

Contract for Services
Between the
State of Washington
Office of Insurance Commissioner
And
Wakely Consulting Group

This Contract is made and entered into by and between the state of Washington, Office of Insurance Commissioner, hereinafter referred to as "AGENCY", and the below named firm, hereinafter referred to as "CONTRACTOR."

Wakely Consulting Group
9777 Pyramid Court, Suite 260
Englewood, CO 80112
Federal TIN: 47-4522915

Purpose

The purpose of this contract is to provide actuarial and consulting services to support an AGENCY project to improve the stability of the Washington State individual health insurance market.

CONTRACTOR will evaluate AGENCY-identified proposals, hereinafter referred to as "Proposals", and prepare a report that identifies implementation models that optimize the reduction of premium, the availability of coverage choices in all counties, and funding mechanisms. This work is hereinafter referred to as "Phase I".

AGENCY, at its sole discretion, may elect to further engage CONTRACTOR to assist in Phase II of the project.

Scope of work

- A. Exhibit A, attached hereto and incorporated by reference, contains the General Terms and Conditions governing work to be performed under this contract, the nature of the working relationship between the AGENCY and the CONTRACTOR, and specific obligations of both parties.
- B. The CONTRACTOR must provide services and staff, and otherwise do all things necessary for or incidental to the performance of work for Phase I, as included in AGENCY'S Request for Proposals No. S201718, attached as Exhibit B, CONTRACTOR'S proposal dated July 19, 2017, attached as Exhibit C, and as detailed below. Changes to the interim project schedule deadlines must be agreed upon, in writing, by both parties. Changes to scope of work and/or final deadlines may only be made by amendment to this contract.

Phase I

- Evaluate Proposals through actuarial and economic analysis of External Data Gathering Environment (EDGE) Server Outbound Reports and other data identified as necessary to the performance of work and agreed to in writing by both AGENCY and CONTRACTOR;

- Address the effect of Proposals, implemented singly or in combination, on the following factors;
 - Overall individual market enrollment;
 - Segmentation of the individual market risk pool;
 - Enrollment by county, with particular attention to rural counties;
 - On- and off-Exchange enrollment by county;
 - Enrollment demographics, including changes in the age and health status composition of the individual market risk pool; and
 - Health plan premiums, including differential impacts in urban and rural counties.
- Consider the effect of concurrent rulemaking by AGENCY to revise the geographic rating areas (Washington Administrative Code (WAC) 284-43-6700: Geographic rating area designation) and the premium ratio (WAC 284-43-6680: Geographic rating area factor development); and
- Produce both a draft and final report meeting all requirements described in Exhibits B and C.

Phase II, if engaged

- Provide actuarial and economic analyses to support implementation for plan year 2019 rate filings; and,
- If AGENCY chooses to submit a Section 1332 State Innovation Waiver application, CONTRACTOR will develop actuarial analysis necessary for submission of a Waiver application, including compliance with the current Waiver guardrail requirements for comparable coverage, affordability, comprehensiveness, and deficit neutrality as provided in 31 Code of Federal Regulations (CFR) 33 and 45 CFR part 155 subpart N as published on 2/27/2012 and with additional guidance published by the Centers for Medicaid and Medicare Services (CMS) on 12/16/2015.

C. CONTRACTOR will produce the following written reports or other written documents (deliverables) by the dates indicated below;

Phase I

- October 2, 2017: Draft report due to AGENCY for review.
- October 16, 2017: Final report with incorporated feedback due to AGENCY.

Both the draft report and final report must describe the effect of each Proposal and Proposal combination on the factors identified in the Scope of Work. The report must also include at least the following for each Proposal and Proposal combination:

- A recommendation as to whether submission of a Waiver application would be advisable, either to request federal pass-through funding or to obtain waiver authority necessary for implementation;
- Whether premium savings associated could accrue to the second lowest cost silver plan, producing advance premium tax credit savings that could be passed through to the state through a Waiver to help finance implementation;

- Recommendation on implementation strategy, including skill sets and capacity that a separate administering entity or agency would require;

Additionally, the report must contain ranking of Proposals and Proposal combinations by feasibility for plan year 2019, and ranking of Proposals and Proposal combinations by effectiveness of the following:

- Lowering premium;
- Increasing consumer choice in all counties; and
- Funding mechanisms.

Phase II, if engaged

- CONTRACTOR will be required to produce actuarial and economic analysis for AGENCY to implement selected Proposal(s) no later than November 30, 2017.

All written reports and other deliverables required under this contract must be delivered to the AGENCY Contract Manager.

Period of performance

The period of performance under this contract will be from August 1, 2017, or date of execution, whichever is later, through June 30, 2018.

Phase I begins on the date of execution and ends on October 16, 2017. Phase II, if the contractor is engaged, is anticipated to begin on or about November 1, 2017.

The AGENCY reserves the right to extend the contract for up to three (3) one (1) year periods, at the sole discretion of the AGENCY.

Compensation

Total compensation payable to CONTRACTOR for satisfactory performance of the Phase I work under this contract must not exceed two hundred eighty-nine thousand, nine hundred nineteen (\$289,919.00) dollars. CONTRACTOR'S compensation for services rendered must be in accordance with the following terms:

CONTRACTOR is eligible for compensation upon AGENCY acceptance of all Phase I deliverables.

In the event additional funds become available, this Contract may be renegotiated and amended to provide for additional services subject to continued satisfactory completion of work as specified herein. An amendment must be fully executed prior to commencing any work that exceeds the Contract specification.

Additional expenses are not allowed.

Billing procedures and payment

AGENCY will pay CONTRACTOR upon acceptance of services provided and receipt of properly completed invoices, which must be submitted to the billing address below not more often than monthly.

Electronic invoices sent to contracting@oic.wa.gov are preferred.

Mailing address

Office of Insurance Commissioner
Attn: Contracting
PO Box 40255
Olympia, WA 98504-0255

Payment is considered timely if made by the AGENCY within thirty (30) calendar days after receipt of properly completed invoices. Payment, or in the case of Electronic Funds Transfer, notice of payment will be sent to the address designated by the CONTRACTOR in association with the statewide payee information on file with DES. It is the responsibility of the CONTRACTOR to ensure their statewide payee information is accurate. If the CONTRACTOR does not have a payee number, the CONTRACTOR will be required to obtain one before payment will be made.

The AGENCY may, in its sole discretion, terminate the contract or withhold payments claimed by the CONTRACTOR for services rendered if the CONTRACTOR fails to satisfactorily comply with any term or condition of this contract.

No payments in advance or in anticipation of services or supplies to be provided under this contract will be made by the AGENCY.

Contract management

The Contract Manager for each of the parties is the contact person for all communications and billings regarding the performance of this contract.

CONTRACTOR Contract Manager	AGENCY Contract Manager
Danielle Hilson Wakely Consulting Group 9777 Pyramid Ct., Suite 260 Englewood, CO 80112 720/206.0615 Danielle.Hilson@wakely.com	Molly Nollette Office of Insurance Commissioner PO Box 40255 Olympia, WA 98504-0255 360/725.7117 MollyN@oic.wa.gov

From time to time, CONTRACTOR or AGENCY contacts may change. Any change to the CONTRACTOR or AGENCY representative listed above shall be provided to the other party by email notification. The party in receipt of the change notice will confirm receipt of the notice by email notification to the party initiating the change.

Data classification, sharing and security

CONTRACTOR acknowledges that some of the material and information that may come into its possession or knowledge in connection with this contract or its performance may consist of

Public Information, Sensitive Information, Confidential Information, and/or Confidential Information Requiring Special Handling as defined below.

Public Information: information that can be or currently is released to the public. It does not need protection from unauthorized disclosure, but does need integrity and availability protection controls.

Sensitive Information: information that may not be specifically protected from disclosure by law, but is for official use only. Sensitive information is generally not released to the public unless specifically requested.

Confidential Information: information that is specifically protected from disclosure by law. Confidential Information includes: personal information about individuals, such as financial account information, regardless of how that information is obtained; information concerning employee personnel records; information regarding IT infrastructure and security of computer and telecommunications systems.

Confidential Information Requiring Special Handling: information that is specifically protected from disclosure by law and for which especially strict handling requirements are dictated, such as by statutes, regulations, or agreements; or serious consequences could arise from unauthorized disclosure, such as threats to health and safety, or legal sanctions.

Information received under this contract may be *Confidential Information Requiring Special Handling*.

CONTRACTOR agrees to protect all material and information, other than Public Information, obtained under this contract as Confidential Information, unless notified by the AGENCY in writing to treat the material or information with lessened or heightened protections.

CONTRACTOR will not make use of material and information for any purpose other than the performance of this contract. CONTRACTOR will release information obtained under this contract, other than Public Information, only to authorized employees, agents, or subcontractors, requiring such information for the purposes of carrying out this contract, and only after such persons have signed the nondisclosure agreement provided to the CONTRACTOR by the AGENCY.

CONTRACTOR will not release, divulge, publish, transfer, sell, disclose, or otherwise make the material and information known to any other party, person or entity except as provided in this contract.

CONTRACTOR agrees to implement physical, electronic, and managerial safeguards to prevent unauthorized access, use, disclosure, modification or loss to material and information collected, used, or acquired in connection with this Contract. All Confidential Information, and information treated as Confidential Information, stored by the CONTRACTOR will be encrypted using industry standard algorithms or cryptographic modules validated by the National Institute of Standards and Technology (NIST).

Confidential Information transmitted by the CONTRACTOR to the AGENCY or to any employee, agent, or subcontractor under this agreement must be made using a method that ensures:

1. All manipulations or transmissions of data during the exchange are secure.
2. If intercepted during transmission the data cannot be deciphered.
3. When necessary, confirmation is received when the intended recipient receives the data.
4. Encryption methods use industry standard algorithms, or cryptographic modules validated by the National Institute of Standards and Technology (NIST).

CONTRACTOR's records are subject to inspection, review or audit in accordance with the Records maintenance section of Exhibit A, General Terms and Conditions. Any breach of this provision may result in termination of the Contract.

AGENCY reserves the right to monitor, audit, or investigate the use of material or information collected, used, or acquired by CONTRACTOR through this contract.

Immediately upon expiration or termination of this Contract, CONTRACTOR must return to AGENCY all AGENCY material and information that was provided to CONTRACTOR from AGENCY, destroy the individual identifiers associated with the records or record information, and notify this agency to this effect in writing and take whatever other steps AGENCY requires of CONTRACTOR to protect AGENCY's material and information.

AGENCY reserves the right to monitor, audit, or investigate the use of material or information collected, used, or acquired by CONTRACTOR through this contract.

Prior to disclosure of any information received under this contract, CONTRACTOR must collect completed Notice of Nondisclosure forms for each employee, agent, or subcontractor that will have access to material and information for this contract. CONTRACTOR shall ensure that Notice of Nondisclosure forms are available for inspection upon AGENCY request.

AGENCY Policy Acknowledgement

CONTRACTOR staff will adhere to applicable AGENCY policies, as identified by AGENCY, while on-site and/or while working with AGENCY staff. Applicable policies and an acknowledgement form will be provided for CONTRACTOR review and acknowledgment; completed forms must be provided to AGENCY prior to work commencing on this contract.

Insurance

The CONTRACTOR must provide insurance coverage as set out in this section. The intent of the required insurance is to protect the state should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the CONTRACTOR or subcontractor, or agents of either, while performing under the terms of this contract.

The CONTRACTOR must provide insurance coverage, which must be maintained in full force and effect during the term of this contract, as follows:

1. Commercial General Liability Insurance Policy. Provide a Commercial General Liability Insurance Policy, including contractual liability, in adequate quantity to protect against legal liability arising out of contract activity but no less than \$1,000,000 per occurrence.

Additionally, the CONTRACTOR is responsible for ensuring that any subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.

2. Automobile Liability. In the event that services delivered pursuant to this contract involve the use of vehicles, either owned or unowned by the CONTRACTOR, automobile liability insurance must be required. The minimum limit for automobile liability is:

\$1,000,000 per occurrence, using a Combined Single Limit for bodily injury and property damage.

3. The insurance required must be issued by an insurance company/ies authorized to do business within the state of Washington, and must name the state of Washington, its agents and employees as additional insureds under the insurance policy/ies.

All policies must be primary to any other valid and collectable insurance. CONTRACTOR must instruct the insurers to give AGENCY thirty (30) calendar days advance notice of any insurance cancellation.

CONTRACTOR must submit to AGENCY within fifteen (15) calendar days of the contract effective date, a certificate of insurance that outlines the coverage and limits defined in the Insurance section. CONTRACTOR must submit renewal certificates as appropriate during the term of the contract.

Assurances

AGENCY and the CONTRACTOR agree that all activity pursuant to this contract will be in accordance with all the applicable current federal, state and local laws, rules, and regulations.

Order of precedence

Each of the exhibits listed below is by this reference hereby incorporated into this contract. In the event of an inconsistency in this contract, the inconsistency must be resolved by giving precedence in the following order:

1. Applicable federal and state of Washington statutes and regulations;
2. Special terms and conditions as contained in this basic contract instrument;
3. Exhibit A – General Terms and Conditions;
4. Exhibit B – Request for Proposals Number S201718;
5. Exhibit C – Contractor's proposal dated July 19, 2017; and
6. Any other provision, term or material incorporated herein by reference or otherwise incorporated.

Entire agreement

This contract, including referenced exhibits, represents all the terms and conditions agreed upon by the parties. No other statements or representations, written or oral, will be deemed a part hereof.

Conformance

If any provision of this contract violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

Approval

This contract is subject to the written approval of the AGENCY'S authorized representative and must not be binding until so approved. The contract may be altered, amended, or waived only by a written amendment executed by both parties.

THIS CONTRACT, consisting of eight (8) pages and three (3) attachments, is executed by the persons signing below, who warrant they have the authority to execute the contract.

Wakely Consulting Group

Signature

Name (Please Print)

Title

Date

Office of Insurance Commissioner

Signature

Molly Nollette

Name

Deputy Commissioner, Rates and Forms

Title

Date

GENERAL TERMS AND CONDITIONS

Definitions

As used throughout this contract, the following terms shall have the meaning set forth below:

- A. "AGENCY" shall mean the Office of Insurance Commissioner of the State of Washington, any division, section, office, unit or other entity of the AGENCY, or any of the officers or other officials lawfully representing that AGENCY.
- B. "AGENCY DATA" shall mean all data received from the AGENCY, including but not limited to, any internal data or data summaries. AGENCY DATA shall not include any data received from the individual Issuers.
- C. "AGENT" shall mean the Commissioner, and/or the delegate authorized in writing to act on the Commissioner's behalf.
- D. "CONTRACTOR" shall mean that firm, provider, organization, individual or other entity performing service(s) under this contract, and shall include all employees of the CONTRACTOR.
- E. "SUBCONTRACTOR" shall mean one not in the employment of the CONTRACTOR, who is performing all or part of those services under this contract under a separate contract with the CONTRACTOR. The terms "SUBCONTRACTOR" and "SUBCONTRACTORS" means SUBCONTRACTOR(s) in any tier.

Access to data

The CONTRACTOR shall provide access to data generated under this contract to AGENCY, the Joint Legislative Audit and Review Committee, and the State Auditor at no additional cost. This includes access to all information that supports the findings, conclusions, and recommendations of the CONTRACTOR'S reports, including computer models and methodology for those models.

Advance payments prohibited

No payments in advance of or in anticipation of goods or services to be provided under this contract shall be made by the AGENCY.

Amendments

This contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

Americans with Disabilities Act (ADA) OF 1990, Public Law 101-336, also referred to as the "ADA" 28 CFR Part 35

The CONTRACTOR must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

Assignment

Neither this contract, nor any claim arising under this contract, shall be transferred or assigned by the CONTRACTOR without prior written consent of the AGENCY.

Attorneys' fees

In the event of litigation or other action brought to enforce contract terms, each party agrees to bear its own attorney fees and costs.

Confidentiality/safeguarding of information

The CONTRACTOR shall not use or disclose any information concerning the AGENCY, or information that may be classified as confidential, for any purpose not directly connected with the administration of this contract, except with prior written consent of the AGENCY, or as may be required by law.

Conflict of interest

Notwithstanding any determination by the Executive Ethics Board or other tribunal, the AGENCY may, in its sole discretion, by written notice to the CONTRACTOR terminate this contract if it is found after due notice and examination by the AGENT that there is a violation of the Ethics in Public Service Act, Chapter 42.52 RCW; or any similar statute involving the CONTRACTOR in the procurement of, or performance under this contract.

In the event this contract is terminated as provided above, the AGENCY shall be entitled to pursue the same remedies against the CONTRACTOR as it could pursue in the event of a breach of the contract by the CONTRACTOR. The rights and remedies of the AGENCY provided for in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law. The existence of facts upon which the AGENT makes any determination under this clause shall be an issue and may be reviewed as provided in the "Disputes" clause of this contract.

Copyright provisions

Unless otherwise provided, all materials produced under this contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by the AGENCY. The AGENCY shall be considered the author of such materials. In the event the materials are not considered "works for hire" under the U.S. Copyright laws, CONTRACTOR hereby irrevocably assigns all right, title, and interest in materials, including all intellectual property rights, to the AGENCY effective from the moment of creation of such materials.

Materials means all items in any format and includes, but is not limited to, AGENCY Data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions, excluding any and all data that was received by the Individual issuers.. Ownership includes the right to copyright, patent, register and the ability to transfer these rights.

For materials that are delivered under the contract, but that incorporate pre-existing materials not produced under the contract, CONTRACTOR hereby grants to the AGENCY a nonexclusive, royalty-free, irrevocable license (with rights to sublicense others) in such materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The CONTRACTOR warrants and represents that CONTRACTOR has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to the AGENCY.

The CONTRACTOR shall exert all reasonable effort to advise the AGENCY, at the time of delivery of materials furnished under this contract, of all known or potential invasions of privacy contained

therein and of any portion of such document that was not produced in the performance of this contract.

The AGENCY shall receive prompt written notice of each notice or claim of infringement received by the CONTRACTOR with respect to any data delivered under this contract. The AGENCY shall have the right to modify or remove any restrictive markings placed upon the data by the CONTRACTOR.

Covenant against contingent fees

The CONTRACTOR warrants that no person or selling agent has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established agents maintained by the CONTRACTOR for securing business.

The AGENCY shall have the right, in the event of breach of this clause by the CONTRACTOR, to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration or recover by other means the full amount of such commission, percentage, brokerage or contingent fee.

Disallowed costs

The CONTRACTOR is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its SUBCONTRACTORS.

Disputes

Except as otherwise provided in this contract, when a dispute arises between the parties and it cannot be resolved by direct negotiation, either party may request a dispute hearing with AGENT.

1. The request for a dispute hearing must:
 - Be in writing;
 - State the disputed issue(s);
 - State the relative positions of the parties;
 - State the CONTRACTOR'S name, address, and contract number; and
 - Be mailed to the AGENT and the other party's (respondent's) contract manager within 3 working calendar days after the parties agree that they cannot resolve the dispute.
2. The respondent shall send a written answer to the requester's statement to both the agent and the requester within 5 working calendar days.
3. The AGENT shall review the written statements and reply in writing to both parties within 10 working days. The AGENT may extend this period if necessary by notifying the parties.
4. The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

Nothing in this contract shall be construed to limit the parties' choice of a mutually acceptable alternate dispute resolution method in addition to the dispute resolution procedure outlined above.

Duplicate payment

The AGENCY shall not pay the CONTRACTOR, if the CONTRACTOR has charged or will charge the State of Washington or any other party under any other contract or agreement, for the same services or expenses.

Governing law

This contract shall be construed and interpreted in accordance with the laws of the State of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

Indemnification

To the fullest extent permitted by law, CONTRACTOR shall indemnify, defend, and hold harmless State, agencies of State and all officials, agents and employees of State, from and against all claims for injuries or death arising out of or resulting from the performance of the contract. "Claim," as used in this contract, means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorney's fees, attributable for bodily injury, sickness, disease, or death, or injury to or destruction of tangible property including loss of use resulting therefrom.

CONTRACTOR'S obligations to indemnify, defend, and hold harmless includes any claim by CONTRACTORS' agents, employees, representatives, or any SUBCONTRACTOR or its employees.

CONTRACTOR expressly agrees to indemnify, defend, and hold harmless the State for any claim arising out of or incident to CONTRACTOR'S or any SUBCONTRACTOR'S performance or failure to perform the contract. CONTRACTOR'S obligation to indemnify, defend, and hold harmless the State shall not be eliminated or reduced by any actual or alleged concurrent negligence of State or its agents, agencies, employees and officials.

CONTRACTOR waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless State and its agencies, officials, agents or employees.

Independent capacity of the contractor

The parties intend that an independent CONTRACTOR relationship will be created by this contract. The CONTRACTOR and his or her employees or agents performing under this contract are not employees or agents of the AGENCY. The CONTRACTOR will not hold himself/herself out as or claim to be an officer or employee of the AGENCY or of the State of Washington by reason hereof, nor will the CONTRACTOR make any claim of right, privilege or benefit that would accrue to such employee under law. Conduct and control of the work will be solely with the CONTRACTOR.

Industrial insurance coverage

The CONTRACTOR shall comply with the provisions of Title 51 RCW, Industrial Insurance. If the CONTRACTOR fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees, as may be required by law, AGENCY may collect from the CONTRACTOR the full amount payable to the Industrial Insurance accident fund. The AGENCY may deduct the amount owed by the CONTRACTOR to the accident fund from the amount payable to the CONTRACTOR by the AGENCY under this contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the CONTRACTOR.

Licensing, accreditation and registration

The CONTRACTOR shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements/standards, necessary for the performance of this contract.

Limitation of authority

Only the AGENT or AGENT'S delegate by writing (delegation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this contract. Furthermore, any alteration, amendment, modification, or waiver or any clause or condition of this contract is not effective or binding unless made in writing and signed by the AGENT.

Noncompliance with nondiscrimination laws

In the event of the CONTRACTOR'S non-compliance or refusal to comply with any nondiscrimination law, regulation, or policy, this contract may be rescinded, canceled or terminated in whole or in part, and the CONTRACTOR may be declared ineligible for further contracts with the AGENCY. The CONTRACTOR shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

Nondiscrimination

During the performance of this contract, the CONTRACTOR shall comply with all federal and state nondiscrimination laws, regulations and policies.

Privacy

Personal information including, but not limited to, "Protected Health Information," collected, used, or acquired in connection with this contract shall be protected against unauthorized use, disclosure, modification or loss. CONTRACTOR shall ensure its directors, officers, employees, SUBCONTRACTORS or agents use personal information solely for the purposes of accomplishing the services set forth herein. CONTRACTOR and its SUBCONTRACTORS agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of the agency or as otherwise required by law.

Any breach of this provision may result in termination of the contract and the demand for return of all personal information. The CONTRACTOR agrees to indemnify and hold harmless the AGENCY for any damages related to the CONTRACTOR'S unauthorized use of personal information.

Publicity

The CONTRACTOR agrees to submit to the AGENCY all advertising and publicity matters relating to this contract wherein the AGENCY'S name is mentioned or language used from which the connection of the AGENCY'S name may, in the AGENCY'S judgment, be inferred or implied. The CONTRACTOR agrees not to publish or use such advertising and publicity matters without the prior written consent of the AGENCY.

Records maintenance

The CONTRACTOR shall maintain books, records, documents, data and other evidence relating to this contract and performance of the services described herein, including but not limited to accounting procedures and practices that sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this contract.

CONTRACTOR shall retain such records for a period of six years following the date of final payment. At no additional cost, these records, including materials generated under the contract, shall be subject at all reasonable times to inspection, review or audit by the AGENCY, personnel duly authorized by the AGENCY, the Office of the State Auditor, and federal and state officials so authorized by law, regulation or agreement.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

Registration with department of revenue

The CONTRACTOR shall complete registration with the Washington State Department of Revenue and be responsible for payment of all taxes due on payments made under this contract.

