McKinsey & Company

New Jersey Office of Emergency Management

COVID-19 Response— Strategic and Operational Support

April 22, 2020

Submitted to:
New Jersey Office of Emergency Management
Glen Szenzenstein
2 Schwarzkopf Drive
Ewing Township, NJ 08628

McKinsey & Company

April 22, 2020

Lt Colonel Glen Szenzenstein
Homeland Security Branch
New Jersey Office of Emergency Management
2 Schwarzkopf Drive
Ewing Township, NJ 08628

Subject: State of New Jersey's COVID-19 Response - Strategic and Operational Support

Lt Colonel Szenzenstein:

In response to New Jersey Office of Emergency Management's (NJOEM) request for a proposal from McKinsey & Company, Inc. Washington D.C. (McKinsey) for Strategic and Operational Support to COVID-19 Response, we are pleased to provide the attached proposal, and in accordance with the State of New Jersey, Department of the Treasury, Division of Purchase and Property's Participating Addendum (Blanket P.O. #20- PROSV-00963) and National Cooperative Purchasing Alliance (NCPA) Master Agreement for Strategic Management Consulting Services with Region 14 Education Center, (Region 14 ESC) (Contract #11-30).

It would be our honor to serve NJOEM on this important effort. We recognize extraordinary urgency of this project for NJOEM and for the State of New Jersey, as NJOEM works in coordination with other State agencies to continue to expand healthcare delivery and public health capacity, in order to mitigate the impact of COVID-19 on lives and livelihoods of New Jersey residents and prepare the healthcare delivery and public health requirements of a staged increase in social and economic activity.

I am authorized to make representations on behalf of and legally bind McKinsey. If you have any questions about our proposal response, please do not hesitate to contact me at ▮▮▮▮▮ or ▮▮▮▮▮ ▮▮▮ @mckinsey.com. For contractual questions, please contact Briana Park, Contracts Manager, at ▮▮▮▮▮ or ▮▮▮ @mckinsey.com and ▮▮▮▮▮ @mckinsey.com.

Sincerely,

▮▮▮▮▮▮▮▮

Sarah Tucker-Ray, Partner
▮▮▮▮▮ telephone
▮▮▮▮▮ @mckinsey.com

Table of Contents

New Jersey Department of Human Services
MMIS Modernization – Strategic Support for Program Alignment and
Roadmap Optimization

December 11, 2019

1.0 CONTEXT AND OBJECTIVES

The State of New Jersey – like many parts of the U.S. and world at large, is taking extraordinary measures to mitigate the impact of the COVID-19 coronavirus on the social, health, and economic well-being of the community. To date, there have been more than 80,000 confirmed cases of COVID-19 in New Jersey, and at least 4,070 deaths attributable to the disease. The New Jersey Office of Emergency Management (NJOEM), in coordination with the Department of Health and other agencies, has undertaken efforts to increase the scale of viral testing for COVID-19, while also increasing the capacity of the local healthcare delivery system to meet the needs of those patients that with mild, moderate, or severe symptoms of the disease, including thousands that have required hospitalization, many requiring intensive care.

Last month, Governor Murphy signed a number of Executive Orders to mitigate transmission of the virus, including an order for individuals to stay at home except for the operation or use of essential services. This among other measures to increase social distancing, appear to have reduced the rate of growth in virus transmission. As of April 18th, both the census of inpatient hospitalizations due to COVID-19 and the patient census in intensive care units appear to have reached a plateau. However, it is unknown whether the census will increase or decrease in the coming days, dependent in part on the cooperation of the population with the stay-at-home order, as well as given our yet limited understanding of virus transmission. Even as we look forward to a period when social distancing measures may be relaxed, the administration understands the need to plan for the possibility of re-surgence of virus transmission.

Based on these circumstances, New Jersey NJOEM is seeking McKinsey's support with one or more of the following:

- Scale, stabilize, and maintain hospital capacity and supply logistics.
- Scale and deploy testing, contact tracing, and quarantine.
- Strategy, guidelines, and plan for relaxing social distancing measures and re-opening the economy
- Plan for mid- and long-term strategies to mitigate further virus transmission.

2.0 PROPOSED APPROACH

McKinsey will provide fact-based, independent analysis. We understand that NJOEM will develop and will own its work and recommendations both internally and externally. To address NJOEM requirements, the McKinsey team will draw upon its knowledge of the context and unique challenges of New Jersey, example practices, its public sector, public health, and healthcare experience, and appropriate resources within McKinsey, including technical, business process, and healthcare knowledgeable resources. Below, we outline the proposed tasks and deliverables over a 12-week engagement. We offer an approach to address the scope of services requested by NJOEM over a span of 12 weeks, organized into three workstreams, based on your request:

1. Scale, stabilize, and maintain hospital capacity and supply logistics.
2. Scale and deploy testing, contact tracing, and quarantine.
3. Strategy, guidelines, and plan for relaxing social distancing measures and re-opening the economy, including mid- and long-term strategies to mitigate further virus transmission.

