

## 6.1 Cover Page

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## Request for Information- Cost Estimates

There are two components that will make up the overall costs of an insured Family and Medical Leave Insurance Program:

1. Costs to administer the program
2. Insurance expense to cover the benefits payable.

Illustration 1 - Administration:

- *Administrative fees and implementation costs associated with the service may vary depending on administrative services requested between the state, administrator, technology and data requirements.*

## Statement of Work

To fully understand the administrative costs associated with a State Employee program, a comprehensive statement of work should be developed. The statement of work should include expectations of customer service, reporting, training and education, technical solutions as well the product offered. We have extensive experience in developing complex solutions for our customers and would welcome an opportunity to share our expertise.

Illustration 2-Insurance

## Insured Product Offering for State Employee Population

The pricing for the state employee population will vary based on several factors. Leave qualification requirements may significantly impact the expected incidence. Based on our experience in the market, we would expect the following duration of claim and incidence per 1,000 lives.

Based on a 6-week duration:

	Duration	Incidence per 1000
PFL	4.5-6	13-15
Medical Leave	4-5.5	39-43

- This chart shows the Expected Weekly Claims weeks for a plan with a 6-week benefit that has a 1-week elimination (waiting) period.
- This percentage of tax rate necessary to fund the program will vary based on the specific demographics to be insured, program parameters, and expected administrative requirements.

- For example, administering leaves on an intermittent or part-time basis is much more costly than administration of non-intermittent.
- A lower tax rate may be necessary if it is applied against income above the SS wage.
- The average salary of the population, as well as the demographics will have a large impact on the variation of incidence, duration and required funding.
- Eligibility of employees to be covered, including the amount of full-time versus part-time employees, and the employment tenure may impact experience.
- How the leave benefit will interact with any other government or private plans may also impact incidence and benefits payable.
- Prior experience on disability and leave data to the extent it's available.
- The RFI indicated private, self-employed individuals, or individuals that are employed by an employer that has chosen to opt of the FMLI coverage, may be eligible may be allowed to opt into the state fund join a plan established as an adjunct of the state government employee plan. This type of eligibility may lead to adverse risk selection and may significantly increase the cost of the program. Eligibility parameters should be carefully considered.

### **Voluntary Private Employers (Non-State)- Insured Product Offering**

At this time, we do not have experience with Voluntary Employer Paid Family Leave Programs that are electable at both the employer and the employee level. Further details regarding the population demographics and the likelihood of selecting benefits would need to be analyzed. It is our opinion that benefits that are employer and employee selectable may be subject to anti-selection and may require additional funding to cover the anti-selection expenses.



## Guardian Overview

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*March 7, 2019*

The Guardian Life Insurance Company of America® (Guardian) is one of the largest mutual insurance companies in the United States, providing high quality, affordable insurance and financial products through knowledgeable, service-oriented representatives nationwide. Guardian is headquartered at:

The Guardian Life Insurance Company of America  
7 Hanover Square  
New York, NY 10004

As a mutual company, our strategic investments are driven by our customers' needs. In 2012, we acquired ReedGroup, a leader in absence management services that helps employers comply with federal and state regulation and get employees back to work quickly and safely. ReedGroup operates as an independent, wholly owned subsidiary of Guardian.

### **Guardian History and Philosophy**

Guardian is a Fortune 250 global financial services company with approximately 9,000 employees and a network of over 2,750 financial representatives in 55 agencies nationwide. As a mutual insurance company, we are owned by our policyholders, and have consistently paid dividends every year since 1868. Guardian and its subsidiaries are committed to protecting individuals, business owners, and their employees with life insurance, disability income insurance, annuities, and investments for individuals and providing comprehensive workplace benefits, such as dental, disability, vision, life, and supplemental health insurance. Guardian operates the third largest dental network in the United States and protects 6.4 million unique members and 120,000 unique planholders.