Right of inspection

The CONTRACTOR shall provide right of access to its facilities to the AGENCY, or any of its officers, or to any other authorized agent or official of the state of Washington or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this contract.

Savings

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this contract and prior to normal completion, the AGENCY may terminate the contract under the "Termination for Convenience" clause, without the ten-day notice requirement, subject to renegotiation at the AGENCY'S discretion under those new funding limitations and conditions.

Severability

The provisions of this contract are intended to be severable. If any term or provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the contract.

Site security

While on AGENCY premises, CONTRACTOR, its agents, employees, or SUBCONTRACTORS shall conform in all respects with physical, fire or other security policies or regulations.

Subcontracting

Neither the CONTRACTOR nor any SUBCONTRACTOR shall enter into subcontracts for any of the work contemplated under this contract without obtaining prior written approval of the AGENCY. In no event shall the existence of the subcontract operate to release or reduce the liability of the CONTRACTOR to the AGENCY for any breach in the performance of the CONTRACTOR'S duties. This clause does not include contracts of employment between the CONTRACTOR and personnel assigned to work under this contract.

Additionally, the CONTRACTOR is responsible for ensuring that all terms, conditions, assurances and certifications set forth in this agreement are carried forward to any subcontracts. CONTRACTOR and its SUBCONTRACTORS agree not to release, divulge, publish, transfer, sell or

otherwise make known to unauthorized persons personal information without the express written consent of the agency or as provided by law.

Suspension of services due to change in funding/Non-allocation of funds

Except as otherwise provided in this contract, the AGENCY may, by 10 calendar days written email notice, beginning on the day after the notice is sent, suspend this contract, in whole or in part, if there is a change in funding or non-allocation of funds. If this contract is so suspended, the AGENCY shall be liable only for payment required under the terms of this contract for services rendered or goods delivered prior to the effective date of suspension. The AGENCY reserves the right to, at any time, cancel the suspension of this contract by written email notice. Upon cancellation of any suspension, all terms and conditions within this contract remain in full force and effect.

Taxes

All payments accrued because of payroll taxes, unemployment contributions, any other taxes, insurance or other expenses for the CONTRACTOR or its staff shall be the sole responsibility of the CONTRACTOR.

Termination for cause

In the event the AGENCY determines the CONTRACTOR has failed to comply with the conditions of this contract in a timely manner, the AGENCY has the right to suspend or terminate this contract. Before suspending or terminating the contract, the AGENCY shall notify the CONTRACTOR in writing of the need to take corrective action. If corrective action is not taken within 30 calendar days, the contract may be terminated or suspended.

In the event of termination or suspension, the CONTRACTOR shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, e.g., cost of the competitive bidding, mailing, advertising and staff time.

The AGENCY reserves the right to suspend all or part of the contract, withhold further payments, or prohibit the CONTRACTOR from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the CONTRACTOR or a decision by the AGENCY to terminate the contract. A termination shall be deemed a "Termination for Convenience" if it is determined that the CONTRACTOR: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence.

The rights and remedies of the AGENCY provided in this contract are not exclusive and are, in addition to any other rights and remedies, provided by law.

Termination for convenience

Except as otherwise provided in this contract, the AGENCY may, by 10 calendar days written notice, beginning on the second day after the mailing, terminate this contract, in whole or in part. If this contract is so terminated, the AGENCY shall be liable only for payment required under the terms of this contract for services rendered or goods delivered prior to the effective date of termination.

Termination procedures

Upon termination of this contract, the AGENCY, in addition to any other rights provided in this contract, may require the CONTRACTOR to deliver to the AGENCY any property specifically

produced or acquired for the performance of such part of this contract as has been terminated. The provisions of the "Treatment of Assets" clause shall apply in such property transfer.

The AGENCY shall pay to the CONTRACTOR the agreed upon price, if separately stated, for completed work and services accepted by the AGENCY, and the amount agreed upon by the CONTRACTOR and the AGENCY for (i) completed work and services for which no separate price is stated, (ii) partially completed work and services, (iii) other property or services that are accepted by the AGENCY, and (iv) the protection and preservation of property, unless the termination is for default, in which case the AGENT shall determine the extent of the liability of the AGENCY. Failure to agree with such determination shall be a dispute within the meaning of the "Disputes" clause of this contract. The AGENCY may withhold from any amounts due the CONTRACTOR such sum as the AGENT determines to be necessary to protect the AGENCY against potential loss or liability.

The rights and remedies of the AGENCY provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

After receipt of a notice of termination, and except as otherwise directed by the AGENT, the CONTRACTOR shall:

1. Stop work under the contract on the date, and to the extent specified, in the notice;
2. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract that is not terminated;
3. Assign to the AGENCY, in the manner, at the times, and to the extent directed by the AGENT, all of the rights, title, and interest of the CONTRACTOR under the orders and subcontracts so terminated, in which case the AGENCY has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
4. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the AGENT to the extent AGENT may require, which approval or ratification shall be final for all the purposes of this clause;
5. Transfer title to the AGENCY and deliver in the manner, at the times, and to the extent directed by the AGENT any property which, if the contract had been completed, would have been required to be furnished to the AGENCY;
6. Complete performance of such part of the work as shall not have been terminated by the AGENT; and
7. Take such action as may be necessary, or as the AGENT may direct, for the protection and preservation of the property related to this contract, which is in the possession of the CONTRACTOR and in which the AGENCY has or may acquire an interest.

Treatment of assets

- A. Title to all property furnished by the AGENCY shall remain in the AGENCY. Title to all property furnished by the CONTRACTOR, for the cost of which the CONTRACTOR is entitled to be reimbursed as a direct item of cost under this contract, shall pass to and vest in the AGENCY upon delivery of such property by the CONTRACTOR. Title to other property, the cost of which is reimbursable to the CONTRACTOR under this contract, shall pass to and vest in the AGENCY upon (i) issuance for use of such property in the performance of this contract, or (ii) commencement of use of such property in the performance of this contract, or (iii) reimbursement of the cost thereof by the AGENCY in whole or in part, whichever first occurs.

- B. Any property of the AGENCY furnished to the CONTRACTOR shall, unless otherwise provided herein or approved by the AGENCY, be used only for the performance of this contract.
- C. The CONTRACTOR shall be responsible for any loss or damage to property of the AGENCY that results from the negligence of the CONTRACTOR or which results from the failure on the part of the CONTRACTOR to maintain and administer that property in accordance with sound management practices.
- D. If any AGENCY property is lost, destroyed or damaged, the CONTRACTOR shall immediately notify the AGENCY and shall take all reasonable steps to protect the property from further damage.
- E. The CONTRACTOR shall surrender to the AGENCY all property of the AGENCY prior to settlement upon completion, termination or cancellation of this contract
- F. All reference to the CONTRACTOR under this clause shall also include CONTRACTOR'S employees, agents or SUBCONTRACTORS.

U.S. Department of Treasury, Office of Foreign Assets Control

The agency complies with U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC) payment rules. OFAC prohibits financial transactions with individuals or organizations, which have been placed on the OFAC Specially Designated Nationals (SDN) and Blocked Persons sanctions list located at <http://www.treas.gov/offices/enforcement/ofac/index.html>. Compliance with OFAC payment rules ensures that the agency does not conduct business with individuals or organizations that have been determined to be supporters of terrorism and international drug dealing or that pose other dangers to the United States.

Prior to making payment to individuals or organizations, the agency will download the current OFAC SDN file and compare it to agency and statewide vendor files. In the event of a positive match, the agency reserves the right to: (1) make a determination of "reasonability" before taking the positive match to a higher authority, (2) seek assistance from the Washington State Office of the State Treasurer (OST) for advanced assistance in resolving the positive match, (3) comply with an OFAC investigation, if required, and/or (4) if the positive match is substantiated, notify the CONTRACTOR in writing and terminate the contract according to the Termination for Convenience provision without making payment. The agency will not be liable for any late payment fees or missed discounts that are the result of time required to address the issue of an OFAC match.

Waiver

Waiver of any default or breach shall not be deemed a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this contract unless stated to be such in writing and signed by authorized representative of the AGENCY.

STATE OF WASHINGTON
Office of Insurance Commissioner
REQUEST FOR PROPOSALS (RFP) S201718

NOTE: If you download this RFP from an agency website, you are responsible for checking the website to ensure you receive any amendments or questions and answers. Proposers are encouraged to download solicitations using WEBS to ensure notification of amendments.

Project title

Health Insurance Individual Market Stabilization Project

Questions Due 11:59 pm Pacific Time, July 12, 2017
Proposal Due 4:00 pm Pacific Time, July 19, 2017

Emailed bids will be accepted. Faxed bids will not.

Estimated time period for contract

July 25, 2017 – June 30, 2018. The OIC reserves the right to extend the contract for up to three (3) additional one-year periods, at the sole discretion of the OIC.

Proposer eligibility

This procurement is open to those Proposers that satisfy the minimum qualifications stated herein and that are available for work in Washington State.

Contents of the request for proposals

1. Introduction
2. General Information for Vendors
3. Proposal Contents
4. Evaluation and Award
5. Exhibits
 - A. Certifications and Assurances
 - B. Sample Contract with General Terms and Conditions

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1 INTRODUCTION

1.1 Purpose and background

The Office of Insurance Commissioner (OIC) is initiating this Request for Proposals (RFP) to solicit responses from individuals or firms interested in providing actuarial and consulting services to support an OIC project to improve the stability of the Washington State individual health insurance market. The market is facing a combination of fewer issuers, rising premiums, and an increasing number of counties, particularly rural, with limited consumer choice. For plan year 2018, two counties were left without coverage in the initial individual market health plan filings and multiple counties have only one issuer offering coverage. The average proposed rate increase is 22.3 percent.

OIC has identified the following policy proposals (Proposals) that are intended to improve the stability of the individual market by putting downward pressure on health plan premiums and encouraging health plan issuer participation in all counties for plan year 2019 and beyond:

- Conditions-based reinsurance;
- Claims-based reinsurance; and
- Establishment of a state-offered option(s).

OIC is seeking actuarial and consulting services to evaluate these Proposals and prepare a report that identifies implementation models that optimize the reduction of premium, the availability of coverage choices in all counties, and funding mechanisms, including Section 1332 State Innovation Waivers (Waiver).

Additional Proposals within the scope of this RFP may be identified by OIC and/or the contractor and included for evaluation upon written agreement between OIC and the contractor. All identified Proposals are to be evaluated both individually, and in combination, and ranked for feasibility of implementation.

If OIC implements one or more Proposals, the contractor may provide actuarial and economic analysis support.

1.2 Objectives and scope of work

The OIC intends to award one contract to provide the services described in this RFP. There are two phases to this project:

- Phase I: Contractor to evaluate Proposals through actuarial and economic analysis of EDGE Server Outbound Reports, then prepare a report that identifies and ranks feasibility of implementation; and
- Phase II (optional): Contractor's actuarial and economic analysis support for Proposals designated for implementation.

In Phase I, the contractor selected as a result of this RFP will produce a report (Report) that evaluates and ranks the effectiveness and feasibility of the Proposals, including introducing other opportunities as identified by the OIC or the contractor, in accomplishing the OIC's market stabilization goals of putting downward pressure on premium, increasing consumer choice in all counties, and identifying funding mechanisms. The contractor will use EDGE Server Outbound Reports for plan years 2014, 2015 and 2016; report findings will be supported by actuarial and economic analysis. From this Report, OIC anticipates selecting one or more Proposals to implement.

Under Phase II, if elected, the contractor will provide the actuarial and economic support necessary to fully implement the selected Proposal(s) in time for inclusion in plan year 2019 health plan filings.

Responsibilities of the contractor are detailed below.

Phase I Responsibilities

Manage and maintain confidentiality of EDGE Server outbound reports

The OIC will be performing a regulatory data call for EDGE Server Outbound Reports from all individual market issuers for plan years 2014, 2015, and 2016. The due date of the data call will be the first day following the full execution of the contract resulting from this RFP, and the contractor will be responsible for receiving EDGE Server Outbound Reports on that day.

The contractor will be responsible for maintaining the confidentiality of the EDGE Server Outbound Reports.

Evaluate Proposals using EDGE Server outbound reports

The contractor will be responsible for evaluating Proposals using the EDGE Server Outbound Reports.

The evaluation must, at a minimum:

- Include actuarial and economic analysis to support conclusions; and
- Consider the effect of concurrent rulemaking by OIC to revise the geographic rating areas ([WAC 284-43-6700: Geographic rating area designation.](#)) and the premium ratio ([WAC 284-43-6680: Geographic rating area factor development](#)).
- Address the effect of the Proposals, implemented singly or in combination, on the following factors:
 - Overall individual market enrollment;
 - Segmentation of the individual market risk pool;
 - Enrollment by county, with particular attention to rural counties;
 - On- and off-Exchange enrollment by county;
 - Enrollment demographics, including changes in the age and health status composition of the individual market risk pool; and
 - Health plan premiums, including differential impacts in urban and rural counties.

Prepare an evaluation report

The contractor must produce a draft report no later than October 2, 2017, and a final report no later than October 16, 2017, that describes the effect of each Proposal, and Proposals in combination, on the factors identified above.

The report must also include at least the following for each Proposal:

- A recommendation as to whether submission of a Waiver application would be advisable, either to request federal pass through funding or to obtain waiver authority necessary to implement the Proposal;
- If the Proposal is likely to reduce premium costs, whether the premium savings associated with the Proposal could accrue to the second lowest cost silver plan, producing advance premium tax credit savings that could be passed through to the state through a Waiver to help finance the proposal;
- Recommendation on implementation strategy, including skill sets and capacity that a separate administering entity or agency would require;
- Ranking of each of the proposals by feasibility for plan year 2019; and
- Ranking of each of the proposals by effectiveness of the following:
 - Lowering premium;

- Increasing consumer choice in all counties; and
- Funding mechanisms.

Phase II Responsibilities (optional)

Provide actuarial and economic analyses to support implementation for plan year 2019 rate filings. The contractor will be required to provide consultative support to OIC during this phase. No later than November 30, 2017, the contractor will be required to produce actuarial and economic analyses for OIC to implement selected Proposal(s). If OIC chooses to submit a Section 1332 State Innovation Waiver application, this includes, but is not limited to, the development of the actuarial analysis necessary for submission of a Waiver application, including compliance with the current Waiver guardrail requirements for comparable coverage, affordability, comprehensiveness, and deficit neutrality as provided in 31 CFR 33 and 45 CFR part 155 subpart N as published on 2/27/2012 and with additional guidance published by the Centers for Medicaid and Medicare Services (CMS) on 12/16/2015.

1.3 Minimum qualifications

The CONTRACTOR minimum qualifications include:

- Licensed to do business in the State of Washington or provide a commitment that it will become licensed in Washington within thirty (30) calendar days of being selected as the Apparent Successful Contractor.
- Demonstrate knowledge of, and prior experience in, the areas of work for which the proposal is being submitted. Proposer must have previously held sixty (60) months of responsibilities substantially the same as, or very similar to, the Scope of Work in Section 1.2 of this RFP.
- At least ten (10) years' experience with health insurance data collection, aggregation, and analysis, including financial analysis, and preparing findings of analyses that inform state health policy development and implementation.
- Experience in health insurance actuarial analysis for public entities, states, or departments of insurance.
- Membership in the American Academy of Actuaries specializing in health insurance on the contractor's team to complete the Scope of Work in Section 1.2 of this RFP.
- Agree to the Certifications and Assurances set forth in Exhibit A.
- Submit proposals as specified on Section 3, Proposal Contents, of this RFP.

Note: Actuaries will be required to submit, as part of the proposer's proposal, a completed U.S.

Qualification Standards Attestation Form from the American Academy of Actuaries

(<http://attest.actuary.org/#/>).

Proposers who do not meet these minimum qualifications will be rejected as non-responsive and will not receive further consideration. Any proposal that is rejected as non-responsive will not be evaluated or scored.

1.4 Funding

Proposals in excess of \$300,000.00 *for Phase I* will be rejected as non-responsive and will not be evaluated. In the event additional funding becomes available, any contract awarded may be renegotiated to provide for additional related services. It is in a Proposer's best interest to submit a best and final offer for this solicitation.

Any contract(s) awarded as a result of this procurement is contingent upon the availability of funding.

1.5 Period of performance

The period of performance of any contract resulting from this RFP is tentatively scheduled to begin on or about July 25, 2017 and to end on June 30, 2018. The OIC reserves the right to extend the contract for up to three (3) additional one-year periods, at the sole discretion of the OIC.

1.6 Contracting with current or former state employees

Specific restrictions apply to contracting with current or former state employees pursuant to chapter 42.52 of the Revised Code of Washington. Proposers should familiarize themselves with the requirements prior to submitting a proposal that includes current or former state employees.

1.7 Definitions

Definitions for the purposes of this RFP include:

OIC – The Office of Insurance Commissioner is the agency of the state of Washington that is issuing this RFP.

Apparent Successful Contractor – The individual or company selected as the entity to perform the anticipated services, subject to completion of contract negotiations and execution of a written contract.

Contractor – Individual or company whose proposal has been accepted by the OIC and is awarded a fully executed, written contract.

Proposal – A formal offer submitted in response to this solicitation.

Proposer - Individual or company that submits a proposal in order to attain a contract with the OIC.

Request for Proposals (RFP) – Formal procurement document in which a service or need is identified but no specific method to achieve it has been chosen. The purpose of an RFP is to permit the vendor community to suggest various approaches to meet the need at a given price.

1.8 ADA

The OIC complies with the Americans with Disabilities Act (ADA). Proposers may contact the RFP Coordinator to receive this Request for Proposals in Braille or on tape.

2 GENERAL INFORMATION FOR CONTRACTORS

2.1 RFP coordinator

All communications with respect to this RFP must be directed to:

<p>Miranda Matson-Jewett Office of Insurance Commissioner 5000 Capitol Blvd Tumwater, WA 98501 (360) 725-9604 Contracting@oic.wa.gov</p>
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Any other communication will be considered unofficial and non-binding on the OIC. Proposers are to rely on written statements issued by the RFP Coordinator. Communication directed to parties other than the RFP Coordinator may result in disqualification of the Proposer.

2.2 Estimated schedule of procurement activities

Issue Request for Proposals	June 29, 2017
Question & answer period	July 12, 2017
Issue last addendum to RFP	July 14, 2017
Proposals due	July 19, 2017
Evaluate proposals	July 20-24, 2017
Announce 'Apparent Successful Contractor'	July 25, 2017
Hold debriefing conferences (if requested)	July 26-31, 2017

The OIC reserves the right to revise the above schedule.

2.3 Submission of proposals

The OIC will ONLY accept electronic submissions of the Proposal.

Note: If your attachment exceeds 30 MB, please contact the RFP coordinator for an alternate means of electronic submittal.

ELECTRONIC PROPOSALS:

The proposal must be received by the RFP Coordinator no later than 4:00p.m. Pacific Time on July 19, 2017.

Proposals to be submitted electronically should be sent as attachments to an email to Miranda Matson-Jewett, the RFP Coordinator, at the e-mail address listed in Section 2.1. Attachments to email should be in Microsoft Word, Excel, or PDF. Zipped files can be received by the OIC and can be used for submission of proposals. The cover submittal letter and the Certifications and Assurances form must have a scanned signature of the individual within the organization authorized to bind the Proposer to the offer. The OIC does not assume responsibility for problems with Proposer's email. If the OIC'S email is not working, appropriate allowances will be made.

Proposals may not be transmitted using facsimile transmission.

Proposers should allow sufficient time to ensure timely receipt of the proposal by the RFP Coordinator. Late proposals will not be accepted and will be automatically disqualified from further consideration, unless the OIC's email is found to be at fault. All proposals and any accompanying documentation become the property of the OIC and will not be returned.

2.4 Proprietary information/Public disclosure

Proposals submitted in response to this competitive procurement shall become the property of the OIC. All proposals received shall remain confidential until the apparent successful contractor, if any, resulting from this RFP is announced by the OIC; thereafter, the proposals shall be deemed public records as defined in Chapter 42.56 of the Revised Code of Washington (RCW).

Any information in the proposal that the Proposer desires to claim as proprietary and exempt from disclosure under the provisions of Chapter 42.56 RCW must be clearly designated. The information must be clearly identified and the particular exemption from disclosure upon which the Proposer is making the claim must be cited. Each page containing the information claimed to be exempt from disclosure must be clearly identified by the words "Proprietary Information" printed on the lower right hand corner of the page. Marking the entire proposal exempt from disclosure or as Proprietary Information will not be honored.

If a public records request is made for the information that the Proposer has marked as "Proprietary Information," the OIC will notify the Proposer of the request and of the date that the records will be released to the requester unless the Proposer obtains a court order enjoining that disclosure. If the Proposer fails to obtain the court order enjoining disclosure, the OIC will release the requested information on the date specified. If a Proposer obtains a court order from a court of competent jurisdiction enjoining disclosure pursuant to Chapter 42.56 RCW, the OIC shall maintain the confidentiality of the Proposer's information per the court order.

A charge will be made for copying and shipping, as outlined in chapter 42.56 RCW. No fee shall be charged for inspection of contract files, but twenty-four (24) hours' notice to the RFP Coordinator is required. All requests for information should be directed to the RFP Coordinator.

2.5 Revisions to the RFP

If it becomes necessary to revise any part of this RFP, addenda will be published in WEBS and on and on www.insurance.wa.gov. For this purpose, the published questions and answers and any other pertinent information will be provided as an addendum to the RFP and will be placed on the website and in WEBS.

If you downloaded this RFP from the AGENCY's website as listed above, you are responsible for checking the website to ensure you receive any amendments or questions and answers. Proposers are encouraged to download solicitations using [WEBS](#) to ensure notification of amendments.

2.6 Minority & women-owned business participation

In accordance with chapter 39.19 RCW, the state of Washington encourages participation in all of its contracts by firms certified by the Office of Minority and Women's Business Enterprises (OMWBE). Participation must be on a direct basis in response to this solicitation. However, *no preference will be included in the evaluation of proposals*, no minimum level of MWBE participation shall be required as a condition for receiving an award, and proposals will not be rejected or considered non-responsive on that basis.

The established annual procurement participation goals for MBE is 10% and for WBE, 4%, for this type of project. These goals are voluntary. For information on certified firms, Proposers may contact OMWBE at 360/753-9693 or <http://www.omwbe.wa.gov>.

2.7 Acceptance period

Proposers must provide up to 60 days for acceptance by OIC from the due date for receipt of proposals.

2.8 Responsiveness

All proposals will be reviewed by the RFP Coordinator to determine compliance with administrative requirements and instructions specified in this RFP. The Proposer is specifically notified that failure to comply with any part of the RFP may result in rejection of the proposal as non-responsive.

The OIC also reserves the right at its sole discretion to waive minor administrative irregularities.

2.9 Complaint procedure

This purpose of this procedure is to provide an avenue to submit issues or concerns that are not resolved during the Q&A process. This procedure is available to Proposers who submitted a Question during the Question & Answer period. Complaints must be submitted no later than five business days before the bid response deadline.

Proposers submitting a complaint about this procurement must follow the procedures described below. Complaints that do not follow these procedures will not be considered.

All complaints must be in writing and signed by the protesting party or an authorized Agent. The complaint must clearly state the grounds for the complaint with specific facts and include a proposed remedy. All protests must be addressed to the RFQQ Coordinator.

Only complaints concerning the following subjects will be considered:

- The solicitation unnecessarily restricts competition;
- The solicitation evaluation or scoring process is unfair or flawed; or
- The solicitation requirements are inadequate or insufficient to prepare a response.

Complaints not based on the above subjects will not be considered and will be returned unanswered.

Upon receipt of a complaint, a review will be held by the AGENCY. The AGENCY procurement coordinator or a delegate will consider the record and all available facts and issue a decision within three business days of receipt of the complaint. If additional time is required, the complaining party will be notified of the delay. This process does not include an appeal process.