2.1 Scale, stabilize, and maintain healthcare capacity and supply logistics

We understand that NJOEM's goal for this workstream is to ensure that there is adequate healthcare capacity to meet the needs of New Jersey to treat confirmed or presumptive positive cases for COVID-19, while also continuing to meet the needs of other non-COVID patients. We understand that healthcare capacity includes intensive care, medical/surgical, as well as step-down beds in either permanent or temporary facilities; as well as critical supplies and equipment including but not limited to ventilators and Personal Protective Equipment (PPE); in addition to both permanent and temporary healthcare workforces.

2.1.1 Health system capacity assessment

Objective

Develop a range of scenarios informed by epidemiological modeling to help plan for potential future acute hospitalizations for COVID 19 to support planning for bed capacity, equipment, PPE supplies and workforce.

Key Activities

- Work with DOH and partners to review modeled epidemiologic scenarios
- Estimate needs for flexible healthcare capacity, supplies and equipment, and workforce based on these scenarios
- Review implications on long term care
- Overlay other healthcare needs indirectly related to scenarios (e.g., public health capacity needs for quarantine)

Deliverables

- Summary and detailed view of healthcare needs

2.1.2 Health system facility capacity

Objective

Support the management of facility capacity gaps throughout pandemic deceleration phase. Develop path to stabilization for care delivery and support provider system in transition to new normal operations.

Key Activities

- Identify facility capacity gaps on ongoing basis
- Support expanded capacity and new care settings (e.g., maintain new care settings, open additional care settings as needed)
- Develop path to stabilization for care delivery, including reorientation from crisis to contingency to conventional care
- Support provider system in transition to new normal operations (e.g., re-establishing elective and ambulatory care)

Deliverables

- Ongoing identification of capacity gaps and management of expanded capacity and new care settings
- Plan for stabilization in care delivery and transition to new normal operations

2.1.3 Health system supplies and equipment

Objective

Support the management of the distribution of supplies and equipment throughout pandemic deceleration phase. Develop plan to enable rapid release of supply and equipment to support capacity expansion as needed.

Key Activities

- Continue to support distribution of supplies and equipment across sites
- Support the identification and management of additional sources of and processes for supplies (e.g., decontamination)
- Develop approach to maintaining contingency supply and equipment to enable rapid release and capacity expansion as needed
- Assess needs for local stockpile for short, medium, and long terms
- Identify supply and equipment gaps required for transition to new normal operations
- Develop plan for return of loaned equipment over time

Deliverables

- Ongoing support for the distribution of supplies and equipment
- Plan for maintenance of supply and equipment (including local stockpile) for rapid release to support capacity expansion as needed
- View of supply and equipment gaps required for transition to new normal operations

New Jersey Department of Human Services
MMIS Modernization – Strategic Support for Program Alignment and
Roadmap Optimization

December 11, 2019

2.1.4 Health system workforce

Objective

Support the deployment of healthcare workforce throughout pandemic deceleration phase. Develop plan to support reset of healthcare workforce, including enabling market reset, supporting healthcare worker reintegration, and phasing out temporarily licensed workers.

Key Activities

- Ensure workforce resources (e.g., volunteers, UI claimants) are deployed to support system throughout pandemic deceleration phase
- Develop plan to enable market reset for healthcare workforce
- Reintegrate and support workforce removed / affected during peak
- Phase out temporarily licensed workers

Deliverables

- Ongoing support for the deployment of healthcare workforce
- Plan to support reset of healthcare workforce as system transitions to new normal operations

2.1.5 Reporting and lessons learned

Objective

Develop and improve reporting to manage health system capacity over time throughout any future pandemic phases. Support the assessment of lessons learned / after action assessment to enhance preparedness for any future surge or pandemic.

Key Activities

- Identify data to track and manage across phases
- Establish partners for data collection and management
- Develop dashboards, cadence, and structure of reporting (e.g., meetings, distribution)
- Support the assessment of lessons learned / after action assessment to enhance emergency preparedness for any future surge or pandemic
- Outline plan for capacity, supplies and equipment, and workforce roll-out for potential future pandemic waves
- Identify system / infrastructure needs and roadmap for future pandemic waves

Deliverables

- Improved reporting model throughout pandemic phases, including data used, partners in data collection and management, and dashboards, cadence, and structure of reporting
- Lessons learned / after action assessment
- Plan for capacity, supplies and equipment, and workforce roll-out for potential future pandemic waves and supporting roadmap for any system / infrastructure needs

2.2   Scale and deploy public health capacity

We understand that NJOEM's goal for this workstream is to increase the public health capacity of New Jersey to implement testing as well as contact tracing processes. This includes identifying confirmed or suspected cases of COVID-19, as well as instances of possible exposure to the virus, to allow for measures to be taken – including isolation at home as well as other forms of quarantine or isolation – in order to mitigate further transmission of the virus.