Being a mutual company allows Guardian to invest for the future without worrying about the short-term interest and demands of Wall Street. Guardian is managed for the benefit of its policyowners and has two primary obligations:

- To maintain the financial strength of the company to pay future obligations
- To pay a competitive dividend from surplus earnings

For more than 155 years, Guardian remains committed to maintaining our high performing organization through strong talent and enduring, time-tested values. These are the values that guide our organization – both in the way we treat our customers and the way we treat each other. These guiding principles are the foundation of our continued success:

- We do the Right Thing
- People Count
- We Hold Ourselves to Very High Standards

# ReedGroup Overview

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ReedGroup Management LLC (ReedGroup)—a division of The Guardian Life Insurance Company of America, a Fortune 250 mutual company—is headquartered at:

ReedGroup Management LLC  
10355 W estmoor Drive  
Westminster, CO 80021

## ***Company philosophy, management, and brief history***

ReedGroup is committed to improving health and productivity outcomes while controlling costs—this is at the core of our comprehensive absence management solutions, which are designed to return people to their active lifestyles and allow businesses to thrive.

## **ReedGroup's History and Philosophy**

Dr. Presley Reed founded ReedGroup in 1977 to address workplace productivity and employee absenteeism issues in the corporate environment. In his career in private practice and occupational psychiatry, Dr. Reed concluded that a non-adversarial, personal approach to absence and disability helped employees recover more quickly and return to work sooner and in greater numbers than traditional, adversarial, and less personal approaches.

During the course of working with employers and unions, it became apparent that standardized duration information relating to employee medical disabilities did not exist. In effect, the treating physician's recommendation for a patient's period of disability was adhered to, even when the physician had little or no understanding of the workplace or the nature of the work performed by the employee.

Dr. Reed's research findings repeatedly demonstrated, within companies, across regions, and between corporations, that disability duration guidelines—hence, the genesis of ReedGroup's industry-leading *MDGuidelines*<sup>®</sup>—and proactive, consistent case management would provide invaluable benefit to anyone whose position required familiarity with the injuries and illnesses of the working population.

By helping employees return to work sooner, our founder, Dr. Reed, realized he could also assist employers by helping them reduce absence related expenses. This original source of inspiration and

### **Our Vision**

Healthy and Productive People.  
Thriving Businesses.

### **Our Mission**

ReedGroup connects the ecosystem of work, life, and health with:

- ✓ The best service experience for clients and employees.
- ✓ Trusted content and expertise.
- ✓ Partnerships across healthcare and insurance.
- ✓ Technology to drive simplicity.
- ✓ The data to create meaningful insights.

purpose still fuels our drive to innovate and serve our clients, employees and employers alike. It informs our business decisions and the actions we take every day.

As such, our philosophy for case management is clinically-based, with a focus on treating-physician approved, return-to-work opportunities for the benefit of both the employee and the employer. We understand the real world implications of a leave event on an employee or family member, as well as on an employer, and our case managers are trained to treat all employees with respect and compassion, maintaining focus on return to work, but always within the context of our evidence-based guidelines, and never to the detriment of the employee's health and productivity, nor, even with accommodated or transitional duty, placing an undue burden or unreasonable risk on the employer.

ReedGroup is a recognized leader in helping organizations reduce the cost, compliance risk, and complexity of employee absence. Our services, software, and tools address workplace absence associated with FMLA, ADA/ADAAA, state and local leave laws, and unique company leaves, such as short- and long-term disability programs, and parental and military leaves.

## **Our Case Management Services and Resources**

ReedGroup's products and services include, in addition to **MDGuidelines**<sup>®</sup>, our web-based toolkit of real-world data, predictive modeling, and reference content addressing absence incidence and durations, medical conditions and treatment, leave laws, and return-to-work best practices; **LeavePro**<sup>®</sup>, our web-based case management and reporting tool for managing disability, FMLA, ADA/ADAAA, paid family leave and other leave of absence claims; and, **ReedInsights**<sup>®</sup>, our client-driven ad hoc reporting tool.