Responses to considered complaints will be in writing. Additionally, considered complaints, responses and remedies must be posted in WEBS.

Complaints may not be raised again during the protest period.

2.10 Most favorable terms

The OIC reserves the right to make an award without further discussion of the proposal submitted. Therefore, the proposal should be submitted initially on the most favorable terms which the Proposer can propose. There will be no best and final offer procedure. The OIC does reserve the right to contact a Proposer for clarification of its proposal.

The Apparent Successful Contractor should be prepared to accept this RFP for incorporation into a contract resulting from this RFP. Contract negotiations may incorporate some or all of the Proposer's proposal. It is understood that the proposal will become a part of the official procurement file on this matter without obligation to the OIC.

2.11 Contract and general terms & conditions

The apparent successful contractor will be expected to enter into a contract which is substantially the same as the sample contract and its general terms and conditions attached as Exhibit B. In no event is a Proposer to submit its own standard contract terms and conditions in response to this solicitation. The Proposer may submit exceptions as allowed in the Certifications and Assurances form, Exhibit A to this solicitation. All exceptions to the contract terms and conditions must be submitted as an attachment to Exhibit A, Certifications and Assurances form. The OIC will review requested exceptions and accept or reject the same at its sole discretion.

2.12 Costs to propose

The OIC will not be liable for any costs incurred by the Proposer in preparation of a proposal submitted in response to this RFP, in conduct of a presentation, or any other activities related to responding to this RFP.

2.13 No obligation to contract

This RFP does not obligate the State of Washington or the OIC to contract for services specified herein.

2.14 Rejection of proposals

The OIC reserves the right at its sole discretion to reject any and all proposals received without penalty and not to issue a contract as a result of this RFP.

2.15 Insurance coverage

The CONTRACTOR is to furnish the OIC with a certificate(s) of insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below.

The CONTRACTOR shall, at its own expense, obtain and keep in force insurance coverage which shall be maintained in full force and effect during the term of the contract. The CONTRACTOR shall furnish evidence in the form of a Certificate of Insurance that insurance shall be provided, and a copy shall be forwarded to the OIC within fifteen (15) days of the contract effective date.

Liability Insurance

- 1) Commercial General Liability Insurance: CONTRACTOR shall maintain commercial general liability (CGL) insurance and, if necessary, commercial umbrella insurance, with a limit of not less than \$1,000,000 per each occurrence. If CGL insurance contains aggregate limits, the General Aggregate limit shall be at least twice the "each occurrence" limit. CGL insurance shall have products-completed operations aggregate limit of at least two times the "each occurrence" limit. CGL insurance shall be written on ISO occurrence form CG 00 01 (or a substitute form providing equivalent coverage). All insurance shall cover liability assumed under an insured contract (including the tort liability of another assumed in a business contract), and contain separation of insureds (cross liability) condition.
- 2) Business Auto Policy: As applicable, the CONTRACTOR shall maintain business auto liability and, if necessary, commercial umbrella liability insurance with a limit not less than \$1,000,000 per accident.

Such insurance shall cover liability arising out of "Any Auto." Business auto coverage shall be written on ISO form CA 00 01, 1990 or later edition, or substitute liability form providing equivalent coverage.

Employers Liability ("Stop Gap") Insurance:

In addition, the CONTRACTOR shall buy employers liability insurance and, if necessary, commercial umbrella liability insurance with limits not less than \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee for bodily injury by disease.

Additional Provisions

Above insurance policy shall include the following provisions:

1. Additional Insured. The state of Washington, Office of Insurance Commissioner, its elected and appointed officials, agents and employees shall be named as an additional insured on all general liability, excess, umbrella and property insurance policies. All insurance provided in compliance with this contract shall be primary as to any other insurance or self-insurance programs afforded to or maintained by the state.
2. Cancellation. State of Washington, Office of Insurance Commissioner, shall be provided written notice before cancellation or non-renewal of any insurance referred to herein, in accordance with the following specifications. Insurers subject to chapter 48.18 RCW: The insurer shall give the state 45 days advance notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, the state shall be given 10 days advance notice of cancellation. Insurers subject to chapter 48.15 RCW (Surplus lines): The state shall be given 20 days advance notice of cancellation. If cancellation is due to non-payment of premium, the state shall be given 10 days advance notice of cancellation.
3. Identification. Policy must reference the state's contract number and the agency name.
4. Insurance Carrier Rating. All insurance and bonds should be issued by companies authorized to do business within the state of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best's Reports. Any exception shall be reviewed and approved by Office of Insurance Commissioner Risk Manager, or the Risk Manager for the state of Washington, before the contract is accepted or work may begin. If an insurer is not authorized, all insurance policies and procedures for issuing the insurance policies must comply with Chapters 48.15 RCW and 284-15 WAC.
5. Excess Coverage. By requiring insurance herein, the state does not represent that coverage and limits will be adequate to protect CONTRACTOR, and such coverage and limits shall not limit CONTRACTOR's liability under the indemnities and reimbursements granted to the state in this contract.

Workers' Compensation Coverage

The CONTRACTOR will at all times comply with all applicable workers' compensation, occupational disease, and occupational health and safety laws and rules to the full extent applicable. The state will not be held responsible in any way for claims filed by the CONTRACTOR or its' employees for services performed under the terms of this contract.

3 PROPOSAL CONTENTS

ELECTRONIC PROPOSALS:

Proposals must be written in English, submitted electronically to the RFP Coordinator, and contain the items listed below:

1. Letter of Submittal, including signed Certifications and Assurances (Exhibit A to this RFP);
2. Technical Proposal;
3. Management Proposal;
4. Experience / Related Information; and
5. Cost Proposal.

Proposals should provide information in the same order as presented in this document with the same headings. This will not only be helpful to the evaluators of the proposal, but should assist the Proposer in preparing a thorough response.

Items marked "mandatory" must be included as part of the proposal for the proposal to be considered responsive; however, these items are not scored. Items marked "scored" are those that are awarded points as part of the evaluation conducted by the evaluation team.

3.1 Letter of submittal (Mandatory)

The Letter of Submittal and the attached Certifications and Assurances form (Exhibit A to this RFP) must be signed and dated by a person authorized to legally bind the Proposer to a contractual relationship, e.g., the President or Executive Director if a corporation, the managing partner if a partnership, or the proprietor if a sole proprietorship. Along with introductory remarks, the Letter of Submittal is to include by attachment the following information about the Proposer.

1. Name, address, principal place of business, telephone number, and email address of legal entity or individual with whom contract would be written.
2. Name, address, and telephone number of each principal officer (President, Vice President, Treasurer, Chairperson of the Board of Directors, etc.)
3. Legal status of the Proposer (sole proprietorship, partnership, corporation, etc.) and the year the entity was organized to do business as the entity now substantially exists.
4. Federal Employer Tax Identification number or Social Security number and the Washington Uniform Business Identification (UBI) number issued by the state of Washington Department of Revenue. If the Proposer does not have a UBI number, the Proposer must state that it will become licensed in Washington within thirty (30) calendar days of being selected as the Apparent Successful Contractor.
5. Location of the facility from which the Proposer would operate.
6. Identify any state employees or former state employees employed or on the Proposer's governing board as of the date of the proposal. Include their position and responsibilities within the Proposer's organization. If following a review of this information, it is determined by the OIC that a conflict of interest exists, the Proposer may be disqualified from further consideration for the award of a contract.

3.2 Technical proposal (SCORED)

Proposal sections that exceed the page limits, when listed, will have the additional pages removed and only the allowed page limit listed will be provided to the scoring team for consideration.

The Technical Proposal must contain a comprehensive description of services including the following elements:

- A. Project Approach/Methodology (Five (5) page maximum) – Include a complete description of the Proposer’s proposed approach and methodology for the project. This section should convey Proposer’s understanding of the proposed project.
- B. Work Plan (Thirty (30) page maximum) - Include all project requirements and the proposed tasks, services, activities, etc. necessary to accomplish the scope of the project defined in this RFP as defined in Section 1.2, Objectives and Scope of Work. This section of the technical proposal must contain sufficient detail to convey to members of the evaluation team the Proposer’s knowledge of the subjects and skills necessary to successfully complete the project. Include any required involvement of OIC staff. Given the relatively short timeframe for performance of Phase I of this contract, the Proposer is encouraged to also present any creative approaches that might be appropriate and may provide any pertinent supporting documentation.

Specifically, address the following:

Project Timelines

How the following deadlines will be met:

Phase I

October 2, 2017	Draft report due to the OIC
October 16, 2017	Final report to the OIC

Phase II (optional)

November 30, 2017	Economic and actuarial analysis
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Analysis of data and evaluation of proposals

- Ability to receive EDGE Server Outbound Files on first day following full execution of contract;
- Ability to maintain confidentiality of EDGE Server outbound reports;
- Ability to analyze three years of EDGE Server outbound reports with respect to each of the elements included in Section 1.2, Scope of Work; and
- Ability to evaluate Proposals as described in Section 1.2, Scope of Work.

Evaluation report requirements

- Ability to address report requirements defined in Section 1.2, Scope of Work.

- C. Project Schedule (Two (2) page maximum) - Include a project schedule indicating when the elements of work will be completed. Project schedule must ensure that any deliverables requested are met.
- D. Outcomes and Performance Measurement (Two (2) page maximum) – Describe the impacts/outcomes the Proposer proposes to achieve as a result of the delivery of these services including how these outcomes would be monitored, measured and reported to the OIC.

- E. Risks (Two (2) page maximum) – The Proposer must identify potential risks that are considered significant to the success of the project. Include how the Proposer would propose to effectively monitor and manage these risks, including reporting of risks to the OIC’s contract manager.
- F. Deliverables (Two (2) page maximum) – Fully describe deliverables to be submitted under the proposed contract. Deliverables must support the requirements set forth in Section 1.2, Objectives and Scope of Work.

3.3 Management proposal (SCORED)

Proposal sections that exceed the page limits, when listed, will have the additional pages removed and only the allowed page limit listed will be provided to the scoring team for consideration.

The Management Proposal must address minimum qualifications, as listed in Section 1.3, and provide a comprehensive description of services including the following elements:

A. Project Management (SCORED)

1. Project Team Structure/Internal Controls (Ten (10) page maximum) – Provide a description of the proposed project team structure and internal controls to be used during the course of the project, including any subcontractors. Provide an organizational chart of your organization, indicating lines of authority for personnel involved in performance of this potential contract and relationships of this staff to other programs or functions of the organization. This chart must also show lines of authority to the next senior level of management. Include who within the organization will have prime responsibility and final authority for the work. *The organizational chart does not count toward the page limit.*
2. Staff Qualifications/Experience (Ten (10) page maximum, not including resumes or U.S. Qualification Standards Attestation Forms) - Identify staff, including subcontractors, who will be assigned to the potential contract, indicating the responsibilities and qualifications of such personnel, and include the amount of time each will be assigned to the project. At least the following positions must be identified:
 - Project manager
 - Lead actuary
 - Supporting actuaries
 - Lead economic/financial analyst
 - IT Lead

Provide a resume (no more than three (3) pages each) for each named staff, which include information on the individual’s particular skills related to this project, education, experience, significant accomplishments and any other pertinent information.

For each actuary, submit a completed U.S. Qualification Standards Attestation Form from the American Academy of Actuaries (<http://attest.actuary.org/#/>).

The Proposer must commit that staff identified in its proposal will actually perform the assigned work. Any staff substitution must have the prior approval of the OIC.

B. Experience of the Proposer (SCORED)

1. Indicate the experience the Proposer and any subcontractors has in the following areas:

- Aggregation, interpretation and analysis of EDGE Server Outbound Files
 - Individual health insurance markets
 - State health policy related to regulation of individual health insurance markets
 - Affordable Care Act provisions related to individual health insurance, including Title I of the Affordable Care Act
 - Individual health insurance market stabilization programs, including but not limited to reinsurance
 - Section 1332 State Innovation Waiver application preparation and submission
2. Indicate other relevant experience that indicates the qualifications of the Proposer, and any subcontractors, for the performance of the potential contract.
 3. Include a list of contracts the Proposer has had during the last five years that relate to the Proposer's ability to perform the services needed under this RFP. List contract reference numbers, contract period of performance, contact persons, telephone numbers, and email addresses.

C. Related Information (Mandatory)

1. If the Proposer contracted with the state of Washington during the past 24 months, indicate the name of the agency, the contract number and project description and/or other information available to identify the contract.
2. If a member of the Proposer's staff was an employee of the state of Washington during the past 24 months, or is currently a Washington State employee, identify the individual by name, the agency previously or currently employed by, job title or position held and separation date.
3. If the Proposer has had a contract terminated for default in the last five years, describe such incident. Termination for default is defined as notice to stop performance due to the Proposer's non-performance or poor performance and the issue of performance was either (a) not litigated due to inaction on the part of the Proposer, or (b) litigated and such litigation determined that the Proposer was in default.
4. Submit full details of the terms for default including the other party's name, address, and phone number. Present the Proposer's position on the matter. The OIC will evaluate the facts and may, at its sole discretion, reject the proposal on the grounds of the past experience. If no such termination for default has been experienced by the Proposer in the past five years, so indicate.

D. References (Mandatory)

List names, addresses, telephone numbers, and email addresses of three (3) business references for the Proposer and three (3) business references for the lead staff person for whom work has been accomplished and briefly describes the type of service provided. Do not include current OIC staff as references.

As a part of the reference list, the proposer and the lead staff person must grant permission to the OIC to contact the references and others who may have pertinent information regarding the Proposer's and the lead staff person's qualifications and experience to perform the services required by this RFP. The OIC may evaluate references at the OIC's discretion.

E. OMWBE Certification (OPTIONAL AND NOT SCORED)

Include proof of certification issued by the Washington State Office of Minority and Women's Business Enterprises (OMWBE) if certified minority-owned firm and/or women-owned firm(s) will be participating on this project. For information: <http://www.omwbe.wa.gov>.

3.4 Cost Proposal (SCORED)

The evaluation process is designed to award this procurement not necessarily to the Proposer of least cost, but rather to the Proposer whose proposal best meets the requirements of this RFP. However,

Proposers are encouraged to submit proposals which are consistent with state government efforts to conserve state resources.

A. Identification of Costs (Scored)

Proposers must provide a best and final offer for Phase I of this project; additionally, proposers must provide hourly rates for staff that would be assigned to the optional Phase II of this project. Hourly rates submitted for this purpose will not be used for the purposes of scoring.

Identify all costs in U.S. dollars including expenses to be charged for performing the services necessary to accomplish the objectives of the contract. The Proposer is to submit a fully detailed budget including staff costs and any expenses necessary to accomplish the tasks and to produce the deliverables under the contract. Contractors are required to collect and pay Washington state sales and use taxes, as applicable.

Costs for subcontractors are to be broken out separately. Please note if any subcontractors are certified by the Office of Minority and Women's Business Enterprises.

B. Computation

The score for the cost proposal will be computed by dividing the lowest cost bid received by the Proposer's total cost. Then the resultant number will be multiplied by the maximum possible points for the cost section.

4 EVALUATION AND CONTRACT AWARD

4.1 Evaluation Procedure

Responsive proposals will be evaluated strictly in accordance with the requirements stated in this solicitation and any addenda issued. The evaluation of proposals shall be accomplished by an evaluation team(s), to be designated by the OIC, which will determine the ranking of the proposals.

OIC, at its sole discretion, may elect to select the top-scoring firms as finalists for an oral presentation.

The RFP Coordinator may contact the Proposer for clarification of any portion of the Proposer's proposal.

4.2 Evaluation Weighting and Scoring

The following weighting and points will be assigned to the proposal for evaluation purposes:

Technical Proposal - 45%	45 points
Management Proposal – 30%	30 points
<u>Cost Proposal – 25%</u>	<u>25 points</u>
TOTAL – 100%	100 points

4.3 Notification to Proposers

The OIC will notify the apparent successful contractor of their selection via email upon completion of the evaluation process. Individuals or firms whose proposals were not selected for further negotiation or award will be notified separately by email.

4.5 Debriefing of Unsuccessful Vendors

Any Proposer who has submitted a proposal and been notified that they were not selected for contract award may request a debriefing. The request for a debriefing conference must be received by the RFP Coordinator within three (3) business days after the Unsuccessful Notification is e-mailed to the Proposer. Debriefing requests must be received by the RFP Coordinator no later than 5:00 PM, local time, in Tumwater, Washington on the third business day following the transmittal of the Unsuccessful Notification. The debriefing must be held within three (3) business days of the request. Discussion at the debriefing conference will be limited to the following:

- Evaluation and scoring of the Proposer's proposal;
- Critique of the proposal based on the evaluation;
- Review of Proposer's final score in comparison with other final scores without identifying the other firms.

Comparisons between proposals or evaluations of the other proposals will not be allowed. Debriefing conferences may be conducted in person or on the telephone and will be scheduled for a maximum of one hour.

4.6 Protest Procedure

Protests may be made only by Proposers who submitted a response to this RFP and who have participated in a debriefing conference. Upon completing the debriefing conference, the Proposer is allowed three (3) business days to file a protest of the acquisition with the RFP Coordinator. Protests must be received by the RFP Coordinator no later than 4:30 PM, local time, in Tumwater, Washington on the

third business day following the debriefing. Protests may be submitted by e-mail, but must then be followed by the document with an original signature.

Proposers protesting this procurement shall follow the procedures described below. Protests that do not follow these procedures shall not be considered. This protest procedure constitutes the sole administrative remedy available to proposers under this procurement.

All protests must be in writing, via email, addressed to the RFP Coordinator, and signed by the protesting party or an authorized Agent. The protest must state the RFP number, the grounds for the protest with specific facts and complete statements of the action(s) being protested. A description of the relief or corrective action being requested should also be included.

Only protests stipulating an issue of fact concerning the following subjects shall be considered:

- A matter of bias, discrimination or conflict of interest on the part of an evaluator;
- Errors in computing the score;
- Non-compliance with procedures described in the RFP or OIC policy.

Protests not based on procedural matters will not be considered. Protests will be rejected as without merit if they address issues such as: 1) an evaluator's professional judgment on the quality of a proposal, or 2) OIC'S assessment of its own and/or other agencies needs or requirements.

Upon receipt of a protest, a protest review will be held by the OIC. The Chief Deputy Insurance Commissioner of OIC (Chief Deputy) or an employee delegated by the Chief Deputy who was not involved in the procurement will consider the record and all available facts and issue a decision within five (5) business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay.

In the event a protest may affect the interest of another Proposer that also submitted a proposal, such Proposer will be given an opportunity to submit its views and any relevant information on the protest to the RFP Coordinator.

The final determination of the protest shall:

- Find the protest lacking in merit and uphold the OIC's action; or
- Find only technical or harmless errors in the OIC's acquisition process and determine the OIC to be in substantial compliance and reject the protest; or
- Find merit in the protest and provide the OIC options which may include:
 - Correct the errors and re-evaluate all proposals, and/or
 - Reissue the solicitation document and begin a new process, or
 - Make other findings and determine other courses of action as appropriate.

If the OIC determines that the protest is without merit, the OIC will enter into a contract with the Apparent Successful Contractor. If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

5 RFP EXHIBITS

Exhibit A	Certifications and Assurances
Exhibit B	Sample Contract <i>including General Terms and Conditions</i>

Exhibit A

CERTIFICATIONS AND ASSURANCES

I/we make the following certifications and assurances as a required element of the proposal to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related contract:

1. I/we declare that all answers and statements made in the proposal are true and correct.
2. The prices and/or cost data have been determined independently, without consultation, communication, or agreement with others for the purpose of restricting competition. However, I/we may freely join with other persons or organizations for the purpose of presenting a single proposal.
3. The attached proposal is a firm offer for a period of 60 days following receipt, and it may be accepted by the AGENCY without further negotiation (except where obviously required by lack of certainty in key terms) at any time within the 60-day period.
4. In preparing this proposal, I/we have not been assisted by any current or former employee of the state of Washington whose duties relate (or did relate) to this proposal or prospective contract, and who was assisting in other than his or her official, public capacity. If there are exceptions to these assurances, I/we have described them in full detail on a separate page attached to this document.
5. I/we understand that the AGENCY will not reimburse me/us for any costs incurred in the preparation of this proposal. All proposals become the property of the AGENCY, and I/we claim no proprietary right to the ideas, writings, items, or samples, unless so stated in this proposal.
6. Unless otherwise required by law, the prices and/or cost data which have been submitted have not been knowingly disclosed by the Proposer and will not knowingly be disclosed by him/her prior to opening, directly or indirectly, to any other Proposer or to any competitor.
7. I/we agree that submission of the attached proposal constitutes acceptance of the solicitation contents and the attached sample contract and general terms and conditions. If there are any exceptions to these terms, I/we have described those exceptions in detail on a page attached to this document.
8. No attempt has been made or will be made by the Proposer to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.
9. I/we grant the AGENCY the right to contact references and other, who may have pertinent information regarding the ability of the Contractor and the lead staff person to perform the services contemplated by this RFQQ.
10. If any staff member(s) who will perform work on this contract has retired from the State of Washington under the provisions of the 2008 Early Retirement Factors legislation, his/her name(s) is noted on a separately attached page.

We (circle one) are / are not submitting proposed Contract exceptions. (See Section 2.11, Contract and General Terms and Conditions.) If Contract exceptions are being submitted, I/we have attached them to this form.

On behalf of the Proposer submitting this proposal, my name below attests to the accuracy of the above statement.

We are submitting a scanned signature of this form with our proposal.

Name

Title

Signature

Date

Contract for Services
Between the
State of Washington
Office of Insurance Commissioner
And
[Contractor Name]

This Contract is made and entered into by and between the state of Washington, Office of Insurance Commissioner, hereinafter referred to as the "AGENCY", and the below named firm, hereinafter referred to as "CONTRACTOR."

[Contractor Name]

Street

City, State ZIP

Federal TIN:

Purpose

The purpose of this contract is to [describe, in detail, the purpose of this contract].

Scope of work

- A. Exhibit A, attached hereto and incorporated by reference, contains the General Terms and Conditions governing work to be performed under this contract, the nature of the working relationship between the AGENCY and the CONTRACTOR, and specific obligations of both parties.
- B. The CONTRACTOR must provide services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

Option 1: Identify all tasks, work elements and objectives of the contract, and timetables by which major parts of the work are to be completed. The scope of work may be included within the text of the contract or attached as a separate exhibit as shown in Option 2 below.

Option 2: As included in the AGENCY'S Request for Proposals No. _____, attached as Exhibit B, and the CONTRACTOR'S proposal dated _____, attached as Exhibit C.

- C. The CONTRACTOR will produce the following written reports or other written documents (deliverables) by the dates indicated below.

All written reports and other deliverables required under this contract must be delivered to the AGENCY Contract Manager.

Period of performance

The period of performance under this contract will be from [date], or date of execution, whichever is later, through [date].

The AGENCY reserves the right to extend the contract for up to [number] additional [number] year periods, at the sole discretion of the AGENCY.

Compensation

Total compensation payable to CONTRACTOR for satisfactory performance of the work under this contract must not exceed [dollar amount]dollars. CONTRACTOR'S compensation for services rendered must be based on the following rates or in accordance with the following terms:

NOTE: *List detail of compensation to be paid, e.g., hourly rates, number of hours per task, unit prices, cost per task, cost per deliverable, etc., or reference documents that specify CONTRACTOR'S compensation and payment, e.g., CONTRACTOR'S compensation for services rendered shall be based on the schedule set forth in Exhibit B, Fees and Expenses. Compensation section should be consistent with Billing Procedures.*

NOTE: *Expenses are optional. Do not include Expenses paragraph below if expenses are not allowable. If allowable, include only expenses that are appropriate for the contract. If expenses will be reimbursed outside of the contract, it is advisable to state that in the contract to ensure clear understanding as to what expenses the State may be paying for directly.*

Expenses

CONTRACTOR will receive reimbursement for travel and other expenses as identified below or as authorized in advance by the AGENCY as reimbursable. The maximum amount to be paid to the CONTRACTOR for authorized expenses must not exceed \$, which amount is included in the contract total above.