2.2.1 Testing strategy

Objective

Support the development of a testing strategy for New Jersey. Identify potential testing considerations based on specific cohorts and capacity.

Key Activities

- Review current example practices in testing based on responses in other countries / states
- Support DOH partners in identifying goals of testing in the near and long term
- Articulate potential use cases for testing and facilitate prioritization
- Work with DOH partners to identify prioritization of use cases given testing process constraints

Deliverables

- Fact pack on testing example practices and case-studies
- Summary of DOH-driven testing strategies to meet near- and long-term goals
- Summary of potential testing use cases in New Jersey with DOH-driven prioritization

2.2.2 Approach to scaling testing

Objective

Develop scaling considerations (e.g., supply chain, process, locations, staffing) for the potential expansion of testing across New Jersey as the pandemic shifts to the deceleration phase and then into the control phase.

Key Activities

- Quantify current testing capacity by test in in NJ, forecasts, and potential constraints as testing expands (e.g., test kits, staff, reagents, platforms, etc.)
- Work with DOH partners to develop strategic considerations (e.g., prioritized use cases, dashboard of key measures) as well as tactical considerations (e.g., addition of test sites, location of test sites)
- Support DOH partners in estimation of budget for DOH-selected execution plan

Deliverables

- Scale-up plan with anticipated capacity over time mapped to use cases
- Execution plan, including role of NJ and potential partners

2.2.3 Support to management of testing capacity

Objective

Support the management of testing capacity in New Jersey across the process chain, including testing sites and laboratory processing. Improve overall capacity based on identification and mitigation of bottlenecks.

Key Activities

- Develop understanding of current testing capacity in New Jersey across the chain from sample collection to reporting
- Map current testing logistics, identify capacity gaps and bottlenecks, and potential alternatives
- Work with DOH and sample collection site / laboratory partners to develop and execute a process to understand sample collection / processing counts, status, turn around times and bottlenecks on a regular ongoing basis
- Identify supply chain, process, and staffing gaps as they occur and propose mitigation options

Deliverables

- Ongoing support to scale testing capacity in New Jersey
- Weekly summary of current testing capacity, bottlenecks, and potential solutions

2.2.4 Contact tracing and quarantine or isolation

Objective

Provide a summary of approaches to contact tracing and quarantine / isolation based on activity in other countries and States.

Key Activities

- Summarize actions taken in other States / countries that have enacted contact tracing
- Summarize actions taken in other States / countries that have enacted quarantine / isolation
- Define the process and workforce requirements for manual contact tracing
- Quantify potential need and capacity for quarantine / isolation in New Jersey, including for vulnerable populations and essential workers

Deliverables

- Fact base on what other countries / states have done in contact tracing and voluntary quarantine / isolation
- Fact base on tracing approaches and technology deployed in other countries / states
- Process and workforce requirements for manual contact tracing
- Scenario modeling of capacity requirements for quarantine/isolation space and supportive services

2.2.5 Reporting and lessons learned

Objective

Develop and improve reporting to manage testing capacity over time throughout the pandemic phases. Conduct lessons learned / after action assessment to enhance preparedness for any future surge or pandemic.

Key Activities

- Identify data to track and manage across phases
- Develop dashboards, cadence, and structure of reporting (e.g., meetings, distribution)
- Conduct lessons learned / after action assessment to enhance emergency preparedness for any future surge or pandemic
- Outline plan for capacity, supplies and equipment, and workforce roll-out for potential future pandemic waves
- Identify system / infrastructure needs and roadmap for future pandemic waves

Deliverables

- Improved reporting model throughout pandemic phases, including data used, partners in data collection and management, and dashboards, cadence, and structure of reporting
- Lessons learned / after action assessment
- Plan for capacity, supplies and equipment, and workforce roll-out for potential future pandemic waves and supporting roadmap for any system / infrastructure needs

2.3   Strategy and plan for relaxing social distancing measures and re-opening the economy, including mid- and long-term mitigations

The State of New Jersey continues to maintain a stay at home order and other restrictions on social and economic activity, as means of mitigating the transmission of the virus. However, in the hope and anticipation that the rate of new cases may continue to slow, the administration is beginning to consider when and how to relax restrictions on social and economic activity. We describe below the types of steps that NJOEM may take – with McKinsey support – to plan for and manage the relaxation of restrictions on social and economic activity, in coordination with NJEDA, DOH and other agencies.

