

Exhibit “A”

BENECARD®

Benecard Services, LLC

October 20, 2015

Mr. Ryan Graham
Fairview Insurance Agency
25 Fairview Avenue
Verona, NJ 07044

Re: **Benecard®** Prescription Benefit Program, Township of West Orange 14-Month Renewal

Dear Ryan,

Benecard is pleased to have an opportunity to offer its prescription benefit administration services to the Township of West Orange for another year. Benecard has built our reputation on providing risk free, quality & sound prescription benefit administration services to our clients and their members over the past 20+ years by providing:

- a combination of aggressive network management & effective clinical cost management programs resulting in lower than average national and regional trends
- accurate forecasts & stable annual renewal quotations
- a comprehensive reporting package and expert advice on the next steps to take

Benecard has reviewed the prescription benefit program activities to date for the current plan year and the new rates effective November 1, 2015 expiring December 31, 2016 will reflect an overall increase of approximately 14%. This increase is directly attributable to a few members who have serious illnesses that require expensive drug treatment (e.g. Leukemia, Multiple Sclerosis, Osteoporosis and Infertility). This quote will remain valid for (60) days.

The quoted renewal rates provided below do not account for any Federal and/or State government programs, fees, taxes or regulations including, but not limited to, the Patient Protection and Affordable Care Act with the exception of certain preventive health services and coverage for dependents to the age 26. The quoted renewal rates also assume that the present benefit design, co-pay structure, and participation level will remain unchanged. Should any of these factors change during the contract period, Benecard reserves the right to re-rate this program. The proposed rates include insurance carrier charges by Heartland Fidelity Insurance Company pursuant to coverage for your Benecard contract. These charges guarantee program costs by the carrier for the contract period.

Benecard Client ID# **1625** – Group #'s **1000/1098/1099/2000/2098/2099**

Retail Co-pay: \$12 Brand / \$5 Generic

Retail Day Supply Limitations: 1-30 days = 1 co-pay; 31-60 days = 2 co-pays; 61-90 days = 3 co-pays

Mail Order Co-pay: \$0 Brand / \$0 Generic

Mail Order Day Supply Limitation: up to 90 days

2015 Out of Pocket Limit (separate): \$6,200 for individual and \$12,400 for family

2016 Out of Pocket Limit (separate): \$6,450 for individual and \$12,900 for family

Coverage	Single	Parent/Child	Parent/Children	Member/Spouse	Family	Totals
Current Census	59	3	3	31	37	133
Monthly Rates	223.61	547.38	547.38	447.21	849.71	
14-Month Program Cost Based on Current Census						864,921

Over Age Dependent Rate for 11/1/2015 - 12/31/2016 **\$178.36**

Should the proposed rates change at any point during the 2015/2016 contract period the overage dependent rate will be changed accordingly.

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Benecard Client ID# **1625** – Group #'s **3000/3098/3099/4000/4098/4099/5000/5098/5099**

Retail Co-pay: \$20 Brand / \$10 Generic

Retail Day Supply Limitations: 1-30 days = 1 co-pay; 31-60 days = 2 co-pays; 61-90 days = 3 co-pays

Mail Order Co-pay: \$2 Brand / \$2 Generic

Mail Order Day Supply Limitation: up to 90 days

¹ 2015 Out of Pocket Limit (separate): \$6,200 for individual and \$12,400 for family

¹ 2016 Out of Pocket Limit (separate): \$6,450 for individual and \$12,900 for family

Coverage	<u>Single</u>	<u>Parent/Child</u>	<u>Parent/Children</u>	<u>Member/Spouse</u>	<u>Family</u>	<u>Totals</u>
Current Census	24	2	5	14	92	137
Monthly Rates	204.84	501.48	501.48	409.71	778.45	
14-Month Program Cost Based on Current Census						1,200,918

Over Age Dependent Rate for 11/1/2015 - 12/31/2016 **\$163.39**

Should the proposed rates change at any point during the 2015/2016 contract period the overage dependent rate will be changed accordingly.

Benecard Client ID# **1625** – Group #'s **7100/8100/9100**

Retail Co-pay: \$21 Preferred Brand / \$9 Generic / \$41 Non-Preferred Brand

Retail Day Supply Limitations: 1-30 days = 1 co-pay; 31-60 days = 2 co-pays; 61-90 days = 3 co-pays

Mail Order Co-pay: \$31 Preferred Brand / \$10 Generic / \$52 Non-Preferred Brand

Mail Order Day Supply Limitation: up to 90 days

¹ 2015 Out of Pocket Limit (separate): \$1,222 for individual

¹ 2016 Out of Pocket Limit (separate): \$1,222 for individual and \$12,900 for family

Coverage	<u>Single</u>	<u>Parent/Child</u>	<u>Parent/Children</u>	<u>Member/Spouse</u>	<u>Family</u>	<u>Totals</u>
Current Census	135	2	2	127	66	332
Monthly Rates	263.84	645.85	645.85	527.65	1,002.55	
14-Month Program Cost Based on Current Census						2,399,343

Over Age Dependent Rate for 11/1/2015 - 12/31/2016 **\$210.45**

Should the proposed rates change at any point during the 2015/2016 contract period the overage dependent rate will be changed accordingly.