Such expenses may include airfare (economy or coach class only), other transportation expenses, and lodging and subsistence necessary during periods of required travel. CONTRACTOR will receive compensation for travel expenses at current state travel reimbursement rates and in accordance with state travel rules.

Billing procedures and payment

AGENCY will pay CONTRACTOR upon acceptance of services provided and receipt of properly completed invoices, which must be submitted to the billing address above not more often than monthly.

Electronic invoices sent to contracting@oic.wa.gov are preferred.

Mailing address
Office of Insurance Commissioner
Attn: Contracting
PO Box 40255
Olympia, WA 98504-0255

With the exception of mileage, an itemized receipt must accompany any single expense greater than \$50.00 in order to receive reimbursement.

Payment is considered timely if made by the AGENCY within thirty (30) calendar days after receipt of properly completed invoices. Payment, or in the case of Electronic Funds Transfer, notice of payment will be sent to the address designated by the CONTRACTOR in association with the statewide payee information on file with DES. It is the responsibility of the

CONTRACTOR to ensure their statewide payee information is accurate. If the CONTRACTOR does not have a payee number, the CONTRACTOR will be required to obtain one before payment will be made.

The AGENCY may, in its sole discretion, terminate the contract or withhold payments claimed by the CONTRACTOR for services rendered if the CONTRACTOR fails to satisfactorily comply with any term or condition of this contract.

No payments in advance or in anticipation of services or supplies to be provided under this contract will be made by the AGENCY.

NOTE: Optional Provision - the AGENCY shall withhold 10 percent from each payment until acceptance by the AGENCY of the final report (or completion of the project, etc.).

Contract management

The Contract Manager for each of the parties is the contact person for all communications and billings regarding the performance of this contract.

CONTRACTOR Contract Manager	AGENCY Contract Manager
[name] [company name] [street] {City State ZIP [phone] [email]	[OIC Contract manager] Office of Insurance Commissioner PO Box 40255 Olympia, WA 98504-0255 [phone] [Email]@oic.wa.gov

From time to time, CONTRACTOR or AGENCY contacts may change. Any change to the CONTRACTOR or AGENCY representative listed above shall be provided to the other party by email notification. The party in receipt of the change notice will confirm receipt of the notice by email notification to the party initiating the change.

Data classification, sharing and security

CONTRACTOR acknowledges that some of the material and information that may come into its possession or knowledge in connection with this contract or its performance may consist of Public Information, Sensitive Information, Confidential Information, and/or Confidential Information Requiring Special Handling as defined below.

Public Information: information that can be or currently is released to the public. It does not need protection from unauthorized disclosure, but does need integrity and availability protection controls.

Sensitive Information: information that may not be specifically protected from disclosure by law, but is for official use only. Sensitive information is generally not released to the public unless specifically requested.

Confidential Information: information that is specifically protected from disclosure by law. Confidential Information includes: personal information about individuals, such as financial account information, regardless of how that information is obtained; information concerning employee personnel records; information regarding IT infrastructure and security of computer and telecommunications systems.

Confidential Information Requiring Special Handling: information that is specifically protected from disclosure by law and for which especially strict handling requirements are dictated, such as by statutes, regulations, or agreements; or serious consequences could arise from unauthorized disclosure, such as threats to health and safety, or legal sanctions.

Information received under this contract may be *(insert the appropriate categories of information here)*.

CONTRACTOR agrees to protect all material and information, other than Public Information, obtained under this contract as Confidential Information, unless notified by the AGENCY in writing to treat the material or information with lessened or heightened protections.

CONTRACTOR will not to make use of material and information for any purpose other than the performance of this contract. CONTRACTOR will release information obtained under this contract, other than Public Information, only to authorized employees, agents, or subcontractors, requiring such information for the purposes of carrying out this contract, and only after such persons have signed the nondisclosure agreement provided to the CONTRACTOR by the AGENCY.

CONTRACTOR will not release, divulge, publish, transfer, sell, disclose, or otherwise make the material and information known to any other party, person or entity except as provided in this contract.

CONTRACTOR agrees to implement physical, electronic, and managerial safeguards to prevent unauthorized access, use, disclosure, modification or loss to material and information collected, used, or acquired in connection with this Contract. All Confidential Information, and information treated as Confidential Information, stored by the CONTRACTOR will be encrypted using industry standard algorithms or cryptographic modules validated by the National Institute of Standards and Technology (NIST).

Confidential Information transmitted by the CONTRACTOR to the AGENCY or to any employee, agent, or subcontractor under this agreement must be made using a method that ensures:

1. All manipulations or transmissions of data during the exchange are secure.
2. If intercepted during transmission the data cannot be deciphered.
3. When necessary, confirmation is received when the intended recipient receives the data.

4. Encryption methods use industry standard algorithms, or cryptographic modules validated by the National Institute of Standards and Technology (NIST).

CONTRACTOR's records are subject to inspection, review or audit in accordance with the Retention of Records section above. Any breach of this provision may result in termination of the Contract.

AGENCY reserves the right to monitor, audit, or investigate the use of material or information collected, used, or acquired by CONTRACTOR through this contract.

Immediately upon expiration or termination of this Contract, CONTRACTOR must return all material and information to AGENCY, destroy the individual identifiers associated with the records or record information, and notify this agency to this effect in writing and take whatever other steps AGENCY requires of CONTRACTOR to protect AGENCY's material and information. AGENCY reserves the right to monitor, audit, or investigate the use of material or information collected, used, or acquired by CONTRACTOR through this contract.

Prior to disclosure of any information received under this contract, CONTRACTOR must collect completed Notice of Nondisclosure forms for each employee, agent, or subcontractor that will have access to material and information for this contract. CONTRACTOR shall ensure that Notice of Nondisclosure forms are available for inspection upon AGENCY request.

Insurance

The CONTRACTOR must provide insurance coverage as set out in this section. The intent of the required insurance is to protect the state should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the CONTRACTOR or subcontractor, or agents of either, while performing under the terms of this contract.

The CONTRACTOR must provide insurance coverage, which must be maintained in full force and effect during the term of this contract, as follows:

1. Commercial General Liability Insurance Policy. Provide a Commercial General Liability Insurance Policy, including contractual liability, in adequate quantity to protect against legal liability arising out of contract activity but no less than \$1,000,000 per occurrence.

Additionally, the CONTRACTOR is responsible for ensuring that any subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.

2. Automobile Liability. In the event that services delivered pursuant to this contract involve the use of vehicles, either owned or unowned by the CONTRACTOR, automobile liability insurance must be required. The minimum limit for automobile liability is:

\$1,000,000 per occurrence, using a Combined Single Limit for bodily injury and property damage.

3. The insurance required must be issued by an insurance company/ies authorized to do business within the state of Washington, and must name the state of Washington, its agents and employees as additional insureds under the insurance policy/ies.

All policies must be primary to any other valid and collectable insurance. CONTRACTOR must instruct the insurers to give AGENCY thirty (30) calendar days advance notice of any insurance cancellation.

CONTRACTOR must submit to AGENCY within fifteen (15) calendar days of the contract effective date, a certificate of insurance that outlines the coverage and limits defined in the Insurance section. CONTRACTOR must submit renewal certificates as appropriate during the term of the contract.

Assurances

AGENCY and the CONTRACTOR agree that all activity pursuant to this contract will be in accordance with all the applicable current federal, state and local laws, rules, and regulations.

Order of precedence

Each of the exhibits listed below is by this reference hereby incorporated into this contract. In the event of an inconsistency in this contract, the inconsistency must be resolved by giving precedence in the following order:

1. Applicable federal and state of Washington statutes and regulations;
2. Special terms and conditions as contained in this basic contract instrument;
3. Exhibit A – General Terms and Conditions;
4. Exhibit B – Request for Proposals Number;
5. Exhibit C – Contractor's proposal dated; and
6. Any other provision, term or material incorporated herein by reference or otherwise incorporated.

Entire agreement

This contract, including referenced exhibits, represents all the terms and conditions agreed upon by the parties. No other statements or representations, written or oral, will be deemed a part hereof.

Conformance

If any provision of this contract violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

Approval

This contract is subject to the written approval of the AGENCY'S authorized representative and must not be binding until so approved. The contract may be altered, amended, or waived only by a written amendment executed by both parties.

THIS CONTRACT, consisting of [X] pages and [X] attachments, is executed by the persons signing below, who warrant they have the authority to execute the contract.

[Contractor Name]

Office of Insurance Commissioner

Signature

Signature

Name (Please Print)

Name

Title

Deputy Commissioner

Title

Date

Date

Sample

GENERAL TERMS AND CONDITIONS

Definitions

As used throughout this contract, the following terms shall have the meaning set forth below:

- A. "AGENCY" shall mean the Office of Insurance Commissioner of the State of Washington, any division, section, office, unit or other entity of the AGENCY, or any of the officers or other officials lawfully representing that AGENCY.
- B. "AGENT" shall mean the Commissioner, and/or the delegate authorized in writing to act on the Commissioner's behalf.
- C. "CONTRACTOR" shall mean that firm, provider, organization, individual or other entity performing service(s) under this contract, and shall include all employees of the CONTRACTOR.
- D. "SUBCONTRACTOR" shall mean one not in the employment of the CONTRACTOR, who is performing all or part of those services under this contract under a separate contract with the CONTRACTOR. The terms "SUBCONTRACTOR" and "SUBCONTRACTORS" means SUBCONTRACTOR(s) in any tier.

Access to data

The CONTRACTOR shall provide access to data generated under this contract to AGENCY, the Joint Legislative Audit and Review Committee, and the State Auditor at no additional cost. This includes access to all information that supports the findings, conclusions, and recommendations of the CONTRACTOR'S reports, including computer models and methodology for those models.

Advance payments prohibited

No payments in advance of or in anticipation of goods or services to be provided under this contract shall be made by the AGENCY.

Amendments

This contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

Americans with Disabilities Act (ADA) OF 1990, Public Law 101-336, also referred to as the "ADA" 28 CFR Part 35

The CONTRACTOR must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

Assignment

Neither this contract, nor any claim arising under this contract, shall be transferred or assigned by the CONTRACTOR without prior written consent of the AGENCY.

Attorneys' fees

In the event of litigation or other action brought to enforce contract terms, each party agrees to bear its own attorney fees and costs.

Confidentiality/safeguarding of information

The CONTRACTOR shall not use or disclose any information concerning the AGENCY, or information that may be classified as confidential, for any purpose not directly connected with the administration of this contract, except with prior written consent of the AGENCY, or as may be required by law.

Conflict of interest

Notwithstanding any determination by the Executive Ethics Board or other tribunal, the AGENCY may, in its sole discretion, by written notice to the CONTRACTOR terminate this contract if it is found after due notice and examination by the AGENT that there is a violation of the Ethics in Public Service Act, Chapter 42.52 RCW; or any similar statute involving the CONTRACTOR in the procurement of, or performance under this contract.

In the event this contract is terminated as provided above, the AGENCY shall be entitled to pursue the same remedies against the CONTRACTOR as it could pursue in the event of a breach of the contract by the CONTRACTOR. The rights and remedies of the AGENCY provided for in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law. The existence of facts upon which the AGENT makes any determination under this clause shall be an issue and may be reviewed as provided in the "Disputes" clause of this contract.

Copyright provisions

Unless otherwise provided, all materials produced under this contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by the AGENCY. The AGENCY shall be considered the author of such materials. In the event the materials are not considered "works for hire" under the U.S. Copyright laws, CONTRACTOR hereby irrevocably assigns all right, title, and interest in materials, including all intellectual property rights, to the AGENCY effective from the moment of creation of such materials.

Materials means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. Ownership includes the right to copyright, patent, register and the ability to transfer these rights.

For materials that are delivered under the contract, but that incorporate pre-existing materials not produced under the contract, CONTRACTOR hereby grants to the AGENCY a nonexclusive, royalty-free, irrevocable license (with rights to sublicense others) in such materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The CONTRACTOR warrants and represents that CONTRACTOR has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to the AGENCY.

The CONTRACTOR shall exert all reasonable effort to advise the AGENCY, at the time of delivery of materials furnished under this contract, of all known or potential invasions of privacy contained therein and of any portion of such document that was not produced in the performance of this contract.

The AGENCY shall receive prompt written notice of each notice or claim of infringement received by the CONTRACTOR with respect to any data delivered under this contract. The AGENCY shall have the right to modify or remove any restrictive markings placed upon the data by the CONTRACTOR.

Covenant against contingent fees

The CONTRACTOR warrants that no person or selling agent has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established agents maintained by the CONTRACTOR for securing business.

The AGENCY shall have the right, in the event of breach of this clause by the CONTRACTOR, to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration or recover by other means the full amount of such commission, percentage, brokerage or contingent fee.

Disallowed costs

The CONTRACTOR is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its SUBCONTRACTORS.

Disputes

Except as otherwise provided in this contract, when a dispute arises between the parties and it cannot be resolved by direct negotiation, either party may request a dispute hearing with AGENT.

1. The request for a dispute hearing must:
 - Be in writing;
 - State the disputed issue(s);
 - State the relative positions of the parties;
 - State the CONTRACTOR'S name, address, and contract number; and
 - Be mailed to the AGENT and the other party's (respondent's) contract manager within 3 working calendar days after the parties agree that they cannot resolve the dispute.
2. The respondent shall send a written answer to the requester's statement to both the agent and the requester within 5 working calendar days.
3. The AGENT shall review the written statements and reply in writing to both parties within 10 working days. The AGENT may extend this period if necessary by notifying the parties.
4. The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

Nothing in this contract shall be construed to limit the parties' choice of a mutually acceptable alternate dispute resolution method in addition to the dispute resolution procedure outlined above.

Duplicate payment

The AGENCY shall not pay the CONTRACTOR, if the CONTRACTOR has charged or will charge the State of Washington or any other party under any other contract or agreement, for the same services or expenses.

This contract shall be construed and interpreted in accordance with the laws of the State of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

Indemnification

To the fullest extent permitted by law, CONTRACTOR shall indemnify, defend, and hold harmless State, agencies of State and all officials, agents and employees of State, from and against all claims for injuries or death arising out of or resulting from the performance of the contract. "Claim," as used in this contract, means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorney's fees, attributable for bodily injury, sickness, disease, or death, or injury to or destruction of tangible property including loss of use resulting therefrom.

CONTRACTOR'S obligations to indemnify, defend, and hold harmless includes any claim by CONTRACTOR'S agents, employees, representatives, or any SUBCONTRACTOR or its employees.

CONTRACTOR expressly agrees to indemnify, defend, and hold harmless the State for any claim arising out of or incident to CONTRACTOR'S or any SUBCONTRACTOR'S performance or failure to perform the contract. CONTRACTOR'S obligation to indemnify, defend, and hold harmless the State shall not be eliminated or reduced by any actual or alleged concurrent negligence of State or its agents, agencies, employees and officials.

CONTRACTOR waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless State and its agencies, officials, agents or employees.

Independent capacity of the contractor

The parties intend that an independent CONTRACTOR relationship will be created by this contract. The CONTRACTOR and his or her employees or agents performing under this contract are not employees or agents of the AGENCY. The CONTRACTOR will not hold himself/herself out as or claim to be an officer or employee of the AGENCY or of the State of Washington by reason hereof, nor will the CONTRACTOR make any claim of right, privilege or benefit that would accrue to such employee under law. Conduct and control of the work will be solely with the CONTRACTOR.

Industrial insurance coverage

The CONTRACTOR shall comply with the provisions of Title 51 RCW, Industrial Insurance. If the CONTRACTOR fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees, as may be required by law, AGENCY may collect from the CONTRACTOR the full amount payable to the Industrial Insurance accident fund. The AGENCY may deduct the amount owed by the CONTRACTOR to the accident fund from the amount payable to the CONTRACTOR by the AGENCY under this contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the CONTRACTOR.

Licensing, accreditation and registration

The CONTRACTOR shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements/standards, necessary for the performance of this contract.

Limitation of authority

Only the AGENT or AGENT'S delegate by writing (delegation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or

condition of this contract. Furthermore, any alteration, amendment, modification, or waiver or any clause or condition of this contract is not effective or binding unless made in writing and signed by the AGENT.

Noncompliance with nondiscrimination laws

In the event of the CONTRACTOR'S non-compliance or refusal to comply with any nondiscrimination law, regulation, or policy, this contract may be rescinded, canceled or terminated in whole or in part, and the CONTRACTOR may be declared ineligible for further contracts with the AGENCY. The CONTRACTOR shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

Nondiscrimination

During the performance of this contract, the CONTRACTOR shall comply with all federal and state nondiscrimination laws, regulations and policies.

Privacy

Personal information including, but not limited to, "Protected Health Information," collected, used, or acquired in connection with this contract shall be protected against unauthorized use, disclosure, modification or loss. CONTRACTOR shall ensure its directors, officers, employees, SUBCONTRACTORS or agents use personal information solely for the purposes of accomplishing the services set forth herein. CONTRACTOR and its SUBCONTRACTORS agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of the agency or as otherwise required by law.

Any breach of this provision may result in termination of the contract and the demand for return of all personal information. The CONTRACTOR agrees to indemnify and hold harmless the AGENCY for any damages related to the CONTRACTOR'S unauthorized use of personal information.

Publicity

The CONTRACTOR agrees to submit to the AGENCY all advertising and publicity matters relating to this contract wherein the AGENCY'S name is mentioned or language used from which the connection of the AGENCY'S name may, in the AGENCY'S judgment, be inferred or implied. The CONTRACTOR agrees not to publish or use such advertising and publicity matters without the prior written consent of the AGENCY.

Records maintenance

The CONTRACTOR shall maintain books, records, documents, data and other evidence relating to this contract and performance of the services described herein, including but not limited to accounting procedures and practices that sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this contract.

CONTRACTOR shall retain such records for a period of six years following the date of final payment. At no additional cost, these records, including materials generated under the contract, shall be subject at all reasonable times to inspection, review or audit by the AGENCY, personnel duly authorized by the AGENCY, the Office of the State Auditor, and federal and state officials so authorized by law, regulation or agreement.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

Registration with department of revenue

The CONTRACTOR shall complete registration with the Washington State Department of Revenue and be responsible for payment of all taxes due on payments made under this contract.

Right of inspection

The CONTRACTOR shall provide right of access to its facilities to the AGENCY, or any of its officers, or to any other authorized agent or official of the state of Washington or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this contract.

Savings

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this contract and prior to normal completion, the AGENCY may terminate the contract under the "Termination for Convenience" clause, without the ten-day notice requirement, subject to renegotiation at the AGENCY'S discretion under those new funding limitations and conditions.

Severability

The provisions of this contract are intended to be severable. If any term or provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the contract.

Site security

While on AGENCY premises, CONTRACTOR, its agents, employees, or SUBCONTRACTORS shall conform in all respects with physical, fire or other security policies or regulations.

Subcontracting

Neither the CONTRACTOR nor any SUBCONTRACTOR shall enter into subcontracts for any of the work contemplated under this contract without obtaining prior written approval of the AGENCY. In no event shall the existence of the subcontract operate to release or reduce the liability of the CONTRACTOR to the Department for any breach in the performance of the CONTRACTOR'S duties. This clause does not include contracts of employment between the CONTRACTOR and personnel assigned to work under this contract.

Additionally, the CONTRACTOR is responsible for ensuring that all terms, conditions, assurances and certifications set forth in this agreement are carried forward to any subcontracts. CONTRACTOR and its SUBCONTRACTORS agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of the agency or as provided by law.

Suspension of services due to change in funding/Non-allocation of funds

Except as otherwise provided in this contract, the AGENCY may, by 10 calendar days written email notice, beginning on the day after the notice is sent, suspend this contract, in whole or in part, if there is a change in funding or non-allocation of funds. If this contract is so suspended, the AGENCY shall be liable only for payment required under the terms of this contract for services rendered or goods delivered prior to the effective date of suspension. The AGENCY reserves the right to, at any time, cancel the suspension of this contract by written email notice. Upon cancellation of any suspension, all terms and conditions within this contract remain in full force and effect.

Taxes

All payments accrued because of payroll taxes, unemployment contributions, any other taxes, insurance or other expenses for the CONTRACTOR or its staff shall be the sole responsibility of the CONTRACTOR.

Termination for cause

In the event the AGENCY determines the CONTRACTOR has failed to comply with the conditions of this contract in a timely manner, the AGENCY has the right to suspend or terminate this contract. Before suspending or terminating the contract, the AGENCY shall notify the CONTRACTOR in writing of the need to take corrective action. If corrective action is not taken within 30 calendar days, the contract may be terminated or suspended.

In the event of termination or suspension, the CONTRACTOR shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, e.g., cost of the competitive bidding, mailing, advertising and staff time.

The AGENCY reserves the right to suspend all or part of the contract, withhold further payments, or prohibit the CONTRACTOR from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the CONTRACTOR or a decision by the AGENCY to terminate the contract. A termination shall be deemed a "Termination for Convenience" if it is determined that the CONTRACTOR: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence.

The rights and remedies of the AGENCY provided in this contract are not exclusive and are, in addition to any other rights and remedies, provided by law.

Termination for convenience

Except as otherwise provided in this contract, the AGENCY may, by 10 calendar days written notice, beginning on the second day after the mailing, terminate this contract, in whole or in part. If this contract is so terminated, the AGENCY shall be liable only for payment required under the terms of this contract for services rendered or goods delivered prior to the effective date of termination.

Termination procedures

Upon termination of this contract, the AGENCY, in addition to any other rights provided in this contract, may require the CONTRACTOR to deliver to the AGENCY any property specifically produced or acquired for the performance of such part of this contract as has been terminated. The provisions of the "Treatment of Assets" clause shall apply in such property transfer.

The AGENCY shall pay to the CONTRACTOR the agreed upon price, if separately stated, for completed work and services accepted by the AGENCY, and the amount agreed upon by the CONTRACTOR and the AGENCY for (i) completed work and services for which no separate price is stated, (ii) partially completed work and services, (iii) other property or services that are accepted by the AGENCY, and (iv) the protection and preservation of property, unless the termination is for default, in which case the AGENT shall determine the extent of the liability of the AGENCY. Failure to agree with such determination shall be a dispute within the meaning of the "Disputes" clause of this contract. The AGENCY may withhold from any amounts due the CONTRACTOR such sum as the AGENT determines to be necessary to protect the AGENCY against potential loss or liability.

The rights and remedies of the AGENCY provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

After receipt of a notice of termination, and except as otherwise directed by the AGENT, the CONTRACTOR shall:

1. Stop work under the contract on the date, and to the extent specified, in the notice;
2. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract that is not terminated;
3. Assign to the AGENCY, in the manner, at the times, and to the extent directed by the AGENT, all of the rights, title, and interest of the CONTRACTOR under the orders and subcontracts so terminated, in which case the AGENCY has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
4. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the AGENT to the extent AGENT may require, which approval or ratification shall be final for all the purposes of this clause;
5. Transfer title to the AGENCY and deliver in the manner, at the times, and to the extent directed by the AGENT any property which, if the contract had been completed, would have been required to be furnished to the AGENCY;
6. Complete performance of such part of the work as shall not have been terminated by the AGENT; and
7. Take such action as may be necessary, or as the AGENT may direct, for the protection and preservation of the property related to this contract, which is in the possession of the CONTRACTOR and in which the AGENCY has or may acquire an interest.

Treatment of assets

- A. Title to all property furnished by the AGENCY shall remain in the AGENCY. Title to all property furnished by the CONTRACTOR, for the cost of which the CONTRACTOR is entitled to be reimbursed as a direct item of cost under this contract, shall pass to and vest in the AGENCY upon delivery of such property by the CONTRACTOR. Title to other property, the cost of which is reimbursable to the CONTRACTOR under this contract, shall pass to and vest in the AGENCY upon (i) issuance for use of such property in the performance of this contract, or (ii) commencement of use of such property in the performance of this contract, or (iii) reimbursement of the cost thereof by the AGENCY in whole or in part, whichever first occurs.
- B. Any property of the AGENCY furnished to the CONTRACTOR shall, unless otherwise provided herein or approved by the AGENCY, be used only for the performance of this contract.