This work will require complex planning and orchestration across state and local agencies. It may also require extensive engagement with the private sector to optimize sector guidelines and to ensure the cooperation of businesses in implementation of key guidelines. Finally, successful re-opening of economic sectors will require a number of enablers, including key government-provided or regulated services; incentives and enforcement; data monitoring and communication; and support for businesses with the logistics and cost of re-opening.

2.3.1 Measurement and monitoring of relative readiness to relax restrictions

Objective

Develop and deploy a portfolio of metrics to assess the relative risk of infection transmission in a given community within New Jersey, as well as to assess the level of public adoption of and adherence to social distancing and other mitigation strategies.

Key Activities

- Work with NJOEM, DOH, and other agencies to define metrics for infection rate – confirmed, suspected, and/or extrapolated or inferred – by county or other granular level of detail
- Work with NJOEM, DOH, and other agencies to define metrics for public adoption of and adherence to social distancing and other mitigation strategies.
- Define data sources and reporting requirements, including frequency and granularity of reporting.
- Work with NJOEM, NJ Office of Innovation, or others as appointed to establish and maintain dashboards
- Work with NJOEM, DOH, Governor's Office, and others to establish process for communicating relative readiness, and subsequent State decisions regarding relaxation of restrictions and/or the imposing of new, targeted restrictions and other mitigation strategies as necessary, should there be a re-surgence of virus transmission and/or inadequate adoption of what restrictions remain or what new mitigation strategies may be adopted.

Deliverables

- Detailed requirements for dashboards to measure relative readiness for relaxation of restrictions as well as "hot spots" of virus transmission and/or non-adoption of public health measures
- Advice and input into state processes for making decisions regarding "throttling up or down" restrictions in order to protect public health while promoting increased social and economic activity

2.3.2 Public change management

Objective

Develop a change management and communications strategy surrounding possible relaxation of restrictions on social and high-level economic activity, combined with any new mitigation strategies as may be implemented through either public or private channels.

Key Activities

- Catalog approaches to measures, implementation, change management, and effectiveness in other geographies outside the U.S.
- Understand public perceptions of the stay at home order, social distancing practices, and other strategies for mitigation of virus transmission
- Understand the degree of public adoption of restrictions on social and economic activity
- Identify what messages may preserve or increase public adoption of social distancing and other mitigation strategies, including following relaxation of restrictions on social and economic activity
- Review example practices in public change management and communications from other geographies (especially internationally) in driving uptake of responsible throttling up and down of social and economic activity
- Identify the state communications channels, media, or other channels through which the public understands and chooses whether to adopt restrictions on social and economic activity
- Determine what combination of communications channels should be used to communicate updates on restrictions, in the near-term and over the remaining course of the pandemic

Deliverables

- Emerging or best practices fact pack on public change management in international coronavirus settings that are farther along in the epidemic lifecycle.
- Fact base on current public perceptions and adoption of restrictions on social and economic activity
- Strategy for change management and communications, to promote sustainable public adoption of social distancing and other mitigation strategies during a period of increasing social and economic activity

2.3.3 Build a plan for private sector engagement on economic re-opening

Objectives

Support the State in building a structure and workplan for active engagement and partnership with the private sector and other employers, in terms of when, to what extent, and how to re-open in-person operations, for employees and for customers.

Activities

- Review example practices used by other countries and states in engaging the private sector in economic re-opening during the COVID-19 crisis
- Review the set of existing industry associations (Choose NJ, statewide and regional chambers, sector-specific associations, etc.) to determine how a new engagement structure could leverage these existing structures
- Generate a set of different stakeholder engagement configurations for the State's consideration
- Facilitate a decision among different configurations and support the State in shaping membership
- Build a draft workplan and draft meeting agendas

Key deliverables

- Best practice research and interview findings on top-level private sector engagement
- Set of potential top-level stakeholder engagement configurations with additional detail on prioritized configuration
- Draft top-level stakeholder engagement workplan and meeting agendas
- Draft plan for top-level private sector/employer stakeholders to engage with public health advisory council

2.3.4 Provide framework and analytical basis to support State decisions on sequencing of economic re-opening

Objectives

Provide strategic and analytical support to help the State determine high-level approach(es) to sequencing of economic re-opening in terms of:
- Priority axis- industry sector, region, occupation type, work environment, etc.
- Clustering and staging- organizing grouping and timing of re-opening along priority axis or axes with an understanding of the interplay with public health and healthcare capacity workstreams and of interdependencies across sectors

Activities

- Provide data-driven analysis and segmentation of industry sectors, regions, occupation types, and work environments based on contagion risk and economic importance (e.g., criticality, employment, strategic importance to New Jersey, service to and employment of vulnerable populations, etc.)
- Develop a set of potential frameworks for sequencing, (e.g., industry sectors, regions, occupation types, work environments, or a combination thereof) and facilitate the State's prioritization of primary or secondary axes.
- Identify important clusters within the priority axes (e.g., supply chain interdependencies across industry clusters, geographically interdependent regions, occupation type clusters within industries, etc.) to help the State determine staging and sequencing
- Facilitate State decision-making regarding sequencing of economic re-opening from an initial perspective and on an ongoing basis
- Support engagement with healthcare capacity and public health workstreams to track data in those domains that will drive reopening sequencing