We began offering self-insured administrative services only (ASO) and advice to pay (ATP) disability management services and other leave of absence tracking programs in 1993, expanding to include federal and state FMLA services in 1997, and ADA/ADAAA administration in 2011. Our TPA services are provided for all fifty states as well as the District of Columbia and U.S. territories, including support for the integration and administration of statutory disability and paid family leave programs for California, Hawaii, New Jersey, New York, Puerto Rico, and Rhode Island.

In addition to these services provided from our headquarters location in Westminster, Colorado (just outside of Denver), with additional domestic customer service centers in Hartford, Connecticut; Orlando, Florida; Minneapolis, Minnesota; and, Houston, Texas, our Montreal, Quebec, and Toronto, Ontario, locations provide absence case management for Canadian self-funded short- and long-term disability, leave of absence, and workers' compensation claims.

Approximately 2,000 ReedGroup colleagues deliver absence services and solutions to over 1,800 clients, including 59 self-insured STD clients (approximately 1.9 million lives); 74 leave services clients (approximately 2.5 million lives); and, 17 ADA/ADAAA clients (approximately 600,000 lives). Our client retention rate over the past three years is 95%; and, for the approximately 1,200 clients using LeavePro, under SaaS agreements, representing approximately 7 million lives, our client retention rate has been 100% since 2009.

Our experience and our employees—many hold advanced degrees and professional licenses, commensurate with their roles, as well as specialty professional certifications and designations, including Certified Disability Management Specialist (CDMS); Certified Case Manager (CCM); Certified Occupational Health Nurse (COHN); Certified Professional of Disability Management

(CPDM); and, Legal Nurse Consultant (LNC)—have made ReedGroup a trusted partner to employers, insurers, third-party administrators, government agencies, physicians, and other professionals worldwide for over 40 years.

## Our Commitment

In an industry full of impersonal call centers and bureaucracy, we operate like a smaller, hands-on organization. We are continuously reinventing absence management by finding new ways to improve processes and technologies, without losing sight of the people who need our help while they're off work. We consider our aforementioned client retention rates the centerpiece of industry recognition of our commitment and service.

ReedGroup solves the challenges of absence management with the following best practices, technology systems, and tools:

- 1. Personalized Employee Service.** We build relationships with employees through personalized conversations. We are an advocate, looking for opportunities to help employees return to activity safely and more quickly. Our professionals ensure cases are handled with empathy and oversight, with skill born from years of real-world absence industry and clinical experience.
- 2. Taking Care of People.** Our colleagues are trained to treat employees as if they were part of their own families, with respect and compassion. Our teams extend our clients' unique cultures to each employee, ensuring that we treat each with care. We help employees navigate the confusing maze of policies, laws, and regulations. We listen and understand what each employee is going through. Most importantly, we handle each case correctly.
- 3. Strength and Stability.** ReedGroup is a division of The Guardian Life Insurance Company of America, a Fortune 250 mutual company, allowing our clients to be confident in our financial stability and in the depth of expertise we can call upon from throughout the entire Guardian network of organizations.
- 4. Commitment to Innovation.** We are an innovator in processes, technology, and tools for return to work and compliance. We originated the concept of disability guidelines—our proprietary online version of *The Medical Disability Advisor*<sup>®</sup>, now labeled *MDGuidelines*, has been for years the gold standard in duration management—and we continue to lead the market not only in this area, but also with our absence administration services and LeavePro technology, being the first to automate disability and leave management through the creation of our LeavePro software platform.

## Our Value Proposition

### THE PROBLEM:

Lost productivity and wage replacement costs employers more than \$354 Billion annually (IBI 2016).