- C. The CONTRACTOR shall be responsible for any loss or damage to property of the AGENCY that results from the negligence of the CONTRACTOR or which results from the failure on the part of the CONTRACTOR to maintain and administer that property in accordance with sound management practices.
- D. If any AGENCY property is lost, destroyed or damaged, the CONTRACTOR shall immediately notify the AGENCY and shall take all reasonable steps to protect the property from further damage.
- E. The CONTRACTOR shall surrender to the AGENCY all property of the AGENCY prior to settlement upon completion, termination or cancellation of this contract
- F. All reference to the CONTRACTOR under this clause shall also include CONTRACTOR'S employees, agents or SUBCONTRACTORS.

U.S. Department of Treasury, Office of Foreign Assets Control

The agency complies with U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC) payment rules. OFAC prohibits financial transactions with individuals or organizations, which have been placed on the OFAC Specially Designated Nationals (SDN) and Blocked Persons sanctions list located at <http://www.treas.gov/offices/enforcement/ofac/index.html>. Compliance with OFAC payment rules ensures that the agency does not conduct business with individuals or organizations that have been determined to be supporters of terrorism and international drug dealing or that pose other dangers to the United States.

Prior to making payment to individuals or organizations, the agency will download the current OFAC SDN file and compare it to agency and statewide vendor files. In the event of a positive match, the agency reserves the right to: (1) make a determination of "reasonability" before taking the positive match to a higher authority, (2) seek assistance from the Washington State Office of the State Treasurer (OST) for advanced assistance in resolving the positive match, (3) comply with an OFAC investigation, if required, and/or (4) if the positive match is substantiated, notify the CONTRACTOR in writing and terminate the contract according to the Termination for Convenience provision without making payment. The agency will not be liable for any late payment fees or missed discounts that are the result of time required to address the issue of an OFAC match.

Waiver

Waiver of any default or breach shall not be deemed a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this contract unless stated to be such in writing and signed by authorized representative of the AGENCY.



Response to Request for Proposal

State of Washington
Office of Insurance Commissioner

Request for Proposals (RFP) S201718
Health Insurance Individual Market Stabilization Project

July 19, 2017

Wakely Consulting Group

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Senior Consulting Actuary
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3.1 Letter of Submittal

July 19, 2017

Miranda Matson-Jewett
Office of Insurance Commissioner
5000 Capitol Blvd
Tumwater, WA 98501

Re: Request for Proposals (RFP) S201718, Health Insurance Individual Market Stabilization Project

Dear Ms. Matson-Jewett:

Wakely Consulting Group, LLC (Wakely) is pleased to provide the State of Washington (Washington), acting by and through the Office of the Insurance Commissioner (OIC), this response to the request for proposal for Health Insurance Market Stabilization Actuarial Services (RFP S201718). As a Principal of Wakely, I am authorized to bind the company.

Thank you for the opportunity to present this proposal for actuarial services to analyze solutions to stabilize the State of Washington's individual health insurance market. Throughout our proposal, we have highlighted relevant projects and experiences, including the Wakely's significant Affordable Care Act (ACA) and reform consulting work. Wakely welcomes the opportunity to work with the OIC on this important project, leveraging our broad national and state-specific knowledge and experience in collecting and consolidating large data sets, data analytics, and actuarial support for policy decisions.

Should our proposal be selected, Danielle Hilson will be the project manager for all services, and Al Bingham and Danielle will serve as the senior leaders on the project. They will lead our actuarial team, with primary data and analytical support from other Wakely staff. Our proposal also includes additional actuaries who have extensive policy experience or experience in the State of Washington. These additional actuaries will be relied upon as subject matter experts depending on the tasks needed by the Agency. Our team brings to the OIC significant experience in health insurance programs as consultants for states and within private managed care organizations in many states.

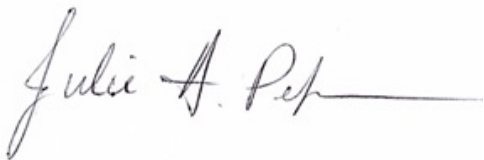
Based on the RFP requirements, we have agreed to all prerequisites. Wakely is qualified to do work in the State of Washington, with a UBI No. 602614181.

1	Name, address, principal place of business, telephone number, and email address of legal entity or individual with whom contract would be written.
	<p>Actuarial Holdings, LLC dba Wakely Consulting Group, LLC 7650 W. Courtney Campbell Causeway, Suite 1250 Tampa, FL 33607 720.226.9814 Julie.Peper@wakely.com</p>
2	Name, address, and telephone number of each principal officer (President, Vice President, Treasurer, Chairperson of the Board of Directors, etc.)
	<p>Julia Lambert, President 7650 W. Courtney Campbell Causeway, Suite 1250, Tampa, FL 33607 727.259.7474</p>
	<p>Ross Winkelman, Vice President 9777 Pyramid Ct., Suite 260, Englewood, CO 80112 720.226.9801</p>
	<p>Mary K. Hegemann, Principal 9777 Pyramid Ct., Suite 260, Englewood, CO 80112 720.226.9802</p>
	<p>Julie Peper, Principal 1515 Wazee St., Suite 380, Denver, CO 80202 720.226.9814</p>
	<p>Syed M. Mehmud, Principal 9777 Pyramid Ct., Suite 260, Englewood, CO 80112 720.226.9803</p>
3	Legal status of the Proposer (sole proprietorship, partnership, corporation, etc.) and the year the entity was organized to do business as the entity now substantially exists.
	<p>Limited Liability Company 2/2/1999</p>
4	Federal Employer Tax Identification number or Social Security number and the Washington Uniform Business Identification (UBI) number. If the Proposer does not have a UBI number, the proposer must state that it will become licensed in Washington within thirty (30) calendar days of being selected as the Apparent Successful Contractor.

FEIN: 47-4522915 UBI: 602614181	
5	Location of the facility from which the Proposer would operate.
1515 Wazee St., Suite 380, Denver, CO 80202	
6	Identify any state employees or former state employees employed or on the Proposer's governing board as of the date of the proposal. Include their position and responsibilities within the Proposer's organization. If following a review of this information, it is determined by the OIC that a conflict of interest exists, the Proposer may be disqualified from further consideration for the award of a contract.
Wakely does not currently employ any state or former state employees from Washington State.	

If you should have any questions or need further information during your review of this response and wish to discuss them, please contact Julie at 720-226-9814.

Sincerely,



Julie Peper, FSA, MAAA
Principal

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3.2 Technical Proposal Response

3.2.A. Project Approach/Methodology

Background

A few years after the implementation of the Affordable Care Act (ACA), many states are seeing market volatility and disruption with respect to issuers entering and leaving the individual health insurance market, with some leaving the market due to solvency concerns, large premium increases, and an increasing number of counties, particularly rural, with limited consumer choice. For the remaining issuers, many have chosen to limit the products and plans offered, such as limiting offerings of platinum and PPO plan. The ACA was developed using rating methodologies and factors that were intended to limit selection and mix issues in the individual and small group markets. However, it has become clear that there are segments of the markets that are consistently more or less profitable than others. This can lead to issuers trying to adjust the rates to avoid the less profitable segments or attract segments that are more profitable. If issuers are not able to adjust the rates or their segment mix is not as expected, this can lead to significant losses and potentially to issuers needing to leave the market.

In addition to the market mix issues, the overall risk of the markets, particularly the individual market, is not as expected, and as a result, the individual rate increases have been high for the past couple of years. For non-subsidized members, in particular, this could cause further erosion of the market risk if the healthier members choose not to re-enroll.

The State of Washington (Washington)¹ recognizes the concerns facing issuers and has released a Request for Proposal (RFP) addressing how the state can mitigate these issues through legislative changes or other factors. The strategies the state is currently considering are implementing a conditions-based reinsurance, implementing a claims-based reinsurance, establishing a state-offered option, or some combination of these options. In this proposal, we present our experience and qualifications for these strategies, as well as additional strategies that the state may consider. In addition to addressing market stabilization in the current ACA

¹ Throughout the proposal we use Washington, State and OIC interchangeably.

environment, Wakely presents how the data collected can be used to analyze any future reforms that may come out of a federal “repeal and replace” or “repair”.

Our approach begins with assembling a best in class team, including seasoned and experienced actuarial, economic, and health policy professionals with deep experience working with state regulators and federal government policy and operational leaders on the individual and small group marketplaces. Our team for the Office of Insurance Commissioner (OIC) is unmatched in the actuarial consulting industry. Our team members have supported states in their market stabilization efforts as well as other projects, including enrollment projections, rate review, and feasibility analyses for universal primary care (states include NV, OR, WA, VT, GA and others). The team also includes the former chief ACA actuary for CMS, Al Bingham, and the former head of ACA Marketplace analytics for CMS, Michael Cohen. These latter two professionals had been part of CMS and HHS policy and process development over the last 5 years until recently.

The following is a description of Wakely’s proposed approach and methodology for the project. Further details for each of the steps can be found in the Work Plan.

Collect EDGE Data

Wakely recommends collecting 2015 and 2016 EDGE XML data (inbound and outbound) from each of the individual market carriers. The 2014 EDGE data is typically disregarded due to EDGE server issues, immature coding, and market changes. If 2014 issuers are no longer operating in the Washington individual market it may be difficult to obtain the data from them. Wakely is able to collect the 2014 data if the state feels strongly, but we feel that it would not add significant value to the project or be worth the time given the already short time-frame of the project.

Wakely has already developed tools with which we efficiently process the EDGE data. Wakely proposes two different proprietary tools for Washington’s use. The first tool, Wakely’s RAPID Analytics, processes the EDGE files, applies EDGE Server logic regarding the claims, identifies deficiencies and outlying metrics, and applies risk scores to the members (which is necessary for the second tool). It then creates a database of summarized results, including enrollment, premiums, and allowed / paid claims for each member. Wakely’s second tool, Wakely Risk Insight (WRI), adds member-level profitability to the RAPID database, which is useful for many analyses. The tool allocates various components, including administrative costs, cost-sharing reduction amounts, drug rebates, and risk adjustment, at the member-level. It then uses each member’s allocated premiums and claims, along with the aforementioned various components, to

determine member-level profitability. These tools are presented in more detail later in this proposal.

The member-level profitability can be summarized at various market segment levels to determine variations of profitability within those segments. For example, the member-level information can be summarized at the metal level or rating area level to determine which metal levels and rating areas are most and least profitable.

Wakely proposes that Washington use both RAPID and WRI as part of analysis of the proposals. WRI incorporates the impact of risk adjustment into the analysis, which can have significant impact on the stability of the various market segments. If Washington were interested only on the impact of the proposals on the market as a whole, the impact of risk adjustment would not be as significant, since it has a zero-sum impact on the individual market. However, since Washington is interested in the impact of the proposals on various sub-segments of the market, including by exchange status and county, Wakely believes it is important that the impact of risk adjustment be taken into consideration into any state-based proposal that is considered. The Cost Proposal section of the proposal discusses the licensing fees for RAPID/WRI.

Estimate Baseline Data

Wakely would estimate the baseline year(s) using the 2016 EDGE data, at a minimum accounting for trend from 2016 to the baseline year(s), estimated changes in enrollment and changes in morbidity. Wakely would create these estimates using data or input from Washington, estimates from carriers from any public rate filings, or other publicly available information. In this step, Wakely would also account for any other known changes in the market from 2016 to the baseline year(s), which may include changes in the risk adjustment model, changes to the rating curves, etc.

Throughout the analysis, Wakely intends to use the 2015 data as a high-level check of results. It is important to review in order to determine that 2016 data is not an anomaly, and that, if the same type of analyses were applied to the 2015 data, the results would not vary significantly.

Claims-Based Reinsurance Analysis

Wakely will then perform the claims-based reinsurance analysis. There are two ways in which the analysis can be performed:

- 1) If Washington has an estimated funding amount, Wakely can provide scenarios which will remove approximately that amount of dollars from the market.
- 2) If Washington has an idea of the parameters they would like to apply for reinsurance, Wakely can provide an estimate of the amount of dollars that would be removed from the market.

Within each scenario, Wakely can then provide summarized results of how the scenarios would impact the relative profitability of various segments of the individual market, including by county and exchange status. In addition, Wakely could review the impact of the proposal on overall individual market enrollment, and potentially by select market segments, if needed data is readily available. Wakely will also provide high-level feasibility feedback.

Conditions-Based Reinsurance Analysis

For the conditions-based reinsurance, Wakely would work with Washington to select the conditions that would be part of the program. This selection would be done using Washington's data, using national benchmark information and publicly available information as a check where Washington's data may lack credibility. It will likely be important to look at both 2015 and 2016 data given there will likely be credibility concerns at the HCC and/or DRG level. The analysis would then be completed using a process similar to the claims-based reinsurance analysis. Wakely would estimate the amount of funds needed to remove all paid costs for the list of conditions that are targeted. If the list results in an amount significantly different than the desired funding amount, Wakely, along with Washington's input, will adjust the list of targeted conditions to improve the match to the targeted funding amount. Similar to the claims-based option, Wakely will review the results on the various market segments. Finally, Wakely will also provide high-level feasibility feedback.

State-Offered Option(s)

As described more fully below, we will use the WRI output and work with Washington to determine possible forms for state-offered plans. We will explore both operational and financial options as well as implications for both on-exchange and off-exchange enrollees.

Review Proposal Results

Wakely will compare the results of each proposal including their impact in lowering premium, ability to increase consumer choice in all counties, and their potential funding mechanisms. Wakely will rank the each of the proposals and will also discuss each of the proposals' feasibility for plan year 2019.

In addition, Wakely will consider the impact of implementing more than one of the proposals in combination. For example, it is possible that a first dollar condition-based program would not be ideal since it may not encourage management of high claim costs. So if Washington would be interested in a hybrid approach Wakely could consider the impact of implementing a condition-based program where claims were only a portion of the claims are covered for the condition and only after hitting a certain attachment point.

Deliverables

Wakely will produce a draft report no later than October 2, 2017 and a final report no later than October 16, 2017, that describes the results of each of the proposals as well as any combination of the proposals.

The report will also include a recommendation as to whether submission of a 1332 waiver application would be advisable or required, whether any of the proposals is likely to produce savings resulting in a federal pass through to the state, recommendations on implementation strategy, ranking of each proposal for feasibility for plan year 2019, and ranking of each proposal on the effectiveness of lowering premiums, increasing consumer choice in all counties, and funding mechanisms.

In addition, if the state prefers, Wakely will provide more detailed results in an Excel spreadsheet.

3.2.B. Work Plan

Project Timelines

The Wakely team prides themselves on being responsive to client requests, to which we believe our references will attest. Wakely will respond to any Washington emails promptly. We will also work with Washington in setting timelines to ensure the deliverables are timely, useful, and recognize the potential demands of the legislative session. Should there be issues that might threaten the due dates, Wakely will communicate those as soon as possible. We will provide Washington with regular updates such that all parties understand the status of the analyses.

Given Wakely's experience in managing large amounts of data, Wakely feels the work can be done very efficiently. Wakely's past experience will also enable there to be a comprehensive data request to ensure many different types of analyses can be completed without repeatedly going back to the carriers for more information. Wakely will work with Washington on any initial request to ensure it covers all data that Wakely and Washington can reasonably foresee needing for various analyses and under potential reform changes.

Modeling Timeline

Wakely will work with Washington to determine specific timelines once the project details are determined. That said, based on our understanding of the modeling, Wakely anticipates a timeline similar to the below for Phase I of the project. Key deliverable dates are bolded. These items will be discussed in more detail in the next section of the Work Plan.

Analysis of data and evaluation of proposals

Ability to receive EDGE Server outbound Files on first day following full execution of contract

Wakely has experience performing market stabilization analyses for states based on EDGE XML Server (EDGE) data (including inbound and outbound files) and risk adjustment transfer files (called TPIR files). We highly recommend that Washington collect both the inbound and outbound EDGE data, the TPIR files, and a small supplemental data request from carriers to perform all aspects of the analyses requested in the RFP. A complete set of EDGE XML files (both

inbound and outbound) are necessary for Wakely's processes. Carriers have access to both inbound and outbound files and having them provide all of the files is typically the same amount of work as collecting just the outbound files. In addition, collecting a complete set of XML files from each carrier will provide the state flexibility in the analysis as Wakely will have collected greater member-level information than what is contained in the outbound files. In addition, TPIR files allow us to allocate the risk adjustment transfers at the member-level, and the supplemental file allows us to allocate other costs to the members (e.g. administrative costs, cost-sharing reduction amounts) and also to get information that is not contained within the EDGE data (e.g. county level information).

In addition, we recommend that the state focus on 2015 and 2016 data. Given the short timeframe and the potential issues in the 2014 EDGE data, Wakely does not believe it is necessary for these analyses.

Wakely has worked with numerous issuers and states to collect this readily available information via a secure transfer site. Because of this experience, we do not believe there will be any issues beginning the collection process of the EDGE data and TPIR files on the first day following full execution of the contract, which will involve first setting up a secure transfer site with each carrier. Wakely will plan on emailing the issuers on the first day following the execution of the contract with instructions on how to set up a secure transfer site as well as a data request outlining what files are needed. Wakely is also able to have a data call with issuers to walk through the short supplemental data request that is recommended to complete aspects of the analysis. Wakely has recently done similar requests in the states of Oregon and Nevada so Washington issuers who are also in these states will be familiar with the request and process.

The EDGE data and TPIR files are preferable to other data types as they are in a standard format across all issuers. Quality control checks are completed as part of the federal process, and the issuers have incentive to submit accurate data since payments are based off the data. Depending on the analyses that the state chooses to do, our process will also likely require a short supplemental data request to capture some costs not contained in the previously mentioned files (such as a member to county mapping or carrier administrative costs). However, Wakely believes any supplemental data request can be achieved in a reasonable amount of time. In addition to the federal checks, Wakely processes incorporate some high level checks to review the data for reasonability (such as comparing the data to Medical Loss Ratio (MLR) reports or to exhibits in publicly available rate filings).

Wakely has two proprietary tools that enable us to quickly and efficiently use the EDGE data, which we believe would be useful to the analyses that Washington is requesting. We have already used these tools in assisting states and issuers with similar initiatives using EDGE data.

- In order to use the EDGE data, Wakely must run the files through a program to read the XML format. **Wakely RAPID Analytics (RAPID)** is a tool that processes the EDGE files (and applies EDGE Server logic regarding the claims), identifies systemic deficiencies and outlying metrics, and applies risk scores to members (which is necessary for the second tool described below). It then creates a database of summarized results, including enrollment, premiums, and allowed / paid claims for each member.
- **Wakely Risk Insight (WRI)** adds member-level profitability to the RAPID database, which is extremely useful for informing many analyses. The WRI product allocates various components, such as administrative costs, cost-sharing reduction amounts, and drug rebates, at a member-level. The product then determines member-level profitability based on each member's revenue and claims costs, adjusted for the allocated components and member-level risk adjustment. Wakely can apply the most recent risk adjustment methodology to the data in order to get a more forward looking view of profitability. For example currently we can apply the 2017 risk adjustment model (including the 2018 pooling mechanism and the 2018 age curve) or 2018 (estimate or more final once Prescription Drug mappings and RA coefficients are released), as well as any known changes in rating rules, to better understand how these items will impact the stability of the market and potential state programs being analyzed for 2019 and beyond. This includes both known changes as well as anticipated future regulatory changes. WRI requires that Wakely also collect the TPIR files, which are also readily available to issuers.

The WRI product allows Wakely to look at performance drivers (or claims adjusted for risk adjustment transfers, pharmacy rebates, and cost-share reduction amounts) by several variables, including but not limited to, demographics, rating area (or county, if collected through a supplemental data request), metal level, medical conditions, and special enrollment period (using an algorithm to replicate these members).

These databases are developed for use in all analyses discussed in this proposal. However, for some analyses, additional small data calls with the issuers will be necessary to receive data that is not included in the database. For example, if Washington would like to analyze the impact of

reinsurance on specific counties, Wakely would need additional data from each carrier, as each member's county is not available in the EDGE data.

While Wakely believes using the EDGE XML files is the most efficient and accurate data collection methodology, there may be some limitations to this data set. For example,

- In a recent state analysis, the data collection process was very quick for most issuers, but it took longer for others. We received most data within two weeks of our request, but a couple of issuers took longer than a month. For those that took longer, it was typically because the data had been archived, which resulted in a need for IT departments to unarchive it. The timeline of our work is dependent on our ability to get complete and accurate data files.
- Washington would need to determine if data could/should be collected from any issuers that are no longer in operation. Depending on the market size of these carriers, not having their data could have varying impacts. This is likely a bigger issue for 2014 and 2015 data.
- If there is a significant grandfathered population in Washington and they are anticipated to have an impact on any analysis (e.g. join the ACA market), this may also require a supplemental data collection.

Having a member-level database will further allow Wakely to provide quick and nimble responses in this unpredictable and ever changing political environment.

Ability to maintain confidentiality of EDGE Server reports

Wakely has collected EDGE data and TPIR files from several states and a very large number of individual issuers. Wakely treats EDGE data and TPIR files as protected health information (PHI) and only transfers any detailed data through secure transfer sites. In the past, Wakely has set these sites up only with the issuers, such that no other entities (including the states) would have access to the detailed data. In addition, with other states, Wakely has provided assurance to the issuers that the State would not receive any member-level data and would only receive results at a summarized level.

In addition, Wakely has selected a team for the Washington project that has no relationships with any of the issuers in the state of Washington. There are firewalls in place at Wakely such that no one outside of the immediate Wakely team will have access to any of the detailed data or summarized results. If Washington has any additional recommendations or concerns regarding the confidentiality of the EDGE data, Wakely would be willing to work with the State.

Ability to analyze three years of EDGE Server outbound reports with respect to each of the elements included in Section 1.2, Scope of Work

Baseline model development

Regardless of which proposal is being analyzed, Washington must first have a baseline year of data. The baseline for the Washington analyses will be 2019, since that is the year any proposals will be implemented. Wakely understand that there may be additional baseline years as Washington is interested in modeling the proposals for a minimum of 3 years. Developing the baseline will involve multiple steps, including:

Step 1: Adjust the 2016 individual ACA base year (or whichever year of data is chosen) to the baseline year. The data will be adjusted at a minimum for trend, changes in enrollment, and morbidity changes from 2016 to the baseline year(s). These assumptions can be estimated using the most recent issuer rate filings, data and input from Washington, or other publicly available data. For the morbidity changes, Wakely has developed a process to adjust the member level data. For example, if enrollment is expected to decrease and it will be the younger/healthier members who will disenroll, Wakely will group the members in the data into deciles based on costs or age and assign probabilities as well as a random number generator to remove the appropriate number of members. A specific morbidity change can also be targeted.

If the 2016 data is deemed more appropriate to use to estimate the baseline, Wakely intends to use the 2015 data to review for consistency in results, as discussed previously.

Step 2: Adjust the baseline data to account for any other regulatory changes between the base year and baseline year(s). These changes include, but are not limited to, the age factor change, risk adjustment model changes, and the pooling mechanism within the risk adjustment methodology. While most of these changes are revenue neutral, to look at market stability, it is imperative to incorporate the latest ACA factors. For example, in one state analysis, Wakely observed that the 2017 risk adjustment model significantly improved the profitability of partial year enrollees.

Step 3: Once the baseline data has been developed, the data will be split into “segments” for easier modeling. Wakely will work with Washington to determine the desired segments, but these are likely to include some combination of the following: metal level including CSR variations, health status, demographics, carrier, product, and on/off exchange. Wakely will ensure that the segments used result in credible data cells. If there is a desire to use segments that results in non-credible cells, Wakely can use its internal databases to supplement the data and smooth the data as appropriate.

