing.



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We will discuss with Client any issues of which we are aware that we believe may subject the Client to penalties and discuss with Client possible courses of action to avoid the imposition of any penalty. We are not responsible for any penalties imposed for positions that have been discussed with Client where we recommended a course of action to avoid penalties and the Client elected not to pursue such course.

Harbridge Consulting Group is not responsible for any penalties assessed against the Client as the result of the Client's failure to provide us with all the relevant information relative to the issue under consultation. Furthermore, the Client agrees to reimburse Harbridge Consulting Group for any penalties imposed on Harbridge Consulting Group or its staff, as the result of the Client's failure to provide such information.

4. Electronic Communications

In performing services under this Agreement, Harbridge Consulting Group and/or Client may wish to communicate electronically either via facsimile, electronic mail or similar methods (collectively, "E-mail"). However, the electronic transmission of information cannot be guaranteed to be secure or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. Unless you notify us otherwise, your acceptance of this Agreement constitutes your consent to use E-mail. All risks related to your business and connected with your use of E-mail are borne by you and are not our responsibility.

Both parties will carry out procedures to protect the integrity of data. In particular, it is the recipient's responsibility to carry out a virus check on any attachments before launching or otherwise using any documents, whether received by E-mail or on disk or otherwise.

5. Engagement Limitations

Except as may be specified in this Agreement, we will not audit or otherwise verify the information supplied to us, from whatever source, in connection with this engagement.

As you are aware, tax returns and filings with taxing and regulatory authorities may be subject to audit. We will be available to assist the Client in the event of an audit of any issue for which we have provided services under this Agreement. However, unless otherwise indicated, our fees for these additional services are not included in our fee for the services covered by this Agreement.

We will not be prevented or restricted by anything in this Agreement from providing services for other clients.

In the course of our engagement, certain communications between Client and Harbridge Consulting Group may be subject to a confidentiality privilege. Client recognizes that we may be required to disclose such communications to federal, state and international regulatory bodies; a court in criminal or other civil litigation; or to other Third Parties, including Client's independent auditors, as part of our professional responsibilities. In the event that we receive a request from a Third Party (including a subpoena, summons or discovery demand in litigation) calling for the production of information, we will promptly notify you. We agree to cooperate with Client in any effort to assert any privilege with respect



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to such information, provided Client agrees to hold Harbridge Consulting Group harmless from and be responsible for any costs and expenses resulting from such assertion.

6. Disassociation or Termination of Engagement

Either party may terminate this Agreement upon written notice to the other party. In the event of termination, Client will be responsible for fees earned and expenses incurred through the date termination notice is received.

7. Limitation of Liability

All services will be rendered by and under the supervision of qualified staff in accordance with the terms and conditions set forth in this Agreement. Harbridge Consulting Group makes no other representation or warranty regarding either the services to be provided or any Deliverables; in particular, and without limitation of the foregoing, any express or implied warranties of fitness for a particular purpose, merchantability, warranties arising by custom or usage in the profession, and warranties arising by operation of law are expressly disclaimed.

In no event, unless it has been finally determined that Harbridge Consulting Group was grossly negligent or acted willfully or fraudulently, shall Harbridge Consulting Group be liable to the Client or any of its officers, directors, employees or shareholders or to any other third party, whether a claim be in tort, contract or otherwise for any amount in excess of the total professional fee paid by you to us under this agreement for the particular service to which such claim relates. In no event shall Harbridge Consulting Group be liable for any special, consequential, indirect, exemplary, punitive, lost profits or similar damages, even if we have been apprised of the possibility thereof.

8. Resolution of Differences

In the unlikely event that differences concerning this Agreement should arise that are not resolved by mutual agreement, to facilitate judicial resolution and save time and expense of both parties, Harbridge Consulting Group and the Client agree not to demand a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement.

9. Other Provisions

Neither party shall be liable to the other for any delay or failure to perform any of the services or obligations set forth in this Agreement due to causes beyond its reasonable control. All terms and conditions of this Agreement that are intended by their nature to survive termination of this Agreement shall survive termination and remain in full force, including but not limited to the terms and conditions concerning payments, warranties, limitations of liability, indemnities, and resolution of differences. If any provision of this Agreement, including the Limitation of Liability clause, is determined to be invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

This Agreement will be governed by the laws of the State of New York.



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Reference Authorization

By agreeing to the terms of this Agreement and signing below, you also authorize Harbridge to use Town/Village of Harrison as a reference (*either written or verbal*) with respect to this Agreement, unless you specifically request otherwise.

Acceptance of Agreement

We agree with the terms set forth in this Agreement; including the use of Town/Village of Harrison as a reference for Harbridge unless otherwise noted below:

Harbridge Consulting Group, L.L.C.

Vice President

July 24, 2013

Signature

Title

Date

Town/Village of Harrison

Authorized Representative Signature

Title

Date

_____ Initial here if you do NOT want Harbridge to use Town/Village of Harrison as a reference for this engagement.