¹ The Affordable Care Act requires the Township of West Orange health benefits program implement an out-of-pocket (OOP) limit to protect individuals from excessive OOP expenses on all essential health benefits on or after January 1, 2015. The OOP limits represented above are based on the Township of West Orange's request to have a separate prescription OOP and at these required dollar limits. It is our understanding that the Township of West Orange's acceptance of this proposal is based on their request to have a separate OOP limit combined with all other essential health benefit OOP limits that does not exceed the annual limitation on the OOP's for that year as outlined by the Department of Labor. For Group #'s 1000 through 5099, the prorated Rx OOP limits will be \$1,033 individual / \$2,066 family beginning November 1, 2015 and expiring December 31, 2015. Beginning January 1, 2016 and expiring December 31, 2016 the full Rx OOP limits for Group #'s 1000 through 5099 will be \$6,450 individual / \$12,900 family. For Group #'s 7100, 8100, and 9100 the full Rx OOP limits will be \$1,222 individual / \$12,900 family. The Rx OOP limits are subject to change if the ACA OOP limits are modified. Benecard reserves the right to re-rate the Township of West Orange's prescription benefit program if the client modifies or implements a different copayment level, coinsurance, deductible or any other benefit design change, including a change to the OOP amount that differs from what was used for underwriting purposes to develop for the quotation provided herein or enacts a change after inception of the new policy start date.

We aggressively manage program costs for our clients while working within the confines of their benefit design. However, as you know, a key to successfully managing prescription benefit costs is implementing plan design and co-payment changes that control over-utilization and expenditures on higher priced medications. If Township of West Orange is preparing for collective bargaining or budgeting costs, please do not hesitate to call on us to develop a customized benefit analysis. Benecard offers benefit modeling services to its clients in which we provide recommendations for a variety of plan modifications.

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Along with the recommendations, Benecard will identify both the potential program cost impact and the possible impact benefit changes could have on plan participants if implemented.

Depending on existing benefit features and utilization patterns carefully planned benefit modifications can result in savings ranging from 5% to 25% of program costs. We work closely with our clients and their professional benefit consultants to deliver a benefit plan that is consistent with their human resource and budgetary objectives.

We look forward to continuing to provide the highest quality of client and participant services during the coming plan year, and to continue our longstanding relationship based on quality of service and careful program cost management. Do feel free to contact me should any questions arise regarding this renewal proposal.

Very truly yours,

Barbara Seifert
Client Relations Manager

cc: Raj Kapoor, Client Services Director
Kelly Monahan, Client Services Director
Julie Graham, Fairview Insurance Agency

Exhibit “B”

Township of West Orange
Prescription Drug Plan Renewal
January 1, 2017

	Current Benecard 1/1/16 - 12/31/16	Proposed Benecard 1/1/17 - 12/31/17	Proposed Benecard / Alliance Trust 1/1/17 - 12/31/17	Proposed Maxor Plus 1/1/17 - 12/31/17	Proposed Bollinger 1/1/17 - 12/31/17
Active Township / Communication / Operation	\$559,818.96	\$635,394.72	\$652,190.52	\$637,577.16	\$716,569.08
Active Fire / Superior Fire / PBA / SOA	\$1,025,892.96	\$1,164,385.80	\$1,195,160.88	\$1,168,392.36	\$1,313,149.20
Town Paid Retirees	\$2,094,848.76	\$2,377,648.08	\$2,440,490.28	\$2,385,822.72	\$2,681,407.32
Self Paid Retirees	\$15,830.04	\$17,967.12	\$18,441.84	\$18,028.92	\$20,262.60
Library Retirees	\$31,660.08	\$35,934.24	\$36,883.68	\$36,057.84	\$40,525.20
Annual Total	\$3,728,050.80	\$4,231,329.96	\$4,343,167.20	\$4,245,879.00	\$4,771,913.40
% Increase		13.50%	16.50%	13.89%	28.00%

*RDS annualized reimbursement is estimated at roughly \$150,000

Towns. West Orange
Prescription Drug Plan Renewal
January 1, 2017

Plan I: \$5 / \$12 Retail, \$0 Mail Order (Township and Communications/Operations Employees)										
			Current Benecard		Renewal Benecard		Proposed Benecard / Alliance Trust		Proposed Maxor Plus	Proposed Boillinger
Single	34	\$	223.61	\$	253.80	\$	260.51	\$	254.67	\$ 286.22
Parent & Child(ren)	9	\$	547.38	\$	621.28	\$	637.70	\$	623.41	\$ 700.65
Employee & Spouse	25	\$	447.21	\$	507.58	\$	521.00	\$	509.33	\$ 572.43
Family	27	\$	849.71	\$	964.42	\$	989.91	\$	967.73	\$ 1,087.63
Monthly Total		\$	46,651.58	\$	52,949.56	\$	54,349.21	\$	53,131.43	\$ 59,714.09
Annual Total		\$	559,818.96	\$	635,394.72	\$	652,190.52	\$	637,577.16	\$ 716,569.08
					13.50%		16.50%		13.89%	12.78%