Step 4: The baseline data can provide Washington with a high-level view on which segments of the market are relatively more profitable than other segments. Significant differences in relative profitability may be driving market instability. This can help Washington determine which state-based initiatives may be needed to address the potential instability drivers.

Claims-based reinsurance program

Similar to the transitional federal reinsurance program, this policy option would provide reimbursement to issuers for claim costs between a specified attachment point and reinsurance cap at a specified coinsurance rate. The reinsurance amounts could be fully funded through Washington or partially funded by the federal government if a 1332 waiver is submitted and approved.

Based on the database development already described, Wakely is able to perform a claims-based reinsurance program analysis at a member-level. If Washington prefers, however, Wakely can consolidate the data into continuance tables and perform the analysis at an aggregate level. After

discussion with Washington on the appropriate approach, Wakely would take the following steps.

Step 1: Define reinsurance parameters. The first step is to define the initial sets of reinsurance parameters that Washington is interested in modeling. In particular, it will be helpful to understand what the funding levels that will be available for the reinsurance program. If Washington does not have a current target, Wakely can discuss with Washington the goals of the program and develop various parameters that may meet the goals. Wakely recommends modeling various scenarios of reinsurance parameters to evaluate which parameters are optimal.

Step 2: Apply reinsurance parameters to member-level data (or continuance tables).

Step 3: Summarize data with reinsurance adjustments. Wakely will then re-summarize the data after the reinsurance adjustments have been made and compare the results with reinsurance to the original data set to evaluate changes.

Step 4: Calculate claim amounts removed under each reinsurance scenario. Wakely will summarize the amount of claims that were removed under the reinsurance scenario to aid in understanding the “cost” of the scenario, or the amount that would need to be funded.

Step 5: Repeat Steps 3-5 for various reinsurance parameters. Wakely will also scenario test to see the extent to which the trend assumption or other adjustments could impact the results.

Step 6: Evaluate impact to stability and cost of various scenarios. Wakely will summarize the impact of each scenario on the various segments of the market (i.e. carrier, metal level) and analyze whether each one further stabilized the market. In prior analyses, Wakely found that most reinsurance scenarios lessened the relative profitability variances by metal level and product in addition to lowering premiums (assuming funding outside of the individual market). In addition, Wakely will compare the results of the scenario to the amount of claims removed for each scenario.

Step 7: Evaluate funding options and viability of a 1332 waiver. Washington will have options on how to fund the reinsurance program. Wakely will work with the state to determine which options should be evaluated and explored further. Options include simply spreading the cost among other individual issuers, spreading the cost (through an assessment) to all commercial

business in the state, or something in between. Obviously the more of the costs that are spread to non-individual business the lower the individual premiums will be.

Step 8: Recommend optimal reinsurance parameters. Based on the analysis performed in Step 7 and Step 8, Wakely will recommend the optimal reinsurance parameters that maximize stability and minimize cost.

Step 9: Scenario testing. Wakely can perform scenario testing on the analysis to understand how changes to the market may impact the results of the analysis. This testing may include various changes to the morbidity of the underlying population and whether an issuer's commercial reinsurance will have an impact on the results of the analysis. Additionally, if the reinsurance program significantly lowers premiums, it could in turn impact enrollment which could then improve the morbidity of the market. If appropriate, Wakely can consider these impacts as well in the scenario testing.

Some of the benefits of a claims-based reinsurance program is its simplicity (e.g. easier to administer), it's known by issuers given the similarities with the federal transitional program so it's easier to understand the impact, and it protects the issuers from high cost claims while still incentivizing them to manage the care. One obstacle for any reinsurance program is if the funding is sustainable long-term.

There has been some question on whether risk adjustment is needed if a high-risk pool or comprehensive reinsurance is incorporated. Wakely's analysis for reinsurance has shown that for even very rich reinsurance programs, the need for risk adjustment still exists. A similar conclusion was made for the high-risk pools². It will be important to ensure that the federal risk adjustment program is still appropriate in conjunction with any of these initiatives. In one instance, we found that with a very rich reinsurance program, the platinum plans would go from the least to most profitable metal plans. These dynamics are important to understand to identify if carriers will be impacted differently by any state-based initiative.

² <http://www.wakely.com/wp-content/uploads/2017/04/High-Risk-Pools-and-Risk-Adjustment-Wakely-White-Paper.pdf>

Throughout all of the database development and modeling, both conceptual and technical peer review will be completed.

Conditions-based reinsurance program

Under a condition-based reinsurance program (similar to what the State of Alaska implemented) a list of conditions would be identified by Wakely and Washington for inclusion in the program, enrollees with the conditions would be identified, and Washington would reimburse issuers for those enrollees or conditions. Wakely understands that issuers may remit funds to Washington to help subsidize the program. Similar to the claims-based reinsurance program, a conditions-based program could be fully funded through Washington or partially funded by the federal government if a 1332 waiver is submitted and approved. Depending on state specific characteristics, federal reimbursement as a percent of total funding can vary significantly.

The steps for a conditions-based reinsurance program would be similar to the steps for a claims-based reinsurance program, except rather than removing a portion of claim amounts above a certain threshold, Wakely would work with Washington to identify conditions that would be eligible for the program based on their associated costs and frequency. Wakely would also work with Washington to understand how the program would be implemented, such as prospective or retrospective. Using the collected EDGE data, Wakely could identify Washington-specific frequencies, costs, and regional differences. Where the State's data lacks credibility, Wakely can utilize proprietary nationwide databases and publicly available information to supplement Washington's data. Wakely has done analyses on high cost conditions as well as to address the question on if risk adjustment is still needed under a high-risk pool program³.

A benefit of the condition-based approach is that it allows a format in which a state may provide reimbursement in the form standardized payment rates (e.g. Medicare) to decrease costs (instead of reimbursing based on current carrier contracts). Wakely could produce standardized payment rates for specified conditions and analyze potential regional effects of such an approach.

One of the potential downsides of a condition-based approach is the additional operational complexity and associated costs. One such complexity is the importance of continuing to manage the care of the

³ <http://www.wakely.com/wp-content/uploads/2017/04/High-Risk-Pools-and-Risk-Adjustment-Wakely-White-Paper.pdf>

enrollees in the program and with whom this responsibility (and incentive) lies. In addition, if the program is a prospective program that identifies members who are expected to have high cost conditions, the program will not capture all high cost claims incurred by issuers (e.g. neo-natal, accidents) and some members identified may not have high claims.

Establishment of a state-offered option(s)

Our work plan for evaluating a one or more state-offered options begins with creating time during the kick-off meeting to discuss a number of questions. We will start with whether Washington envisions this being state-wide or only applicable to certain counties or rating regions. We will then discuss a range of options for developing one or more state options. We will use the results of the WRI analyses to inform our evaluation of such options.

Potential options for a state-offered option include:

- 1) Public option(s) offered alongside private QHP's or in counties where no private QHP is offered. For example the option to buy into coverage administered by the state Medicaid agency or the state employees' health benefits program. Premiums would need to be established for purposes of a buy-in option, with a 1332 waiver to allow APTCs and cost-sharing reductions to be available to individuals who purchase this option.
- 2) A public option that combines a state Basic Health Plan (BHP) option with a 1332 waiver to have all or part of the individual market administered through a single state-purchased program.

Wakely would take the following approach:

- 1) Work with Washington on the goals of a state offering and brainstorm various ideas and the benefits and challenges of each option. Wakely will also work with Washington on what analyses can be done within the timeframe and using data that is readily available. Based on these discussions, Wakely will work with Washington to narrow the list of options to analyze. Potential options include:
 - a. Evaluate Implementation of Basic Health Plan: This would provide for coverage of Exchange eligible individuals up to 200% FPL, allowing low income low income individuals to gain coverage options. If Washington wants to look at a BHP offering, Wakely will work with Washington on high level analyses and on the viability of the option and benefits/challenges of this program. Given the need for

additional data requests and the complexities of modeling this option, detailed modeling may not be possible. Wakely will work with the Washington on what is feasible given the budget and readily available data.

Wakely has experience in estimating the impact of a BHP, including recently for the State of Oregon.⁴

- b. Evaluate Implementation of Options for All Individuals, including
 - i. Allowing all individuals to “pay premiums” for access to Medicaid coverage
 - ii. Allowing individuals to “pay premiums” for access to state employee benefits. This would essentially be aimed towards individuals with coverage above 400% FPL since it lacks subsidies.
 - iii. Creating a state public option that would involve general bidding for an administrative services arrangement. Could extend to entire state or rural areas. This option would need external incentive like reinsurance.
 - c. Evaluate creating a reinsurance pool or subsidization for issuers that would cover “bare counties” as of a certain date.
- 2) For all of these options the following is a partial list of considerations for the analyses:
- a. What members would be impacted? Is it specific to a portion of the individual market, all of the individual market, or members currently in other programs in Washington?
 - b. How will coverage change including benefits, cost sharing, and access to providers?
 - c. How will premiums be impacted for a variety of factors, such as:
 - i. Change in morbidity of the population
 - ii. Change in coverage
 - iii. Change in provider contracts (WRI can easily compare contracts to a percent of Medicare for most professional claims but comparing facility payments would be more involved)
 - iv. Change in enrollment composition, such as on/off exchange, subsidized members, age, etc.

⁴ <http://healthcare.oregon.gov/Documents/advisory/11-9-16/wakely-bhp-rprt.pdf>

- d. Iterative process of understanding the impact of coverage/premium changes on enrollment and how that impacts morbidity/premiums.
- e. Based on scenario testing, how volatile are the results?
- f. What are federal obstacles for implementing this option?
- g. What are other benefits and challenges of each option?

Combination of proposals

Once we have evaluated the three proposals, we will evaluate the feasibility of various combinations based on the findings and logical potential overlaps/combinations such that the combination of proposals would be better than one proposal on its own. Some combinations will not be feasible. Wakely will discuss the proposals in combination and document whether any are recommended to be implemented in tandem.

Additional considerations

In addition to the analyses discussed above, Wakely would like to discuss additional areas of analysis that may further stabilize the Washington market. Through building a member-level database with claim, cost-share reductions, risk adjustment transfers, and profitability assigned at the member-level, Wakely will have the ability to assess the risk, costs and profitability of various segments of the market. For example, Wakely can quickly summarize profitability by the following market segments:

- Age
- Metal level, including CSR variations
- Carrier
- Rating area
- Exchange status
- Product (HMO/PPO)
- Special enrollment period (using an algorithm to estimate these members or through a supplemental data request)
- With a supplemental data request, additional segments can be analyzed such as by county, distribution channel, network size, and plan design specifics such as maximum out of pocket

Once the market segments with the most variability are identified, the question is whether there are actions the issuers can take to improve the variability (e.g. change rating area factors if the profitability by area is significantly different) and not have an adverse impact on members or the market as a whole. For variances that cannot be solved by issuer factor changes, Washington and Wakely can discuss if there are state policy decisions that can be made that would reduce or eliminate the variation. Examples of this could be a supplemental risk adjustment transfer or change in the risk adjustment formula to account for variations in profitability by metal level.

It is also possible that Washington will consider policy changes that may actually make profitability variances worse. The data can help understand the impact of such changes. For example, for most markets we have studied, older members tend to be more profitable than younger adults and children. However, in one state we worked with there was a question on if they should expand the 3:1 age factors to lower the rates for the younger, healthier members to encourage them to enroll to lower the overall market morbidity and rates. Assuming the federal regulations might ultimately allow a higher than 3:1 age factor ratio, doing so could make the profitability by age more variable, not less. For any policies that Washington wants to explore, Wakely can use the data to understand the impact, including the potential impact if sub-segments of the market, to make sure it is impacting the desired segments and the impacts are appropriate. For example, if a goal of any program is to help with the bare counties, Washington would want to understand if a reinsurance program favors urban areas over rural and WRI can provide us that insight.

Geographical variances

In particular, Wakely understands that geographical variances in profitability are of particular interest to Washington, given that there was risk of two counties not having any exchange plans available in 2018. Wakely is able to use the data collected to analyze whether a revision in geographical rating areas and/or changes to the limit in rating variations between the urban county and rural counties (currently 15% variation allowed) would improve profitability conditions. The following are analyses that Wakely could provide:

- Wakely could assess the EDGE data by area to determine the drivers of profitability in various areas. For example, is it the health status or demographics of the members driving unprofitability in the rural areas? Is the proportion of SEP members higher in rural areas? Having the member level data will allow the premiums and experience to be summarized for any sub-segment by rating area.

- Wakely can also use the data to identify the extent provider contracting may be affecting profitability or premium differences by rating area. This can be accomplished by using EDGE data in conjunction with Wakely's re-pricing models to arrive at normalized Medicare prices for each of professional, inpatient (with some complications), and outpatient categories (with finer service category detail available). This should help uncover provider contracting differences by rating area. Many issuers complain that it is difficult to contact with facilities in rural areas. The data can confirm if the providers are getting larger payments relative to Medicare in rural areas. The contracting data can also be split by issuer and other market segments if desired. However, if the variation in rating area is driven by provider contracting, a change in the rating areas may not have an impact on this underlying issue.
- Wakely could then consider potential policy initiatives of changes to rating areas or Washington policies on variation restriction. Wakely could also provide estimates on how changes to rating areas may impact risk adjustment transfers. Such analyses would allow for consideration on how changes to rating area may affect issuer profitability at a rating area level.
- Wakely could also have in-depth discussion with issuers on how rating area changes could affect issuer participation at a service area level.

Discussions with Issuers

For certain analyses, Wakely sees value in meeting with the insurance issuers (with or without the involvement of the State) so that they might be able to provide (potentially anonymous to the State) input on potential changes to the market or any additional ideas they may have on what could stabilize the market. For another project, Wakely has already had communication with issuers in Washington without the involvement of Washington. We believe this could be a valuable contributor to the results.

Phase II Responsibilities (Section 1332 State Innovation Waivers)

If the State chooses to pursue Phase II of the contract Wakely is prepared to provide actuarial and economic analyses on the potential effects of a potential 1332 waiver. Per Federal regulations, in order for a 1332 waiver to be approved the application must demonstrate that the waiver covers as many individuals (coverage), does that not increase costs for the enrollees (affordability), has comparable benefits (comprehensiveness), and is deficit neutral to the Federal government. Wakely is prepared to accomplish this by first estimating what premiums, enrollment, and federal spending would be in Washington over a ten-year window starting in 2019. It would then identify how the policy option(s) would affect premiums in a 1332 waiver

world. It would then estimate how total enrollment would differ as a result of the 1332 waiver. Next, it would analyze if benefits or affordability would change for the enrollees. Finally, it would estimate how Federal costs will differ as a result of the waiver. This would include both estimating the changes in Advanced Premium Tax Credits and changes in individual mandate (individual responsibility) penalties collected by the Federal government between scenarios with a 1332 waiver and scenarios without. Depending on the policy options selected Wakely is prepared to include additional analyses, such comparison of a baseline individual market, an individual market coupled with a Basic Health Plan, and an individual market with a Basic Health Plan and reinsurance. Wakely would prepare a report that would summarize all of the data used, methodological choices, and final results with the understanding that such a report could be included in submission to the Federal government as part of the 1332 waiver process. Wakely has recently completed a draft report for a claims-based reinsurance 1332 waiver for the State of Oregon.

Evaluation report requirements

Ability to evaluate Proposals as described in Section 1.2, Scope of Work

Wakely will produce a draft report no later than October 2, 2017 and a final report no later than October 16, 2017, that describes the effect of each Proposal, and Proposals in combination, on the following:

- The overall individual market enrollment;
- Segmentation of the individual market risk pool;
- Enrollment by county (with particular attention to rural counties);
- On- and off-Exchange enrollment by county;
- Enrollment demographics, including changes in the age and health status composition of the individual market pool;
- Health plan premiums, including differential impacts in urban and rural counties.

Wakely has modeled this data for other states and, given the member-level data, Wakely can summarize the potential impact by the various segments requested. In addition, Wakely has a process for estimating shifts in the risk pool given changes in the level of enrollment. Wakely believes there are limits to the accuracy of certain modeling efforts, so multiple scenarios of premium and enrollment changes can be utilized to provide a range of potential outcomes.

The report will also include a recommendation as to whether submission of a 1332 waiver application would be advisable, whether any of the proposals is likely to produce savings resulting in a federal pass through to the State, recommendations on implementation strategy, ranking of each proposal by feasibility for plan year 2019, and ranking of each proposal on the effectiveness of lowering premiums, increasing consumer choice in all counties, and funding mechanisms.

3.2.C. Project Schedule

As discussed in section 3.2.B. Work Plan, the following is the specific project schedule. It includes the interim tasks and dates we propose to enable Wakely to meet the deliverable dates in October. The most critical step is timely data from the issuers which we will need the support of the OIC to collect.

Task	Detail	Timeframe
Contract Start Date		End of July
Kick Off Meeting	Discuss in detail the scope of each of the proposals as well as Washington's goal of any selected market stabilization initiative.	End of July
Status Calls	Throughout the project, our preference is to have weekly status calls with Wakely and the appropriate Washington personnel. Stakeholders may be included at the discretion of Washington. In addition to updating on the status, Wakely will use these calls to discuss any issues that may arise or any assumptions/policy decisions that need to be made.	Weekly
Data Request	Set up secure transfer sites and send data request to begin receiving EDGE and TPIR files from carriers.	First Day Following Execution of Contract
Data Collection and Processing	This step is dependent on the responsiveness of the carriers. In our current work, this took approximately three to four weeks although portions of the analysis are able to proceed prior to all data being collected. Wakely will rely on Washington to help in ensuring the carriers provide complete and accurate data in a timely manner.	3-4 Weeks, Approximately August 24
Estimating Baseline Data	Wakely will estimate the baseline year of data using assumptions from Washington, rate filings, or publicly available data.	August 30

Task	Detail	Timeframe
Claims-Based Reinsurance Program	Wakely will work with Washington to identify the appropriate parameters for a claims-based reinsurance program such that an appropriate funding amount is targeted or if certain parameters are desired, Wakely can estimate the funding amount needed. Wakely will also estimate the impact to various segments of the market.	September 13
Condition-Based Reinsurance Program	Wakely will work with Washington to identify conditions to include as part of the reinsurance program using Washington's data, national benchmarks, and other publicly available information. Wakely will estimate the impact to various segments of the market and the funding necessary in total to implement the program.	September 13
State-Offered Option(s)	Wakely will work with Washington to determine feasible options that Washington may sponsor or directly offer, and their impact on market enrollment and Washington policy goals.	September 20
Compare Proposals / Impact of Multiple Proposals	Depending on the results of the analyses of the separate proposals, Wakely will advise Washington as to the feasibility and financial advantage of possible combinations of approaches.	September 27
Draft Report	Once there is consensus on the results of the analyses, Wakely will provide a report that discusses the goals and scope of the analysis, the data used, the process taken, and the results.	October 2
Final Report	After Wakely has received feedback from Washington on the draft report, we will provide a final report.	October 16
Phase II	If Washington requests, Wakely will perform the economic and actuarial analysis required for Phase II of the analysis and complete a report by the required deadline.	November 30

3.2.D. Outcomes and Performance Management

Wakely will analyze each of the three Proposals and their impact on the following components:

- The overall individual market enrollment;
- Segmentation of the individual market risk pool;
- Enrollment by county (with particular attention to rural counties);
- On- and off-Exchange enrollment by county;
- Enrollment demographics, including changes in the age and health status composition of the individual market pool;
- Health plan premiums, including differential impacts in urban and rural counties.

As part of the kick off meeting, we will work to completely understand Washington's goals for the project, the desired outcomes, and the information the OIC needs to make a decisions on a program for 2019 and on. From this information, Wakely will work with the OIC on the information we plan to provide to ensure it will meet the needs of Washington. We will ask for feedback on our draft report to ensure that the information is valuable and useable, and the final report will be revised based on feedback received.

While the actual outcomes depend on discussions with Washington, we believe the OIC will be able to use this information in the deliverables for the following at a minimum:

- Identify the proposals that are likely to achieve the desired results for Washington, whether that be an enrollment target, a premium impact target, improvement in relativity by rating area (which might improve issuer participation), etc.
- Through scenario testing, Washington will have an understanding of the potential volatility of results. For example, do trend and morbidity assumptions from the base period to the projection period significantly impact the reinsurance parameters and/or funding needed?
- Provide a understanding of the benefits and challenges of each option.
- Consider whether any combination of proposals would make a stronger option.
- Understand any federal or other obstacles to implementing any of the proposals.

3.2.E. Risks

The following are the key risks that are considered significant to the success of the project:

- **The issuers may not submit complete sets of their data in a timely fashion.** Wakely will manage this by requesting data the day following the full execution of the project, carefully tracking the submission of all data submitted from carriers, reviewing the data for completeness and reasonability upon receiving it, and responding to any issuers in a timely fashion if the data is not complete. If Wakely has any issues receiving data from issuers, we will inform the state immediately when deadlines have passed. Wakely is relying on the OIC to help us receive data from any unresponsive issuers. If Wakely is still unable to receive data, Wakely will work with Washington for alternative solutions to completing the analysis.
- **The issuer data has issues.** While typically the EDGE data is a reliable and accurate data sources, we have run into instances where issuers have acknowledged their data is not completely accurate. In all instances to date, the issues were small and adjustments could be made as needed to account for it. Wakely does not expect any significant data issues given the financial importance to the issuers of having accurate EDGE data, but it is a risk worth mentioning.
- **The individual market is difficult to estimate in the future.** Even using the most recent year of data available (2016), the data will still need to be trended at a minimum three years. Given the current political landscape, even if there are not changes to the ACA, enrollment and morbidity of the market could still change significantly, either due to issuer withdrawals or member enrollment changes. While this risk cannot be eliminated, Wakely will work with Washington to validate the reasonability of all assumptions to ensure anything specific to the Washington market is incorporated into the analysis to the best of everyone's current knowledge.
- **There may be changes in the federal healthcare landscape that impact the changes states can make in their marketplaces.** Wakely has experts in healthcare policy (included on this proposal) who monitor current events and inform Wakely consultants of any potential changes in the federal healthcare landscape. Wakely will continue to monitor for any potential changes which would impact the analyses being done for the state of Washington and inform Washington immediately if anything occurs. In addition, Wakely monitors the submission and approval process of 1332 waivers for other states to better understand the submission requirements that CMS expects. If Washington decides to

submit a 1332 Waiver, Wakely will continue to review the approval process and inform Washington if there are any risks in Washington's submission based on what Wakely has observed.

3.2.F. Deliverables

For phase I, we expect the final deliverables of this analysis to be an Excel file that summarizes the results of the analyses and a report. This report will include detailed documentation of the models, including descriptions of data sources, adjustments and assumptions, calculations and results, including results for any key scenarios for each Proposal, the impact to overall premium rates, and the impact to key segments of the market (e.g. carriers impacted disproportionately). In addition, Wakely will include each proposal's impact on the following items:

- The overall individual market enrollment;
- Segmentation of the individual market risk pool;
- Enrollment by county (with particular attention to rural counties);
- On- and off-Exchange enrollment by county;
- Enrollment demographics, including changes in the age and health status composition of the individual market pool;
- Health plan premiums, including differential impacts in urban and rural counties.

The report will also include a recommendation as to whether submission of a 1332 waiver application would be advisable, whether any of the proposals is likely to produce savings resulting in a federal pass through to the state, recommendations on implementation strategy, ranking of each proposal for feasibility for plan year 2019, and ranking of each proposal on the effectiveness of lowering premiums, increasing consumer choice in all counties, and funding mechanisms.

In any Excel file, we will include high-level results along with a tab including documentation of the results. Wakely is open to delivering other Excel results that Washington deems useful. For example, if Washington is interested in continuance tables to use to estimate various parameters for the claim-based reinsurance program, Wakely can provide these results.