*“We always thought of ReedGroup as a niche player in the absence management market. Now, we see them as a valuable health solutions partner.”*

-KATHY GERWIG  
VP, KAISER PERMANENTE

### THE SOLUTION:

ReedGroup is shifting the disability paradigm by breaking down silos and establishing integrated products and services that improve health and productivity and ultimately influence point of care.

### AN INDUSTRY LEADER

**30+**

years of health and  
productivity experience

**8**

global  
locations

**2000**

dedicated employees  
worldwide

**60%**

of Fortune 100  
companies served

**1800+**

clients across our portfolio

### ReedGroup's Absence Management Program

ReedGroup's leave of absence and self-insured, short-term disability absence management program is clinically focused; is compliance oriented; is designed to deliver a “high-tech” case management solution within a “high-touch” customer service experience; and, is offered in conjunction with ongoing fees-at-risk, client-specific, mutually agreed-upon, performance measures.

### Clinical Focus

**We offer a clinically-supported FMLA program.** Clinicians are used by leave case managers on an “as needed” basis for case review, consultation, clarification, authentication, etc. Our clinical case managers, including behavioral health specialists, are available to provide clinical oversight, and may be tasked with contacting healthcare providers, since they are an internal escalation point for those claims that may necessitate clinical review, or where the leave case manager suspects fraud or abuse. “Clinical reviews” are defined for leave administration purposes as escalations involving ReedGroup clinical case managers and behavioral health specialists.

ReedGroup's clinical case management philosophy is informed by our clinical focus and our proprietary MDGuidelines, which is the industry's most comprehensive, evidence-based, return-to-work toolkit for managing disability, workers' compensation, FMLA, and other leaves.

### Compliance Support

ReedGroup's in-house compliance team, licensed attorneys highly experienced with disability and leave of absence laws and regulations, monitors changes to federal and state leave legislation/regulations and case law developments daily, and is available to our clients for consultation on claim issues and to answer your questions. Our legal resources are able to provide



our clients with thorough and detailed compliance support and consultation both during the course of program implementation as well as when legislative or regulatory changes occur; however, we do not practice law and cannot be responsible for determining our clients' compliance with all applicable laws, regulations, etc. We perform claim administration services in accordance with the requirements agreed upon and approved by you.

Compliance and regulatory updates are provided to employers in a number of ways, including:

- **ReedGroup Blog:** Our compliance team actively blogs on our corporate website (<https://reedgroup.com/blog>) about case law developments and legislative updates on an ongoing basis.
- **Account Management Update:** Upon the passage of a new leave law or changes to an existing law, we alert our client partners via email, providing an overview of the changes or new law, the effective date, what ReedGroup is doing about the law (e.g., system updates), as well as our interpretation of the law and whether any associated system changes require coordination and training.
- **Quarterly Compliance Webinars:** Our compliance team hosts quarterly webinars in order to review case law developments, proposed or pending legislation, and other disability and leave-related compliance updates. These webinars are free and open to our clients.

## “High-Tech and High-Touch” Case Management

Our proprietary LeavePro case management, reporting, and analytic platform enables ReedGroup to effectively engage our clients' employees proactively, driving optimal outcomes throughout the case management process, and channeling data into analysis for high visibility and detailed reporting. Seamless integration across different customer interfaces, business services, work processes, and data sources supports a unified infrastructure that enables us to achieve faster time-to-service than industry competitors and to respond flexibly to rapid changes in business requirements.

We provide a clinical case management model that is both “High-Tech” and “High-Touch.” The “high-tech” portion of our solution is attributed to our LeavePro technology platform for the management of claims through automation, including automated workflows, tasks, and correspondence, but not automated processing. Because these tasks are auto-generated, case managers can focus on delivering “high-touch” service, spending time helping claimants understand the leave and disability absence process, answering questions, setting expectations, and providing referral opportunities to employer-sponsored employee assistance/wellness programs. LeavePro's advanced business rules support automation, efficiencies, eligibility, and compliance with federal and state regulations, and company policies. The end result is increased accuracy, reduced costs, and improved outcomes.