Key deliverables

McKinsey & Company

- Collection of case studies on economic re-open sequencing from other states and countries
- Analysis and segmentation of industry sectors, regions, occupation types, and work environments
- Frameworks for the State to determine sequencing, clustering and staging of economic re-opening
- Data dashboards across healthcare-related, public health-related and economic domains to facilitate State decision-making on sequencing

2.3.5 Support state in organizing private sector and other employers around safeguards and guidelines for return to work, by sector

Objectives

Support the State in forming and guiding councils of private sector employers, other employers, state officials and trade organizations to develop criteria and guidelines for safety by sector. These councils ensure industry realities are brought to bear on criteria and guidelines (with the State providing different levels of directive supervision based on sector risk) and they ensure that industry and employer sectors are sufficiently bought in and ready to implement.

Activities

- Support the set-up of sector councils, including state officials, business executives, and trade organizations to develop criteria and guidelines for safety. Support the set-up of these councils to: 1.) enable private sector to design solutions with the State approving them (more below); 2.) ensure disproportionate State role for sectors that are most critical and difficult to safeguard: e.g., Retail, Transportation, Social services (including education), Healthcare, and sectors with equity considerations both across business size and socioeconomic status. Note: Some safeguard and guidelines may be role-based in addition to sector-based.
- Conduct case study research on safeguards and guidelines that have already been put into place in other states and countries during the current COVID-19 crisis and during earlier public health crises.
- Research lessons learned from critical services (grocery stores, pharmacies, transit) that have remained open.
- Provide the fact-base and scenario analysis the State will need to outline the health and safety outcomes against which the private sector should develop protocols to protect employees and customers
- Support the state in setting a timeline (e.g., 30 days) and template for sectors to create a plan that considers employees, customers, safety precautions (sectors can work against faster timeline). Create template that could include the following for each sector council: Define activities / services prioritized for restarting; identify roles / types of employees needed for these activities as well as customer/consumer interactions; create clear safeguarding standards for employees and for consumers where applicable (e.g., use of PPE where appropriate); explain how safeguards will deliver the safety outcomes that the State has outlined; propose these to the State
- Support the state with example practices and a template for a certification process to review and approve sector restart plans

Key deliverables

- Collection of case studies on sector guidelines from other states and countries
- Sector council structures, timelines, and templates
- Process to review and approve sector restart plans

2.3.6 Provide framework and analytical bases to determine and prioritize the most important enablers of economic re-opening

Objectives

Provide the framework and data-driven analysis of the most important enablers of economic re-opening that cut across industry sectors, occupation types, work environments, and regions. These enablers include: (1) related state,

New Jersey Department of Human Services
MMIS Modernization – Strategic Support for Program Alignment and
Roadmap Optimization

December 11, 2019

county and municipal services; (2) incentives and enforcement; (3) monitoring and communication; and (4) other supports needed for employer implementation of guidelines and for employer re-start. These are not inclusive of healthcare capacity, public health and societal compliance enablers, which are covered elsewhere.

Key activities

- Create a framework to help the State identify and prioritize related state, county, municipal and state-regulated services that might be needed to enable re-opening of sectors on a cross-cutting basis. Examples could include schools, child care, road transportation and public transit, and any state or municipal services that have reduced their activity commensurate with the current reduction of economic activity. Create a framework to help the State work with the providers of these services to create an analogous set of guidelines to the ones laid out for industry. Leverage research on example practices from other countries and states on service enabler timing and guidelines.
- Create a framework to help the State identify and prioritize incentive and enforcement options to ensure compliance with guidelines laid out above. Leverage example practices in incentives and enforcement from other states, countries, and public health crises.
- Create a private sector/employer data monitoring and communication plan to help the State to (a) determine level of compliance across sectors; (b) determine need to scale up incentives and enforcement; (c) determine need to change guidelines by sector or across sectors; and (d) communicate changes in guidelines or any re-opening or re-closing of sectors. Leverage example practices in data monitoring and communications from other states, countries, and public health crises.
- Provide the framework and data analysis needed to help the State develop a plan to support sectors/employers in implementing the new guidelines (e.g., securing PPE, providing financing for SMBs to adapt to physical distancing and safety guidelines). Evaluate options for supporting employers more broadly as they reopen (e.g., providing credit to SMBs to backfill inventory, rapid reskilling/redeployment of workers to areas where there is new demand)

Key deliverables

- Collection of case studies on enablers from other states and countries
- Framework to help the State identify and prioritize related state, county, municipal and state-regulated services
- Framework to help the State identify and prioritize incentive and enforcement options to ensure compliance with guidelines
- Framework, data analysis, and options to help the State develop a plan to support sectors/employers in guideline implementation and in broader re-opening

3.0 TEAM STRUCTURE

McKinsey's team-based client service approach maximizes partnership with our clients and minimizes their risk. It is comprised of leadership, a full-time task team, senior experts, research, knowledge, tools and advanced analytics that we will make available to NJOEM.