Wakely understands that some deliverables (i.e. the report) may need to be tailored to a different audience. That is, the report may need to be written for legislators, which typically requires less detailed data and more background and high-level results. This enables the audience to be educated in order to make decisions but not be hindered by unnecessary details that are typical of actuarial reports. Wakely has the experience and skills to adjust reports and presentations as needed based on direction from Washington for the intended audience. Wakely can also produce multiple reports if preferred, including one with the actuarial detail and one with higher-level

results and conclusions. The Wakely team is also available to present the results, if needed. We have experience presenting to government agencies and stakeholder groups in many states.

For phase II, Wakely will provide the economic and actuarial analysis required for whichever Proposal is selected. If the implementation method includes a Section 1332 State Innovation Waiver, Wakely will provide, at a minimum, the development of the economic and actuarial analysis necessary for submission of the waiver application, including compliance with the current waiver guardrail requirements, as well as a report discussing the analysis and complying with all elements of the economic and actuarial analysis portion of the CMS waiver checklist, which can be included in the state's waiver application to CMS.

3.3 Management Proposal Response

3.3.A. Project Management

3.3.A.1. Project Team Structure/Internal Controls

Team Structure

Our team consists of acknowledged experts in the ACA individual health insurance marketplaces. The experience of our team is unmatched in the actuarial consulting industry. The team is led by Al Bingham and Danielle Hilson. Danielle will also be the project manager. Both have significant experience in working with regulators and health policymakers on initiatives concerning individual health insurance. The team will be overseen by Julie Peper, a Principal, who will serve as a subject matter expert, as well as having final responsibility for quality assurance. Michael Cohen will support the actuarial work and Washington with regard to economic analyses and health policy. The team includes additional Wakely consultants who are experts in specific areas outlined in the RFP. The structure of our team provides Washington with not just leading edge consulting and advice but also appropriate back-up for the significant roles. The specific team members along with their qualifications are included in the following section.

Nick Shaneyfelt has been actively involved in processing and analyzing EDGE XML files since the inception of the EDGE implementation in 2015. He has worked to collect over 100 sets of issuer files each year between 2015 and 2017.

The following chart shows the Wakely Consulting Group organization, including lines of authority.

Wakely Consulting Group Proposal

Wakely Consulting Group, Inc. Organizational Chart Julia Lambert, President Ross Winkelman, Vice-President					
	Tampa Office - HQ	Englewood Office	Minneapolis Office	Atlanta Office	Phoenix Office
Principals	Julia Lambert, FSA, MAAA	Julie Peper, FSA, MAAA Mary Hegemann, FSA, MAAA Ross Winkelman, FSA, MAAA Syed Mehmod, ASA, MAAA, FCA			
Directors	Brian Weible, FSA, MAAA Tim Courtney, FSA, MAAA	Dave Neiman, FSA, MAAA Scott King (BCS) Mickelle Shults, ASA, MAAA (BCS)		Bob Moné, FSA, MAAA	
Senior Consulting Actuary II	Alison Pool, ASA, MAAA Greg Winkler, FSA, MAAA Kelsey Stevens, FSA, MAAA, MBA	Aree Ely, FSA, MAAA Edward Mailander, FSA, MAAA Julie Andrews, FSA, MAAA Taylor Pulsner, FSA, MAAA	Brad Davis, FSA, MAAA Prashant Nayak, ASA, MAAA	Al Bingham, FSA, MAAA Liz Myers, FSA, MAAA	
Senior Consulting Actuary II Senior Consultant	Drew McStanley, FSA, MAAA Nate Baehr, FSA, MAAA (Washington DC)	Karan Rustagi, FSA, MAAA Tim Murray, FSA, MAAA (NYC) Tom Mikesell (BCS)			
Consulting Actuary II		Chia Yi Chin, ASA, MAAA Danielle Hilson, FSA, MAAA Suzanna-Grace Sayre, FSA, MAAA, CERA		Joe Flaks, FSA, MAAA	Tom Garrity, FSA, MAAA
Consulting Actuary I	Michael Krentzman, ASA, MAAA Robert Lang, ASA, MAAA Thomas Grivakis, ASA, MAAA	Brittney Phillips, ASA, MAAA Evan Morgan, ASA, MAAA, PhD Michelle Anderson, ASA, MAAA Ryan Link, FSA, MAAA	Bob Spence, ASA, MAAA Luke Brehmer, FSA, MAAA Tyson Reed, FSA, MAAA	Patrick Stone, ASA, MAAA	
Senior Analysts/ Senior Benefits Analysts & Associate Actuaries	Colin Williams David Walters, ASA, MAAA Jackson Hall Rachel Stewart	Chris Lee (BCS) Chris Spahr Danielle Bergmeier Jordan Wolfinger Krista Penn Lane Portman (BCS) (San Francisco, CA) Matt Sauter, ASA, MAAA Nick Shaneyfelt (Charlotte, NC)	Chris Gjestvang John Ebeling	Daghy Grilis, ASA, MAAA, CERA, PhD Michael Gillespie, ASA, MAAA Sam Rickert, FSA, MAAA	
Actuarial Analysts/ Benefits Analysts	Christina Byrne Jacquelyn Young Jesse Shaffer Luke Staver Mallory Salvador	Brendan Ingram (BCS Intern) Brooke Adams (Intern) Darren Johnson Erol Onat Heather Angel (BCS) Isaac Davidson (BCS) Juline Wadsworth Matt Cornish Oliver Smith Sam Driscoll Tim van Laarhoven, ASA, MAAA Tony Gulotta (Intern) Tyler Steiner	Abby Wolpert Jenna Roska Michael Forster Michael Walsh		Caleb Johnson Zimo Han
Policy Consultant		Michael Cohen, PhD (Washington DC)			
Support Staff	Carolyn Spence James Carruthers, CMA, CPA Julie Nebeker, SPHR, SHRM-SCP Kahla Sansom Kristen Murrell Phyllis Meyer Sean McGrail	Debra Boe Eric Anderson Jamie Harmon Jessica Marshburn Kandy Steffens	Julie Richman Kelly Thompson		

Internal Controls

Wakely consultants follow a checking and peer review process to ensure our work is of the highest quality. These processes include technical review and checking by a qualified individual who was not primarily responsible for the technical analysis, and a conceptual peer review of any client deliverables by a senior, qualified Wakely consultant.

Wakely actuaries follow Actuarial Standards of Practice (<http://www.actuary.org/content/actuarial-standards-practice-asops>), which provide guidance on the techniques, applications, procedures, and methods that reflect appropriate actuarial practices in the United States. Wakely actuaries are also subject to the Code of Professional Conduct (<http://www.actuary.org/content/code-professional-conduct>), which identifies the professional and ethical standards required of actuaries who practice in the United States and the U.S. qualification standards.

Wakely has a conflict of interest checking process, and maintains strict confidentiality protections on client information, including Personal Health Information (PHI).

Data and Systems Security

- Wakely has documented information security program policies and procedures for ePHI are in place to guide personnel in the prevention, detection, containment, and correction of security violations. Responsibility for the development and implementation of information security policies and procedures is formally assigned to the compliance officer and the responsibilities of the compliance officer have been defined.
- New employee and contractor user access requests for physical and logical access to systems containing ePHI are documented on a standard access request form and require the approval of HR prior to access being granted. Predefined security groups are utilized to assign role-based access privileges and segregate access within the network domain. Access to server rooms that contain systems infrastructure with ePHI data is controlled via biometric and PIN readers, and is restricted to authorized personnel.
- Employees are required to complete security awareness training and sign an acknowledgement form, upon hire and on an annual basis thereafter, to confirm their understanding and obligation to comply with company data protection and security policies.

- Web and SFTP servers utilize TLS and SSH encryption, respectively, for communication sessions over unsecured public networks. Data containing ePHI is stored in an encrypted format. Security monitoring applications are in place and configured to capture and analyze information system event logs including, but not limited to:
 - Failed logon events
 - Network perimeter and intrusion events
 - System state and configuration modifications

3.3.A.2. Staff Qualifications/Experience

As noted above, in order to work with Washington on this important initiative, we have assembled a best in class team, including seasoned and experienced actuarial, economic, and health policy professionals with deep experience working with state regulators and federal government policy and operational leaders on the individual and small group marketplaces. Our team for Washington is unmatched in the actuarial consulting industry. Our team members have provided strategic and rate review consulting for state regulators (NV, OR, CT, GA and others), and consulting for the Washington Health Benefit Exchange. It includes the former chief ACA actuary for CMS, Al Bingham, and the former head of ACA Marketplace analytics for CMS, Michael Cohen. These latter two professionals had been part of CMS and HHS policy and process development over the last 5 years until recently. The hourly rates for all consultant levels are included in the Cost Worksheet.

Al Bingham, FSA, MAAA, will be the subject matter expert and **co-lead** consultant for actuarial aspects of the ACA marketplaces. His work as chief actuary for CCIIO for the commercial aspects of the ACA, combined with his work for Kaiser Foundation Health Plans and previous consulting experience uniquely qualifies him to support Covered California in the activities described in this proposal. Al has over 35 years of experience as a health actuary.

Danielle Hilson, FSA, MAAA, is a Consulting Actuary II. Danielle will be **co-lead** and will also serve as **project manager** for Washington. Danielle has managed the market stabilization projects for Nevada, Oregon and Washington. She has also supported rate review in several states.

Julie Peper, FSA, MAAA, is a Principal and Senior Consulting Actuary. She will be the overall peer reviewer. Julie's wide range of experience working for both health plans and states, with a focus on ACA policy, will enable her to be engaged at a high level in all projects to ensure the highest level of engagement and deliverables are being produced. Julie has been the lead for several state projects, including Vermont, Nevada and Oregon. Julie takes pride in her responsiveness to clients and ensuring high client satisfaction. Julie also has the authority to commit Wakely Consulting Group to contractual agreements.

Michael Cohen, PhD, will be the **lead economist** and will be a key consultant on policy and marketplace analytics. Michael has over six and half years of experience at the Federal level (both at CMS and the White House) analyzing complex policy issues and providing recommendations. Michael has in-depth knowledge of Affordable Care Act policies and regulations including risk adjustment, reinsurance, and 1332 waivers. Michael's knowledge of federal requirements and expertise in statistical analyses will both be utilized for our work with Washington.

Syed Mehmud, ASA, FCA, MAAA is a Principal and is a nationally recognized expert on risk adjustment and predictive modeling. He will be a technical advisor for Washington for risk adjustment as well as for modeling drivers of financial performance in the ACA marketplaces. .

Aree Bly, FSA, MAAA is a Senior Consulting Actuary. Aree will be a subject matter expert and reviewer given her experience working with the State of Washington.

Nick Shaneyfelt is a Senior Actuarial Analyst. Nick will be responsible for data transfer of issuer EDGE and other data files.

Sean McGrail is the **IT Manager** for Wakely Consulting. He will be responsible for data storage and security, as well as any other IT issuers. Eric's resume is available upon request. Eric Anderson will support Sean in the IT efforts.

Additional Team Members

In addition to the team members listed, Wakely has additional consultants that can be pulled in as needed if additional subject matter experts are needed. For example, Wakely has a re-pricing model that calculates provider fee schedules as a percent of Medicare. If this work is needed the appropriate staff will be used.

The team listed are senior level consultants who will lead or manage engagements. Wakely will utilize analysts and lower level actuarial staff as much as possible to keep budgets lower. The hourly rates for all consultant levels are included in the Cost Worksheet.

American Academy of Actuaries Qualifications



I am attesting to Specific Qualification Standards.

I meet the Specific Qualification Standards for issuing Statements of Actuarial Opinions for NAIC Health Annual Statement.

I am a Member of the Academy, a Fellow or Associate of the SOA or the CAS, a Fellow of the CCA, a Member or Fellow of ASPPA, or a fully qualified member of another IAA-member organization.

I have at least three years of responsible actuarial experience, which is defined as work that requires knowledge and skill in solving actuarial problems.

I am knowledgeable, through examination or documented professional development, of the Law applicable to the Statement of Actuarial Opinion, as defined in the Code of Professional Conduct.

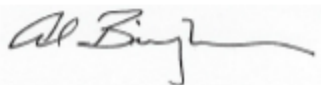
I have successfully completed relevant examinations administered by the American Academy of Actuaries, the Casualty Actuarial Society or the Society of Actuaries on the following topics:

- a) principles of insurance and underwriting;
- b) principles of ratemaking;
- c) statutory insurance accounting and expense analysis;
- d) premium, loss, expense, and contingency reserves; and
- e) social insurance.

I have at least 3 years responsible experience relevant to the NAIC Annual Statement actuarial opinion I issue under review of an actuary qualified to sign each opinion.

I have met the continuing education (CE) requirements of both the General and Specific Qualifications Standards.

Based upon the preceding statements, I attest that I meet the requirements in the US Qualification Standards.



Alfred Bingham

7/17/17

Date



I am attesting to General Qualification Standards.

I am a Member of the Academy, a Fellow or Associate of the SOA or the CAS, a Fellow of the CCA, a Member or Fellow of ASPPA, or a fully qualified member of another IAA-member organization.

I have three (3) years of responsible actuarial experience, which is defined as work that requires knowledge and skill in solving actuarial problems.

I am knowledgeable, through examination or documented professional development, of the Law applicable to the Statement of Actuarial Opinion, as defined in the Code of Professional Conduct.

I have obtained the highest designation in my specialty track (e.g. FCAS, FSA, or FSPA).

I completed 30 credit hours of relevant continuing education during 2016.

At least three credit hours of my 30 completed credit hours are considered professionalism hours.

At least six credit hours of my 30 completed credit hours are considered from "organized activities".

No more than three credit hours of my 30 completed credit hours were on general business courses and educational materials.

Based upon the preceding statements, I attest that I meet the requirements in the US Qualification Standards.

Danielle Hilson

Danielle Hilson

7/18/17

Date



I am attesting to Specific Qualification Standards.

I meet the Specific Qualification Standards for issuing Statements of Actuarial Opinions for NAIC Health Annual Statement.

I am a Member of the Academy, a Fellow or Associate of the SOA or the CAS, a Fellow of the CCA, a Member or Fellow of ASPPA, or a fully qualified member of another IAA-member organization.

I have at least three years of responsible actuarial experience, which is defined as work that requires knowledge and skill in solving actuarial problems.

I am knowledgeable, through examination or documented professional development, of the Law applicable to the Statement of Actuarial Opinion, as defined in the Code of Professional Conduct.

I have not successfully completed relevant examinations administered by the American Academy of Actuaries, the Casualty Actuarial Society or the Society of Actuaries on the following topics:

- a) principles of insurance and underwriting;
- b) principles of ratemaking;
- c) statutory insurance accounting and expense analysis;
- d) premium, loss, expense, and contingency reserves; and
- e) social insurance.

However, I have successfully satisfied the Alternative Basic Education requirement.

I have at least 3 years responsible experience relevant to the NAIC Annual Statement actuarial opinion I issue under review of an actuary qualified to sign each opinion.

I have met the continuing education (CE) requirements of both the General and Specific Qualifications Standards.

Based upon the preceding statements, I attest that I meet the requirements in the US Qualification Standards.


Julie Peper


Date



I am attesting to General Qualification Standards.

I am a Member of the Academy, a Fellow or Associate of the SOA or the CAS, a Fellow of the CCA, a Member or Fellow of ASPPA, or a fully qualified member of another IAA-member organization.

I have three (3) years of responsible actuarial experience, which is defined as work that requires knowledge and skill in solving actuarial problems.

I am knowledgeable, through examination or documented professional development, of the Law applicable to the Statement of Actuarial Opinion, as defined in the Code of Professional Conduct.

I have obtained the highest designation in my specialty track (e.g. FCAS, FSA, or FSPA).

I have three (3) years of responsible actuarial experience in the area of practice relevant to the SAO under the supervision of an actuary qualified in the area of the SAO.

I completed 30 credit hours of relevant continuing education during 2016.

At least three credit hours of my 30 completed credit hours are considered professionalism hours.

At least six credit hours of my 30 completed credit hours are considered from "organized activities".

No more than three credit hours of my 30 completed credit hours were on general business courses and educational materials.

Based upon the preceding statements, I attest that I meet the requirements in the US Qualification Standards.


Aree Bly

7/18/17
Date

Confirmation

As part of this proposal, Wakely confirms that staff identified in this proposal will actually perform the assigned work. As noted elsewhere, we will also include other staff, especially for peer review and quality assurance. If we find it may be necessary to substitute other staff for any of the listed consultants, we will not do so without obtaining Washington's prior approval.

Team Resumes

Julie Peper, FSA, MAAA

9777 Pyramid Ct., Suite 260, Englewood, CO 80112
JulieP@wakely.com • 720.226.9814

PROFILE

Julie Peper is a Principal and Senior Consulting Actuary in the Denver office of Wakely Consulting Group.

Wakely Consulting Group

Denver, CO

Principal

April 2011 – Current

- Client lead for the State of Oregon's market stabilization work. This includes the collection of all individual and small group ACA data, estimating the impact of a state-based reinsurance program, and developing the analysis and actuarial certification for all four guard rails for the 1332 waiver application.
- Client lead for the State of Nevada's market stabilization project which is analyzing the profitability of various ACA market segments and if there are any changes the state can make to equalize profitability, such as changing the age factors or a state-based reinsurance.
- Developed a financial forecast model for the state of Vermont, including estimating the impact of various payment reforms and cost impacts under various statewide reform initiatives.
- Worked with Vermont on their State Innovative Model grant, resulting in a \$45 million award to the state. Currently assisting the state with actuarial components on the implementation of select initiatives, including developing and certifying capitated Medicaid rates for an ACO.
- Lead or supporting actuary for exchange planning for Oregon, Delaware, Colorado, Illinois and Rhode Island. This work includes actuarial analysis to assess the premium impacts of the various Affordable Care Act (ACA) requirements
- Led projects for CCIIO related to the Essential Health Benefits and pediatric dental

- Certified individual and small group rate filings on and off exchange in multiple states; also participated in rate reviews for state agencies
- Supporting clients in feasibility studies for Medicaid managed care programs in several states

Ingenix Consulting (now Optum Insight)

Denver, CO

Managing Director

May 2007 – March 2011

- Provided actuarial support for a state's health care reform agenda, including review of benefit designs, actuarial assumptions, comments regarding projected costs and savings, and contributed to the legislative report detailing the findings
- Established Medicaid rates for a competitive bid process, including recommendations to the state on their proposed risk adjustment methodology. The process enabled the plan to grow membership over 50%
- Utilized software to group data into treatment groups to develop risk factors by condition that supported scoring criteria for a standard health questionnaire for a state's individual health insurance market
- Analyzed data for a disease management program to determine if the program is providing savings by moving members to equally effective but lower cost medical care

Kaiser Permanente

Denver, CO

Managing Actuary

August 2005 – April 2007

Directed all actuarial functions in Colorado, including reserves and forecasting, fee schedules, pricing and monitoring of all lines of business, product development, and staff management. Also a member of the marketing, sales and business development leadership team.

Anthem Blue Cross and Blue Shield

Denver, CO

Director II

February 2004 – July 2005

- Responsible for pricing and related functions for all lines of business, including individual, small group, large group, dental, vision and Medicare Supplement for Colorado and Nevada
- Accountable for provider contract analyses related to facility negotiations

Deloitte Consulting LLP

Illinois and Colorado

Senior Manager

March 1997 – February 2004

- Focus was consulting to health plans, including strategic pricing and underwriting support, reporting packages for providers and books of business, and policy implementation

Triple-S, Inc.

Puerto Rico

Actuarial Analyst

July 1994 – February 1997

EDUCATION

BS, Mathematics, Valparaiso University, Valparaiso, Indiana

PROFESSIONAL DESIGNATIONS

Fellow, Society of Actuaries (FSA)

Member, American Academy of Actuaries (MAAA)

Al Bingham, Jr

2475 Northwinds Pkwy; Suite 200; Alpharetta, GA 30009

Al.Bingham@Wakely.com • 404-788-8306

PROFILE

Al joined Wakely Consulting Group in 2016. He has over 35 years of health actuarial experience and specializes in strategic analyses for clients, with a focus on health policy and the Individual and Small Group marketplaces. Prior to Wakely, from November, 2013 to December, 2016, Al was the Director of the Office of Special Initiatives and Pricing in the Center for Consumer Information and Insurance Oversight (CCIIO) at the Centers for Medicare and Medicaid Services (CMS). In that role, he functioned as the chief actuary at CMS for the commercial aspects of the Affordable Care Act. He was the senior actuarial advisor on various commercial insurance and ACA initiatives, including risk adjustment, health policy, rate review and analyses, insurance programs and insurance oversight activities. He worked closely with HHS and White House health policymakers. He formerly was Executive Director – Actuarial Services, East Regions for Kaiser Foundation Health Plans, from October, 2007 to October, 2013, responsible for all actuarial services for the KP eastern regions. Prior to Kaiser Permanente, he served in several senior actuarial consulting roles. His consulting experience includes actuarial and strategic work with health plans, health care providers, and large employers. He served the American Academy of Actuaries as a board member from 2005 to 2010 and as Vice President and Chair of the Health Practice Council from 2008 to 2010. During that time, he led the HPC in contributions and advice to policy makers regarding health reform and the ultimate passage of ACA. Al is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. He holds a BS in Mathematics from Vanderbilt University, and a MS in Mathematics from the University of Michigan.

RELEVANT EXPERIENCE

Wakely Consulting Group

Senior Consultant II

- Currently working with a health plan owned by a large integrated delivery system on an evaluation of their ACA-compliant Individual and Small Group lines of business.
- Currently working with a federal government agency on Individual and Small Group analytics and health reform impact.
- Serves on the Health Reform Steering Committee Wakely Consulting Group

CCIO

Director of the Office of Special Initiatives and Pricing

- Performed review of rate filings for FFM plans and premium rate outlier analyses
- Evaluated and informed CMS, HHS, and White House policymakers on trends, drivers of premium changes and rate increases in FFM Individual and Small Group plans.
- Actuarial Value Calculator trend, functionality, data and methodology updates, and testing
- Evaluation of proposed Marketplace initiatives and regulations and advising on premiums and competition
- Actuarial advise to senior CMS, HHS, and White House policymakers
- Assistance to state health insurance regulators with regard to issuer performance, rate review, and issuer pro formas

Kaiser Foundation Health Plans

Executive Director, Actuarial Services East Region

- Responsible for directing all actuarial functions in Georgia, Ohio, Mid-Atlantic, and Denver Regions
- Cost analyses and projections for Kaiser's integrated delivery system
- Trend analyses
- Plan design and rating for Individual, Small Group and Large Group lines of business
- Reserving and financial reporting

EDUCATION

Vanderbilt University, BS Mathematics - 1978, Magna Cum Laude, Phi Beta Kappa

University of Michigan , MS Mathematics – 1980

PROFESSIONAL DESIGNATIONS

Fellow of the Society of Actuaries

Member of the American Academy of Actuaries

PROFESSIONAL AFFILIATIONS

American Academy of Actuaries – volunteer and leader

Regular Director and Board Member – 2005-2008

Health Practice Council

Vice President and Chair of Health Practice Council – 2009-2010; Vice Chair – 2006-2008

- Led and directed all health policy initiatives and activities for the actuarial profession during these two years which focused heavily on the health care reform debates and legislative activities.
- Led meetings and discussions on health policy with Congressional policy leaders, White House health policy advisors, and regulatory agencies regarding insurance market, health care cost, and actuarial implications of various potential regulatory actions.
- Oversaw and contributed to AAA responses to inquiries from Congress, regulators, and others
- Oversaw and participated in HPC workgroups and publications.