Plan II: \$10/20 Retail, \$2 Mail Order (Fire, Superior Fire, PBA/SOA Employees)										
			Current Benecard		Renewal Benecard		Proposed Benecard / Alliance Trust		Proposed Maxor Plus	Proposed Bollinger
Single	45	\$	204.84	\$	232.49	\$	238.64	\$	233.29	\$ 262.20
Parent & Child(ren)	11	\$	501.48	\$	559.18	\$	584.22	\$	571.14	\$ 641.89
Employee & Spouse	15	\$	409.71	\$	465.02	\$	477.31	\$	466.62	\$ 524.43
Family	83	\$	778.45	\$	883.54	\$	906.89	\$	886.58	\$ 996.42
Monthly Total		\$	85,491.08	\$	97,032.15	\$	99,596.74	\$	97,366.03	\$ 109,429.10
Annual Total		\$	1,025,892.96	\$	1,164,385.80	\$	1,195,160.88	\$	1,168,392.36	\$ 1,313,149.20
					13.50%		16.50%		13.89%	12.78%

Plan III: \$9/21/41 Retail, \$10/31/52 Mail Order (Town Paid Retirees)										
			Current Benecard		Renewal Benecard		Proposed Benecard / Alliance Trust		Proposed Maxor Plus	Proposed Bollinger
Single	122	\$	263.84	\$	299.46	\$	307.37	\$	300.49	\$ 337.72
Parent & Child(ren)	10	\$	645.85	\$	733.04	\$	752.42	\$	735.56	\$ 826.69
Employee & Spouse	117	\$	527.65	\$	598.88	\$	614.71	\$	600.94	\$ 675.39
Family	74	\$	1,002.55	\$	1,137.89	\$	1,167.97	\$	1,141.80	\$ 1,283.26
Monthly Total		\$	174,570.73	\$	198,137.34	\$	203,374.19	\$	198,818.56	\$ 223,450.61
Annual Total		\$	2,094,848.76	\$	2,377,648.08	\$	2,440,490.28	\$	2,385,822.72	\$ 2,681,407.32
					13.50%		16.50%		13.89%	12.78%

Accumulative Totals							
		Current Benecard	Renewal Benecard		Renewal Benecard	Proposed Maxor Plus	Proposed Bollinger
Monthly Total		\$ 306,713.39	\$ 348,119.05	\$ 357,320.14	\$ 349,316.02	\$ 392,593.80	
	Annual Total	\$ 3,680,560.68	\$ 4,177,428.60	\$ 4,287,841.68	\$ 4,191,792.24	\$ 4,711,125.60	
			13.50%	16.50%	13.89%	12.78%	

Township of West Orange Public Library
Prescription Drug Plan Renewal
January 1, 2017

Plan III: \$9/21/41 Retail, \$10/31/52 Mail Order (Town Paid Retirees)

			Current Benecard		Renewal Benecard		Proposed Benecard / Alliance Trust		Proposed Maxor Plus		Proposed Bollinger
Single	6	\$	263.84	\$	299.46	\$	307.37	\$	300.49	\$	337.71
Parent & Child(ren)	0	\$	645.85	\$	733.04	\$	752.42	\$	735.56	\$	826.61
Employee & Spouse	2	\$	527.65	\$	598.88	\$	614.71	\$	600.94	\$	675.31
Family	0	\$	1,002.55	\$	1,137.89	\$	1,167.97	\$	1,141.80	\$	1,283.21
			Monthly Total	\$	2,638.34	\$	2,994.52	\$	3,073.64	\$	3,377.11
			Annual Total	\$	31,660.08	\$	35,934.24	\$	36,883.68	\$	40,525.21
					13.50%		16.50%		13.89%		28.00%

Township of West Orange Self Pay Retirees
Prescription Drug Plan Renewal
January 1, 2017

Plan III: \$9/21/41 Retail, \$10/31/52 Mail Order (Self Paid Retirees)

			Current Benecard		Renewal Benecard		Proposed Benecard / Alliance Trust		Proposed Maxor Plus		Proposed Bollinger
Single	3	\$	263.84	\$	299.46	\$	307.37	\$	300.49	\$	337.72
Parent & Child(ren)	0	\$	645.85	\$	733.04	\$	752.42	\$	735.56	\$	826.69
Employee & Spouse	1	\$	527.65	\$	598.88	\$	614.71	\$	600.94	\$	675.39
Family	0	\$	1,002.55	\$	1,137.89	\$	1,167.97	\$	1,141.80	\$	1,283.26
Monthly Total		\$	1,319.17	\$	1,497.26	\$	1,536.82	\$	1,502.41	\$	1,688.55
Annual Total		\$	15,830.04	\$	17,967.12	\$	18,441.84	\$	18,028.92	\$	20,262.60
					13.50%		16.50%		13.89%		28.00%