



## Engagement Contract –

### Actuarial Equivalence Testing for the Retiree Drug Subsidy

This Agreement is entered into between Milliman, Inc. ("Milliman") and City of Niagara Falls NY ("Company") as of the date below. Company has engaged Milliman to determine whether Company's retiree pharmacy plans provide creditable coverage and are actuarially equivalent to the standard Medicare Part D plan as defined by the Centers for Medicare and Medicaid Services (CMS). Such services or fees may be modified from time to time by mutual written agreement of the parties. In consideration for Milliman agreeing to perform these services, Company agrees as follows.

**1. SERVICES.** Milliman will perform the following services for Company if the Retiree Drug Subsidy Workbook is completed and delivered to Milliman at least ten business days prior to the online RDS application deadline:

- A. Milliman will determine whether Company's plan(s) provide "creditable coverage" as defined by CMS.
- B. For all plans offering creditable coverage, Milliman will determine whether the plans pass the actuarial equivalence test as defined by CMS.
- C. If Company's plan(s) pass the actuarial equivalence test; Milliman will complete the "Actuarial Attestation" section of the online RDS application for the plan year ending in 2022.
- D. If Company's plan(s) fail the actuarial equivalence test; Milliman will suggest actions that Company may take to pass the test. If Company implements Milliman's suggestions and provides documentation at least two days prior to the online RDS application deadline, Milliman will issue the actuarial attestation described in C above.
- E. Milliman will issue a formal report presenting Milliman's findings, a description of the analyses and the data upon which Milliman relied in performing this work.

Professional fees for services listed above is \$5,300. Should the plan design information change such that the cost is likely to exceed this estimate, we will discuss that situation with you before proceeding further.

\* \* \* \* \*

The remainder of this agreement represents the contractual terms and conditions that will apply to all subsequent engagements of Milliman by Company unless specifically disclaimed in writing by both parties prior to the beginning of the engagement.

**2. LIMITATION OF LIABILITY.** Milliman will perform all services in accordance with applicable professional standards. In the event of any claim arising from services provided by Milliman at any time, the total liability of Milliman, its officers, directors, agents and employees to Company shall not exceed five million dollars (\$5,000,000). This limit applies regardless of the theory of law under which a claim is brought, including negligence, tort, contract or otherwise. In no event shall Milliman be liable for lost profits of Company or any other type of incidental or consequential damages. The foregoing limitations shall not apply in the event of the intentional fraud or willful misconduct of Milliman.

- 3. DISPUTES.** In the event of any dispute arising out of or relating to the engagement of Milliman by Company, the parties agree that the dispute will be resolved by final and binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall take place before a panel of three arbitrators. Within 30 days of the commencement of the arbitration, each party shall designate in writing a single neutral and independent arbitrator. The two arbitrators designated by the parties shall then select a third arbitrator. The arbitrators shall have a background in either insurance, actuarial science or law. The arbitrators shall have the authority to permit limited discovery, including depositions, prior to the arbitration hearing, and such discovery shall be conducted consistent with the Federal Rules of Civil Procedure. The arbitrators shall have no power or authority to award punitive or exemplary damages. The arbitrators may, in their discretion, award the cost of the arbitration, including reasonable attorney fees, to the prevailing party. Any award made may be confirmed in any court having jurisdiction. Any arbitration shall be confidential, and except as required by law, neither party may disclose the content or results of any arbitration hereunder without the prior written consent of the other parties, except that disclosure is permitted to a party's auditors and legal advisors.
- 4. CHOICE OF LAW.** The construction, interpretation, and enforcement of this Agreement shall be governed by the substantive contract law of the State of New York without regard to its conflict of laws provisions. In the event any provision of this agreement is unenforceable as a matter of law, the remaining provisions will stay in full force and effect.
- 5. NO THIRD PARTY DISTRIBUTION.** Milliman's work is prepared solely for the internal business use of Company. Milliman's work may not be provided to third parties without Milliman's prior written consent, which consent may be conditioned on execution by the third party of Milliman's standard Third Party Release Agreement; provided, however, Company may share Milliman's work with its parent or affiliates, but only if either (a) the Company has the full power and authority to bind such parent or affiliate to the terms of this agreement and does bind such affiliate to the terms, or (b) the parent or affiliate acknowledges in writing that the work of Milliman is subject to certain limitations and restrictions contained in this Agreement and that the parent or affiliate acquires no greater rights than are possessed by Company under this Agreement. Milliman does not intend to benefit any third party recipient of its work product, even if Milliman consents to the release of its work product to such third party.
- 6. USE OF MILLIMAN'S AND COMPANY'S NAME.** Each party agrees that it shall not use the other party's name, trademarks or service marks, or refer to such other party directly or indirectly in any media release, public announcement or public disclosure, including in any promotional or marketing materials, customer lists, referral lists, websites or business presentations without that party's prior written consent for each such use or release, which consent shall be given in its sole discretion.
- 7. CONFIDENTIALITY.** Any information received from Company will be considered "Confidential Information." However, information received from Company will not be considered Confidential Information if (a) the information is or comes to be generally available to the public through no fault of Milliman, (b) the information was independently developed by Milliman without resort to information from the Company, or (c) Milliman appropriately receives the information from another source who is not under an obligation of confidentiality to Company. Milliman agrees that Confidential Information shall not be disclosed to any third party.

8. **DATA RELIANCE.** Company will provide data to Milliman, as requested by Milliman. This data includes the demographic and geographic information about Medicare-eligible beneficiaries, historical plan experience when requested, contributions, and description of retiree pharmacy benefit plans.

On behalf of Company the undersigned attests that to the best of my knowledge and belief, the data provided is accurate and complete, such that Milliman should rely on it for the purpose of determining creditable coverage and actuarial equivalence as defined by CMS.

9. **AUTHORITY.** Each Party hereto represents and warrants that it possesses the legal authority to enter into this contract and that it has taken all actions required by its procedures, bylaws, and/or applicable law to exercise that authority, and to lawfully authorize its undersigned signatory to execute this contract and to bind the party to these terms. The person(s) executing this contract represent(s) and warrant(s) that such person(s) have full authorization to execute this contract.
10. **FEES.** Company acknowledges the obligation to pay Milliman for services rendered, whether arising from Company's request or otherwise necessary as a result of this engagement. All invoices are payable upon receipt. Milliman reserves the right to stop all work if any bill goes unpaid for 60 days. In the event of such termination, Milliman shall be entitled to collect the outstanding balance, as well as charges for all services and expenses incurred up to the date of termination.

**MILLIMAN, INC.**

**City of Niagara Falls NY**

By: <u>Stephen J. Kaczmarek</u>	By: _____
Name: <u>Stephen J. Kaczmarek, FSA, MAAA</u>	Name: _____
Title: <u>Principal &amp; Consulting Actuary</u>	Title: _____
Date: <u>July 28, 2021</u>	Date: _____