Each engagement is led by one or more partners whose role is to provide ongoing counseling and leadership to the McKinsey team and to the client. The lead operational partner may spend 40-100% of his/her time on the project, and frequently is supported by one or more partners who provide focused strategic and operational guidance.

Dr. Ellen Feehan will serve as Engagement Director as well as in-depth subject matter expert for the Health System Capacity team. Ellen will manage the rest of the team and ensure quality execution of the work plan. Ellen brings significant clinical experience, as well as experience leading complex teams in strategic and operational support including in crisis response.

Dr. Jordan VanLare will serve as Engagement Director and in-depth subject matter expert for the Public Health capacity team, as well as for counseling for decisions related to possible relaxation of restrictions on social distancing, as well as other mid- to long-term mitigation strategies. Jordan co-leads McKinsey's research team examining strategies to allow for relaxation of constraints on social and economic activity following COVD-19 outbreak, including the use of testing, tracing, and quarantine to mitigate virus transmission.

Mike Kerlin will serve as Engagement Director and in-depth subject matter expert for the Safeguarding Industry and the Economy team and will work in close coordination with the Healthy System Capacity and Public Health teams. Mike has led several projects focused on economic development and industry in New Jersey. He also leads our Economic Development Service Line nationally.

Zachary Greenberg, Bill Yau, and Ryan Harper will support Ellen, Jordan, and Mike in leading their respective teams. Zachary and Bill are Associate Partners in McKinsey's Healthcare Systems and Services Practice and Ryan Harper is an Associate Partner in McKinsey's Public Sector Practice, who previously served the State of New Jersey. All have experience with leading complex teams in strategy and operations improvement, including recent experience related to COVID-19.

David Nuzum and Steve Van Kuiken will provide oversight and direction to these teams. David and Steve are Senior Partners with McKinsey who have previously served the State of New Jersey across a range of Health, Healthcare, Economic Development, and other projects. Steve leads McKinsey's overall service to the State of New Jersey. David leads our healthcare service to the State, as well as our State and Local Public Sector Healthcare Service Line. David and Steve will maintain an understanding of the State's overall response to the COVID-19 pandemic, as well as a line of sight to activities undertaken by the project teams outlined here. David, Steve, and Mike also have a close understanding of the broader research, analysis, and client support capabilities that McKinsey is deploying for COVID-19 mitigation globally, and will bring that to bear in ensuring that our teams working in New Jersey are drawing on the firm's latest thinking and capabilities, and mobilizing additional subject matter experts as may be helpful to meet NJOEM's goals for this project.

Each of Ellen, Jordan, and Mike's teams will be comprised of one or more Engagement Managers as well as additional full-time consultants and analysts, who will provide round-the-clock support to research, analysis, and framing of options for decision-making by NJOEM as well as other coordinating State agency leaders and staff. Specific individuals staffed full-time to the project will be determined at the time of contract execution, based on availability. Our teams will also draw upon extensive subject matter experts, including now more than 150 McKinsey clinicians, analysts, and data scientists that are staffing McKinsey's COVID-19 Centers of Excellence, developing research and analysis to enable our client service teams.

All McKinsey teams include support from McKinsey's communications, graphics, IT, and administrative specialists. The number of experts, knowledge professionals, data analytics specialists, and support personnel we use on any given engagement depends upon the complexity of issues involved in the work and the needs of the project. This support is built into our ██████████████

McKinsey
& Company   *Use or disclosure of information contained on this page*   10
is subject to the restrictions on the title page.

New Jersey Department of Human Services
MMIS Modernization – Strategic Support for Program Alignment and
Roadmap Optimization

December 11, 2019

4.0 PROFESSIONAL FEES

Government organizations and agencies are being asked to respond quickly and efficiently to address multiple challenges (e.g., healthcare, supply chain management, service operations, economic stability/recovery, and employment). In recognition of the extraordinary challenges faced by government organizations, McKinsey has developed ██████████████ for all U.S. public sector work directly related to the response to, and recovery from COVID-19. This applies only to COVID-specific work and is not applicable for scopes of work that do not directly relate to COVID. For this engagement, we will be offering the NJOEM our ████████, which is distinct from our commercial team structure, and includes McKinsey's growing body of focused research, analytics, and content specialists dedicated to the COVID response, recovery, and mitigation.