### ***Why ReedGroup?***

ReedGroup will provide our leave of absence services in a professional, timely, and thorough manner. Our absence outsourcing solution will enable you to harness the power of your workforce while reducing the cost, compliance risk, and complexities related to employee leaves.

Each leave management program is unique, and we understand both the fundamentals that make every program successful, as well as the best techniques for configuration and customization, so that the employer's requirements and culture are maintained.

We understand the operational challenges—often 24/7—of the modern workforce, and we recognize that the most valuable resource of any employer is its employees. ReedGroup's mission is to help employees in their time of illness, injury, or family crisis. We built every aspect of our business around helping employees navigate through a confusing maze of policies, laws, and regulations. We believe that activity is a key part of the healing process, and we created our organization to help employees return to work—benefiting themselves, their families, and their employers.

We rely on our overall experience and expertise to provide high-quality leave administration services to a variety of different clients with different organizational structures, benefit plans, cultures, and needs. We provide absence claim administration for many complex clients. Whether this complexity is due to factors including the nature of the client's business, public or private sector, union or non-union, the number of policies/plans, the number of employees, multiple classes/categories of employees, or hourly or salaried, we are able to support the servicing of each individual client's needs, using best practice protocols, based upon our ability to understand those needs, our flexibility in meeting those needs, and our achieving the goals decided upon with each client.

Our implementation project management methodology, system development strategy, absence service offering, and staffing model are designed to meet the needs of diverse organizations; we have designed our services to support multiple plans and programs, a variety of different system interfaces, and, the needs of a culturally-specific customer experience within a diverse and extensive client industry base. In addition to programs we provide to various states, an abbreviated, representative client list by industry served, includes clients in the airline, automotive, banking, construction, education, energy, engineering, entertainment, food and beverage, hospital/healthcare, hospitality, manufacturing and consumer products, pharmaceutical, retail, and telecommunications industries.

## **A Word About LeavePro**

Our proprietary case management, reporting, and analytic system, LeavePro, is engineered to be the most effective, user-friendly, and flexible leave management application available to employers today and going forward. The system features powerful business engine and process engine support, with workflow engines allowing eligibility determinations and workflow tasks to be handled quickly and efficiently.

LeavePro is web-based and is fully integrated using an N-tier, Microsoft architecture as well as a Service Oriented Architecture, and supports a variety of Web services. Client data is housed at a managed service/hosting provider, at a highly-secure, Tier 3+ facility. The platform is managed, maintained, and supported by our Technology and Analytics Division.

Users require only a web-enabled computer—complex enterprise installations or special infrastructure are not required—with Microsoft Internet Explorer 11 or higher, Mozilla Firefox, Google Chrome, or Safari, as well as an Internet connection. No particular operating system is required. A PDF reader application (e.g., Adobe Reader) is required in order to access employee and employer claim notifications within the case management application. Response time will be a function of speed of the Internet connection. There are no additional hardware requirements.



Platform upgrading/patching is timed so as to have minimal, if any, impact on the operating environment. We make continual, two-week rolling releases adding new functionality, patches, and compliance updates to the system. Patching takes place monthly unless a threat is identified as a zero-day vulnerability in which case the patch will be applied as soon as it is validated in a non-production environment.

**"Evergreen" Absence Management Technology:** We continually evaluate and invest in our case management, reporting, and analytics capabilities to ensure that we are proactively responding to the needs of our clients, incorporating ad hoc feedback, new customizations, and industry best practices to enhance our capabilities at every opportunity.

Updates and enhancements we apply to LeavePro, including those required due to changes in applicable law, are provided to clients at no cost. As we continue to invest in our system, our clients benefit from ongoing system and process enhancements; your technology solution will neither become stagnant nor, in consideration of our supplied enhancements, incur additional expense, since, with an eye on emerging market trends, we will continue to invest in our system to provide market-leading capabilities and functionality to our clients.