Based on the proposed services, McKinsey offers the below Firm Fixed Price (FFP) price quote for this engagement. To calculate the price for this effort, we estimated the number of weeks and teams, consistent with our ████████ ████████ required to complete the tasks and deliverables described in this document (**Exhibit 4.1-4.4**).

Exhibit 4.1: Proposed price for Workstream #1

McKinsey Proposed Team Structure	Weekly Rate	Weeks	Total Price
Partner/Associate Partner leadership; plus 5 full-time consultants; additional subject matter experts; as well as research and support from McKinsey COVID centers of excellence	$181,560	1-6	$1,089,360
Partner/Associate Partner leadership; plus 2 full-time consultants; additional subject matter experts; as well as research and support from McKinsey COVID centers of excellence	$127,500	7-10	$510,000
SUBTOTAL Firm Fixed Price for Workstream #1			$1,599,360

Exhibit 4.2: Proposed price for Workstream #2

McKinsey Proposed Team Structure	Weekly Rate	Weeks	Total Price
Partner/Associate Partner leadership; plus 4 full-time consultants; additional subject matter experts; as well as research and support from McKinsey COVID centers of excellence	$168,300	1-8	$1,346,400
Partner/Associate Partner leadership; plus 2 full-time consultants; additional subject matter experts; as well as research and support from McKinsey COVID centers of excellence	$127,500	9-12	$510,000
SUBTOTAL Firm Fixed Price for Workstream #2			$1,856,400

Exhibit 4.3: Proposed price for Workstream #3

McKinsey Proposed Team Structure	Weekly Rate	Weeks	Total Price
Partner/Associate Partner leadership; plus 5 full-time consultants; additional subject matter experts; as well as research and support from McKinsey COVID centers of excellence	$181,560	1-8	$1,452,480
Partner/Associate Partner leadership; plus 3 full-time consultants; additional subject matter experts; as well as research and support from McKinsey COVID centers of excellence	$144,840	9-12	$579,360
SUBTOTAL Firm Fixed Price for Workstream #3			$2,031,840

Exhibit 4.4: Total proposed price for Workstreams #1-3

TOTAL Firm Fixed Price for all Workstreams	$5,487,600

Each of the teams as described in Exhibits 4.1-4.3 includes at least one full-time Engagement Manager; the balance of full-time consultants may be a mix of Specialists, Associates, and/or Business Analysts. Engagement Managers,

McKinsey
& Company

Specialists, and Associates are typically post-graduate roles including several years of relevant experience in research, analysis, problem solving, strategy development, and/or operational implementation in consulting, clinical, scientific, public sector, and/or corporate environments.

Pricing as reflected above is based on COVID pricing which is standard for public sector work related to COVID-19 throughout the U.S. in 2020. Each of the teams as proposed in Exhibits 4.1-4.3 includes research and/or analytic modeling support from McKinsey's COVID centers of excellence.

4.0 PAYMENT SCHEDULE

McKinsey will submit invoices in accordance with the following schedule (**Exhibit 4.1**). Prior to submitting each invoice, McKinsey will meet with NJOEM to review progress made against deliverables.

Exhibit 4.1: Payment schedule.

Billing Period	Billing Amount
May 30	$1,829,200
June 30	$1,829,200
July 30	$1,829,200
TOTAL	**$5,487,600**

5.0 ASSUMPTIONS

McKinsey's approach and corresponding price proposal to provide the services proposed hereunder (the "Services") are based on the following assumptions.

- NJOEM authorize these services as covered countermeasures to the COVID-19 epidemic under the U.S. Department of Health and Human Services' February 4, 2020 Declaration pursuant to the Public Readiness and Emergency Preparedness Act.

- The needs of NJOEM may evolve from week to week. McKinsey is committed to work with NJOEM leadership to continuously refine the scope and objectives of our team's work to meet the most pressing needs as defined by NJOEM leadership. Accordingly, the actual projects, activities, and deliverables completed by McKinsey's team may differ from those outlined above. Any such variance to the project scope as outlined above shall be discussed with McKinsey and any modifications to the proposed price or schedule hereunder shall be mutually agreed upon in writing between NJOEM and McKinsey.

- Our team may operate either remotely or a combination of remote and on-site, provided we mutually determine it to be to operate on-site.

- McKinsey does not provide categorical recommendations on matters of public policy; but rather, provides fact-based analysis and framing of options and trade-offs; all authority for policy decisions shall continue to reside with State agency leaders. Our analysis shall not serve as a substitute for policy, regulatory or operational decision-making by NJOEM.

- Content describing contact tracing or tracking tools delivered under this Statement of Work will be provided for informational purposes only and is not intended to indicate endorsement, actual or implied, of such tools. NJOEM and other agencies are solely responsible for their decisions (including policy decisions), use of the deliverables, and compliance with applicable laws, rules and regulations.

- The services shall not be deemed medical, investment, legal, tax, accounting or other regulated advice, such as professional advice normally provided by licensed or certified practitioners, and do not constitute policy advice. McKinsey does not supplant the client's management or other decision-making bodies and does not guarantee results. McKinsey's services under this engagement are an extension of and supplement to the government functions performed by the client. NJOEM remains solely responsible for its decisions (including policy decisions), actions, use of the deliverables and compliance with applicable laws, rules and regulations. In lieu of the provision of Article 4.1 of the State of New Jersey, Department of the Treasury, Division of Purchase and Property's Participating Addendum (Blanket P.O. #20- PROSV-00963), in no event shall McKinsey be liable to the NJOEM in connection with the Services relating to this engagement. Neither party will be liable for any lost profits or other indirect, consequential, incidental, punitive or special damages.

- NJOEM acknowledges and agrees that the situation around COVID-19 is highly dynamic, evolving rapidly, subject to significant uncertainty, a lack of reliable information and other events completely beyond the Parties' control. McKinsey's Services are being provided on an expedited basis and may not have the benefit of certain detailed analyses in performing the Services. NJOEM will review and approve or concur in McKinsey's work, including its methodologies and approaches, in carrying out the Services. In order to be able to complete the Services, McKinsey will rely on NJOEM timely cooperation, including NJOEM making available relevant data, information and personnel; performing any tasks or responsibilities assigned to NJOEM; and notifying McKinsey of any issues or concerns that NJOEM may have relating to the Services.

- Warranty: the information included in the Deliverables is intended to inform management judgement only and will not contain, nor are they for the purpose of constituting or informing, policy judgments or advice. McKinsey emphasizes that statements of expectation, forecasts and projections relate to future events and are based on assumptions that may not remain valid for the whole of the relevant period. McKinsey expresses no opinion as to how closely the actual results achieved will correspond to any statements of expectation, forecasts or projections. McKinsey makes no representation or warranty of any kind, express or implied, regarding the accuracy, adequacy, validity, reliability, availability or completeness of any information in the Deliverables. Client agrees not to make any representations or warranties regarding the accuracy, adequacy, validity, reliability, availability or completeness of any information in the Deliverables.

- McKinsey's work for NJOEM is confidential and intended for internal use only. In order to promote true neutrality on issues, provide an environment for uncensored guidance for our clients, ensure compliance with our contract confidentiality requirements, and better empower our clients, McKinsey does not advocate, present findings, or consent to public references in any public meeting, writing, or other public forum. Based on our commitment to transparency, McKinsey may disclose that we have been retained by the State along with a general description of the Services. In consideration for its services, NJOEM agrees not to use McKinsey's name or refer to McKinsey's work outside its organization without McKinsey's prior written permission. NJOEM also understands that McKinsey will not advocate, present findings, or speak on NJOEM's behalf in any public forum without specific written authorization and agreement.

- NJ NJOEM'S INDEMNITY FOR THIRD PARTY LIABILITIES
   - NJOEM agrees to hold harmless and not pursue claims or suits against McKinsey for any losses, damages, costs or expenses arising out of the provision of these Services. Should third party suits be filed against McKinsey or the NJOEM arising out of the provision of these Services, the Parties agree to cooperate with each other during such litigation, including the timely provision of documents and witnesses to each other as well as the filing of supportive documents and briefs in such litigation.
   - McKinsey shall be reimbursed by the NJ NJOEM for liabilities (and expenses incidental to such liabilities, such as defense costs and expert fees), to third parties, including business entities, not compensated by insurance without regard to and as an exception to any limitation of cost or limitation of funds clause in the State of New Jersey, Department of the Treasury, Division of Purchase and Property's Participating Addendum (Blanket P.O. #20- PROSV-00963). These reimbursable liabilities must arise out of the performance of this engagement, whether or not caused by the negligence or the gross negligence of McKinsey or of McKinsey's agents or employees and must be represented by final judgments or settlements approved in writing by the NJ NJOEM. These reimbursable liabilities are for: i--the loss of or damage to property, (other than property owned, occupied or used by McKinsey, rented or in the care, custody or control of McKinsey); ii--third party business interruption or economic loss claims; and iii--third party death and injury.
   - If any suit or action is filed by third parties against McKinsey arising out of the latter's performance of this engagement, McKinsey will notify the NJ NJOEM of such suit or action. The NJ NJOEM and McKinsey will collaborate in defending or settling the claim if the claim exceeds McKinsey's insurance coverage. The NJ NJOEM and McKinsey agree to cooperate with each other in defense of such claims, including the timely provision of witnesses, documents and supportive briefs and filings in such litigation.