Federal Health Committee of HPC – Chair and volunteer for many years

- Led and participated in annual Capital Hill Visits – meetings with congressional health policy staffers, Congressional Research Service, DOL, CBO, HHS, and other leaders.
- Provided health actuarial input to policy inquiries

Participation in and leadership of numerous work groups and task forces

Danielle Hilson, FSA, MAAA

9777 Pyramid Ct., Suite 260, Englewood, CO 80112

Danielle.Hilson@wakely.com • 720.206.0615

PROFILE

Danielle Hilson, FSA, MAAA joined Wakely Consulting Group in May 2012. She has experience working with several state exchanges and/or state governments on projects including exchange enrollment projections, analysis of marketplace stability, assessing profitability by different segments of the market and recommending changes to equalize the profitability, and analyzing the impact annual premium and subsidy changes have on enrollees. She has also managed individual and small group pricing and rate filing processes for clients in Arizona and Colorado as well as reviewed individual and small group rate filings in Nevada and Georgia. In addition, she has experience managing Medicaid risk adjustment projects at Wakely including a Medicaid risk score calculation and payment transfer process for an organization responsible for allocating payments between seven Medicaid payers, as well as the development of a Medicaid risk score optimization tool based on large datasets to help inform the client of risk score improvement opportunities. Prior to joining Wakely, Danielle worked in forecasting and trend analytics for the commercial line of business at UnitedHealth Group.

Wakely Consulting Group

Denver, CO

Consulting Actuary

5/2012 – Current (5 years)

- State of Oregon, Project Manager, Market Stabilization Analysis: Analyze profitability of various ACA market segments and the impact of a state-based reinsurance program as well as providing the analyses and certification for a 1332 waiver.
- State of Nevada, Project Manager, Market Stabilization Analysis: Analyze the profitability of various ACA market segments and recommend whether changes could be implemented to equalize profitability, such as modifications to the age factors or a state-based reinsurance program.
- Washington Health Benefit Exchange, Project Manager, Market Stabilization Review: Reviewed the level of stability within the individual and small group marketplaces and recommended whether changes could be implemented to improve the stability.
- State of Georgia / State of Nevada, Reviewer, ACA Rate Review: Perform individual and small group rate filing reviews which includes analyzing rate filing components for

actuarial soundness and compliance with elements of the ACA and communicating issues to the submitters of the filings.

- Two Health Plans, Project Manager, Pricing and Actuarial Support: Provided actuarial support to two insurance companies which included performing market research, developing and pricing plan designs, developing rate filings, and ensuring compliance with the elements of the ACA for individual and small group lines of business while maintaining active communication and strategic discussions with the client.
- Washington Health Benefit Exchange / MNsure, Project Manager, Premium Impact Analyses: Working with state exchanges, lead a team of analysts to calculate the impact premium changes have on consumers in the individual market, particularly on those enrollees who receive an advanced premium tax credit.
- State of Vermont, Project Manager, Universal Care Analysis: Managed an analysis for a state considering implementing universal primary care. This required defining the services within primary care and calculating the expected cost by line of business.
- Internal Project, Programmer / Project Manager, Risk Adjustment Coding: Assisted in the development of the Wakely National Risk Adjustment Reporting (WNRAR) tool by converting HHS risk assessment methodology to code and managing the conversion of the SQL model to a SAS version.
- A Coordinated Care Organization, Project Manager, Medicaid Risk Adjustment Allocation: Manage a Medicaid risk score calculation and payment transfer process for an organization responsible for allocating payments between seven Medicaid payers (including four physical and three mental health) in Oregon, accounting for over 300,000 lives.
- A Health Plan, Project Manager, Risk Score Optimization: Managed the development of a Medicaid risk score optimization tool, which involved working with several datasets accounting for five million lives and informed the client of opportunities for improving their risk scores.

OptumInsight, UnitedHealth Group

Eden Prairie, MN

Actuarial Analyst

6/2009 - 5/2012 (3 years)

- OptumInsight, Analyst, Trend Analytics: Developed and maintained a trend forecasting model which involved integrating multiple data sources, allocating historical dollars, and forecasting various components to arrive at projected trends.

- OptumInsight, Analyst, Reform Analyses: Created and monitored side models to quantify the impact of emerging current events on trend including women's wellness preventive care legislation, dependent to 26 legislation, and high cost hepatitis C treatment.

EDUCATION

BS, Business with Actuarial Science major, University of Minnesota Minneapolis, Minnesota

BA, Mathematics, University of Minnesota, Minneapolis, Minnesota

PROFESSIONAL DESIGNATIONS

Fellow, Society of Actuaries (FSA)

Member of the American Academy of Actuaries (MAAA)

Michael L. Cohen, Ph.D.

9777 Pyramid Ct., Suite 260, Englewood, CO 80112

Michael.Cohen@wakely.com • 720.226.9804

PROFILE

Michael Cohen, PhD, Consulting Actuary Policy Analytics is a new addition to Wakely, coming from his role as the Senior Advisor to the Marketplace CEO on Data Analytics and Program Integrity. He served as a senior advisor on various commercial insurance and ACA initiatives, including risk adjustment, health policy, program integrity, and insurance oversight activities. In addition to working at CMS, he previously worked at the White House where he analyzed commercial market trends and helped develop policies on healthcare reform topics such as 1332 waivers. Michael has a PhD in political science with a specialization in the interaction of state and federal policy development.

PROFESSIONAL EXPERIENCE

Wakely Consulting Group

Denver, CO

Consulting Actuary

5/2017 – Current

- Areas of expertise: individual and small group markets, Affordable Care Act, risk adjustment, reinsurance, and 1332 waivers
- Provides analysis of health policy and regulatory trends at both the national and state level.
- Conducts in-depth analysis on potential drivers of premium growth and market stabilization.

Centers for Medicare & Medicaid Services

Department of Health and Human Services

Washington DC

Senior Advisor to the Marketplace CEO

January 2015-Present

- Affordable Care Act Implementation
 - Areas of Work: program integrity, data analytics, budget development, risk adjustment, reinsurance, and risk corridors.

- Provided analytic and policy recommendations to the Marketplace CEO and senior policy officials on development of key policies for private insurance market and the Exchanges
- Participated in state wide strategic initiatives for implementation of risk management, data management, and overall program integrity.
- Led data analytic quality control on EDGE implementation as part of reinsurance and risk adjustment operations.
- Oversaw state wide development of multi-billion dollar budget forecasts

Centers for Medicare & Medicaid Services

Department of Health and Human Services

Payment Policy and Financial Management Group

Washington DC

Senior Policy Analyst,

Nov.2010-January 2015

- Affordable Care Act Implementation
 - Areas of Work: risk adjustment, reinsurance, user fees, actuarial value, and cost-sharing reductions.
- Provides analytic and policy recommendations in the development of HHS risk adjustment model, simulation modeling of effects of the Affordable Care Act on health insurance coverage, and development of the actuarial value calculator. Duties included significant quantitative analysis using Excel, Access, and Stata on large datasets.
- Participates in the development of key regulatory provisions relating to the Affordable Care Act, specifically Health Insurance Marketplaces. Duties include providing policy recommendations and drafting regulatory provisions on six rules including for the Exchange Final Rule, Premium Stabilization Rule, and Payment Notice. Policy affected Federal and State Health programs as well as private health insurance industry.
- Provides senior leadership with oral and written analysis in the form of background information and memos for testimony before Congress as well as meetings with states and insurance companies. For example, provided recommendations based on analysis of quantitative data.
- Developed multi-billion dollar budget forecast for several Center for Consumer Information and Insurance Oversight (CCIIO) programs for President's 2014, 2015, and 2016 Fiscal Year Budgets.
- Oversaw team of five (5) individuals as part of development of user fee operations. Coordinated and integrated multiple programs.

- Identified, developed, and formalized a quantitative tracking private insurance and Affordable Care Act metrics
- Served as Contracting Officer's Representative for multi-million dollar analytic contract. Responsibilities include: drafting Scope of Work, managing contractor performance, ensuring timely submission of deliverables, and quality surveillance.
- Recipient of Administrator's Special Citation Award for work as part of the Exchanges and Qualified Health Plans Regulation Development Team (2012).
- Recipient of CMS Leadership Fellowship (2013).

Office of Management and Budget

Executive Office of the President

Washington DC

Program Examiner (Detail)

Aug.2014-November 2014

- Affordable Care Act Portfolio
 - Areas of Work: Exchanges, Program Integrity, User Fees, CMS-IRS Coordination, Delivery System Reform
- Participate in reviewing key regulations related to private insurance portions of the Affordable Care Act
- Performed analysis of policy, organizations, regulatory, technology decisions by various Agencies.
- Assisted in the coordination of multiple programs, through maintenance of interrelationships with multiple Agencies.
- Provide senior leadership with written and oral analysis and memos of key policy issues. Memos were based on detailed quantitative and qualitative analysis
- Participate in providing discretionary and mandatory budget recommendations for senior leadership. Duties included review and analysis of the formulation and execution of budget particular to the Health Division of OMB, providing policy and budgetary recommendations to the Director

EDUCATION

Ph.D. Political Science, The Ohio State University, August 2009

M.A., Political Science, Minor in Political Economy, The Ohio State University, May 2005

B.A., Political Science and Psychology, Washington University in Saint Louis, May 2001

Aree Bly, FSA, MAAA

9777 Pyramid Ct., Suite 260, Englewood, CO 80112

AreeB@wakely.com • 720.226.9813

PROFILE

Aree joined Wakely Consulting Group as a Senior Consulting Actuary in January of 2011. Aree has 18 years of experience as a health care actuary. Prior to joining Wakely, Aree worked in other consulting roles with Milliman, and internally in insurance companies including CIGNA and Great West Life and Health. She has held various roles leading Medicare bids in several states, developing estimates of the impact of ACA reforms for various states and assisting insurers with understanding and meeting ACA reform requirements. Most of these projects have included data calls to health insurance companies and stakeholder meetings with the health plans. Aree's experience in the insurance industry and with consulting firms has allowed a broad background including strategic planning, pricing, disease management, financial reporting, and underwriting.

PROFESSIONAL EXPERIENCE

Wakely Consulting Group

Denver, CO

Senior Consulting Actuary

January 2011 - Current

- Rate Filings: Preparation of 2014 post-ACA small group and individual rate filings for insurance carriers.
- Public sector work / Medicaid: Supported development of capitation rates and budget projections for state low income medical program. Analyzed historical and emerging claims, integrated contract changes, and developed projections for establishing capitation rates and budgeting.
- Public sector work / ACA: Developed estimates of impact of ACA reforms for various states. Reviewed market data to estimate individual and small group market changes anticipated due to newly insured. Modeled cost sharing reduction plan subsidy estimates.
- Commercial work / Medicare: *Developed Medicare projections according to Center for Medicare and Medicaid Services (CMS) requirements. Reviewed data and projected plan year claims to complete requirements for bid process.* Worked with the responsible organization to ensure rate development was actuarially sound.

CIGNA

Denver, CO

Managing Actuarial Director

2008 – 2011

- Oversaw integration of underwriting processes and teams due to acquisition of new company.
- Managed integrated cross-functional team to develop consistent processes for new and renewal business. Considered current processes, state requirements, and strategic direction to redesign process from data collection through analysis and impact on pricing.
- Managed clinical team responsible for reviewing large claims to estimate future impact.

Milliman

Denver, CO

Senior Actuarial Consultant

2001 – 2008

- Supported audits of Medicare bids for CMS, pricing for military health service companies, pharmaceutical studies, mental health and behavioral health product pricing, and Medicaid experience reviews and projections.
- International office development through hiring and training new team.

Great West Healthcare

Denver, CO

Senior Actuary

2000 – 2001

- HMO and PPO pricing and rate filing. Monitor claims experience and trends. Develop pricing for renewal years. Complete rate filing requirements for products.

CIGNA

Hartford, CT

Actuarial Analyst

1995 – 2000

- Financial reporting and pricing roles for managed care and group insurance products. Analysis of historical experience and projections for pricing and planning purposes. Completed rate filing requirements.

PROFESSIONAL DESIGNATIONS

Fellow, Society of Actuaries

Member, American Academy of Actuaries

EDUCATION

B.A. Mathematics, B.A. Accounting, Minor Foreign Languages, Augustana College – Sioux Falls, SD

M.S. Statistics, Minor Actuarial Science – Lincoln, NE

Nicholas Shaneyfelt

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Nick.Shaneyfelt@wakely.com • 720.501.3306

PROFILE

Nick Shaneyfelt joined Wakely Consulting Group in February 2015. He is currently involved in the development and implementation of several risk adjustment and reinsurance projects. Nick has extensive commercial risk adjustment knowledge and experience. He regularly helps health plan's understand risk score calculations at both a member and business level. Nick recently presented at the 2016 Health SOA Conference in the "Learning from the first 2 years of ACA" on the topic of commercial risk score optimization through understanding EDGE XML files.

PROFESSIONAL EXPERIENCE

Wakely Consulting Group

Denver, CO

Actuarial Analyst

2/2015 – Current

- Assisted in the development of Wakely RAPID Analytics through rigorous testing and review. RAPID uses the Centers for Medicare & Medicaid (CMS) produced EDGE files to produce risk adjustment and reinsurance calculations to reconcile CMS' calculations.
- Performed Wakely RAPID Analytics by inspecting client data, running the associated models, and producing the final reports and communicated with clients to provide status updates and assist in explaining results.
- Assisted in the development of Wakely Medicare RSO, based upon Wakely RSO, to provide clients with unique insights for their Medicare Bids.
- Assisted in the development of WRI, a tool that will be released later summer 2015. WRI focuses on providing issuers insights to the impact that risk adjustment and reinsurance calculations have on a plan level.

Health Care Service Corporation (Blue Cross Blue Shield of New Mexico)

Albuquerque, NM

Associate Intern

Summer 2013 and 2014

- Generated and review monthly renewals for small group business. Used parallel testing to compare a new small group renewals model to the previous one.
- Created monthly reports which include Large Claims, Net Paid, Renewal Retention, and Lag Reports.

ACTUARIAL EXAMS

- SOA Exam P – Probability
- SOA Exam FM – Financial Mathematics

EDUCATION

BS, Actuarial Science, University of Nebraska, Lincoln, Nebraska (2014)

Sean McGrail

7650 W. Courtney Campbell Causeway, Suite 1250, Tampa, FL 33607

Sean.McGrail@Wakely.com • 727.259.7468

PROFILE

Sean is an IT professional with more than fourteen years of experience in creating and managing sustainable IT infrastructure and systems.

PROFESSIONAL EXPERIENCE

Wakely Consulting Group

Tampa, FL

Information Technology Administrator

06.2016 – Current

- Manages the information technology infrastructure for Wakely's corporate headquarters as well as multiple branch offices across the United States.
- Responsible for the effective operation and maintenance of system hardware, software, and related infrastructure.
- Ensures that the IT security, disaster recovery, and incident response needs of the company are addressed.
- Other responsibilities include IT department project management, budget development, vendor management, risk analysis, staff development, and strategic planning.

Maranatha Baptist University

Watertown, WI

Enterprise Systems Administrator/IT Project Manager

06.2008 – 06.2016

- Worked with MBU's executives and department leaders to understand technology needs, proposed solutions, and led implementation efforts.
- Served as the senior technology liaison to the Executive Committee for policy and budget proposals, budget appeals, and strategic planning.
- Technical responsibilities included managing MBU's ERP system, Microsoft SQL Server database servers, SharePoint servers, and other data-centric applications.

Maranatha Baptist University

Watertown, WI
IT Systems Technician
08.2006 – 06.2008

Served as a member of the help desk staff and met the technology needs of MBU's 2,500 users. During a staff absence, I was asked to assist as a network technician in addition to my help desk role.

Lake County Baptist School
Waukegan, IL
IT Administrator/Computer Science Faculty
05.2003 – 06.2004

- Provided technology support for Lake County's 250 students and 50 staff and administered the school-wide computer servers, network, and computer labs.
- Responsibilities included selecting, purchasing, and installing hardware, software, and networking components.
- Trained employees on computer systems/software and taught high-school level Computer Science courses.

EDUCATION

Bachelor of Business Administration – Maranatha Baptist University – 2015

Master of Arts – Maranatha Baptist University – 2008

Bachelor of Science – Maranatha Baptist University – 2003

TECHNOLOGY CERTIFICATIONS

CompTIA – A+, Network+, Security+, Project+

ITIL – Foundation Certificate in IT Service Management

3.3.B. Experience of the Proposer

3.3.B.1. Indicate the experience of the Proposer and any subcontractors has in the following areas:

Aggregation, interpretation, and analysis of EDGE Server Outbound Files

Wakely truly excels in this area and is uniquely qualified to collect large amounts of data in a quick and efficient manner. Wakely has developed several unique approaches using such data to understanding state markets. These include Wakely's National Risk Adjustment Reporting project (WNRAR) and Wakely Risk Insight (WRI). Wakely currently does WNRAR in the state of Washington.

Since 2013, the WNRAR initiative has enabled health plans across the nation to project their risk transfer payments for ACA business using the best information available. Being the only organization to conduct a study of this size provided us with unique insights into pricing and business considerations that are critical in determining the size and direction of risk transfer payments under the HHS risk adjustment formula. For example, Wakely has an understanding of the impact of ACA decisions, such as transitional policies, on risk adjustment and ultimately pricing.

Wakely's RAPID Analytics, processes the EDGE files, applies EDGE Server logic regarding the claims, identifies deficiencies and outlying metrics, and applies risk scores to the members (which is necessary for the second tool). It then creates a database of summarized results, including enrollment, premiums, and allowed / paid claims for each member. Wakely's unique existing data collection experience means that we are best positioned to evaluate and analyze Washington issuers' EDGE data.

WRI converts the XML data files and supplemental information from issuers into a database containing member-level detailed information as well as member-level profitability. WRI determines member-level financial performance and drivers of performance based on each member's revenue and allocated costs, adjusted for the allocated components as well as member-level risk adjustment and reinsurance, if applicable. The tool leverages granular EGDE and supplemental data to explore all potential experience drivers. Without this level of detail, the outcome of the analysis could be limited and the true market influences not appropriately discovered. Historically, cost drivers have yielded financial performance drivers, and analysis

could be based on aggregated data sources. This is no longer true in the presence of risk adjustment. Risk adjustment turns traditionally held ideas and analyses on their head as each individual contributes to both the revenue and cost components of the financial performance equation. Identifying the drivers of financial performance is challenging and requires member level analysis.

WRI follows a streamlined process to calculate, estimate, and allocate important financial quantities (e.g. risk adjustment transfers, taxes, fees, etc.) at the member level for each of a health plan's members. WRI develops candidate explanatory variables and applies a proprietary algorithm to search through the interesting solution space to identify the important solution set. WRI applies a proprietary "distancing" measure that identifies for example whether geography is where there is the most meaningful differentiation in financial performance. The measure ranks key characteristic groups that include geography, demographic, product names, clinical groups, and income categories. This process enables more efficient data analysis given the enormous number of potential data slices. The risk adjustment logic that is applied can be either for the year of the data or for any year for which CMS has released mapping and coefficient detail. This will enable the state to better understand how risk adjustment and rating changes will impact the potential programs being analyzed in 2017 and beyond. This will allow Wakely to analyze both the historical data and profitability, by incorporating known regulatory changes changes), and possible Washington initiatives.

We have used both RAPID and WRI with several states initiatives, including assisting the state of Oregon with its 1332 Waiver. Also, WNRAR involves risk adjustment analyses for over 550 Qualified Health Plans; and the WRI national reporting project has involved collecting and analyzing EDGE data for approximately 100 QHPs. Wakely's experience and expertise in this area is truly unmatched.

Individual health insurance markets

The WNRAR and WRI initiatives have given Wakely unique insights into the characteristics and dynamics of the individual health insurance markets, both on and off exchange.

The projects described elsewhere in this proposal have provided us with significant insights into individual health insurance markets and market dynamics. These include but are not limited to submitting individual rate filings on behalf of issuers, rate review for individual ACA plans for several states, and health reform work for multiple states.

Through consulting with the Washington Health Benefit Exchange, Wakely has developed a unique knowledge of and experience with the Washington individual health insurance market. We believe that these valuable insights will benefit Washington in many ways, including the lack of need for time to “get up to speed” on the Washington market.

While at CCIIO, Michael Cohen and Al Bingham regularly performed evaluations of the individual health insurance markets, including plan offerings, premium rates, emerging trends and other elements. They analyzed the market impacts of policy proposals and market initiatives. They advised CCIIO, CMS, and HHS leadership, as well as White House policy advisors. They have extensive and unique experience with making short-term and long-term projections of the individual and small group marketplaces, through rate review analyses and through construction of the micro-simulation model used by CMS to assess policy impact. While at CCIIO, they worked with state regulators on several joint state/federal matters with regard to the ACA marketplaces.

State health policy related to regulation of individual insurance markets

We have a great deal of experience supporting state health policy initiatives for the individual and small group markets. Additionally, our team includes the professionals who conducted such analyses for federal policymakers and ACA market regulators. Wakely is well situated to interpret to Federal guidelines on 1332 and incorporate those requirements both into analyses and policy recommendations for the state.

Wakely is currently working with the State of Oregon on market stability and a potential 1332 waiver for a state-based reinsurance program which is described elsewhere in the proposal. Additionally, Wakely has significant relevant and related experience working with states. The following are some examples:

- Wakely has helped various states for the past three years, including Washington, Connecticut, Minnesota, and Colorado, to understand the impact on consumers of the premium rates for exchange business. This analysis included reviews of the changes in premiums before and after tax credits and changes in subsidies. We reviewed the impact of changes in rating areas in one state, and helped the exchange to develop talking points and identify consumers that should be targeted for special communications to assist in understanding how the rating changes would impact them. We also worked closely with consumer advocates and licensed agents in Washington, Connecticut and Minnesota on the premium changes and how to improve marketplace functions.

- This past December, Wakely performed a market stability analysis for the Washington Health Benefit Exchange (WAHBE) analyzing the stability of the individual and small group markets, both on and off the exchange. This project also included assessment of the impact of specific regulatory requirements. Wakely considered various aspects of the marketplace relating to stability, including the availability of plans and carriers within a county, the premium rate changes from year to year, and the ability for consumers to shop for a lower cost plan, as well as the amount of disruption in the market each year caused by each of these changes. Wakely also had the opportunity to meet with each of the carriers in the market to learn their opinions on the market and recommendations to further stabilize the market.
- Also for the Washington Health Benefit Exchange (WAHBE), Wakely develops periodic projections of the enrollment in medical and dental plans and the anticipated premium for those enrollees. This analysis takes into account the broad view of the population covered on the exchange, off the exchange and uninsured, to estimate future levels of enrollment. We consider the changes in the offerings by issuers in specific counties and the plan offerings on- versus off-exchange, analyze lapse rates and the impact of premium rate increases and subsidy status in the projection modeling.
- Late last year, Wakely was engaged by the Minnesota Council of Health Plans to analyze the current and future individual health insurance environment in the state of Minnesota. Specific analyses included assessment of the impact of the current and potential future Basic Health Plan (BHP), pre-ACA high risk pool, along with assessment and benchmarking of contributors to premium increases. This project included interviews with participating health plan actuaries market to gain a deeper understanding of specific market dynamics unique to Minnesota.
- Julie Peper and Danielle Hilson have recently completed an engagement for the Nevada Division of Insurance analyzing scenarios and providing recommendations to maintain and improve the stability of the market. The first phase of the project involved considering whether a state-specific age curve to be used in premium rate setting was more appropriate than the current or 2018 Federal age curves. The analysis involved considering current profitability at each age band and calculating revised age bands such that the profitability was evened by age (with consideration for the downstream impact on revised risk adjustment transfers and potential disproportionate impacts to various segments of the market including carriers, metal levels, and market segments). Wakely recently concluded a second phase of the project, which involved analyzing profitability by other sub-segments (such as metal levels, rating areas, etc.) and considering regulatory changes that could be considered to reduce the variability in profitability among the

different market segments. Wakely analyzed the impact of a state-based reinsurance program under several scenarios including the impact on both the overall claims costs in the market as well as how the reinsurance scenarios would impact profitability by metal level and product.

- Vermont is one of the leading states in health reform and Wakely has continually been one of their primary actuaries for their reform efforts. Wakely, led by Julie Peper, has worked on various projects for different government entities in the State of Vermont since 2012. Initially the projects were focused on the implementation of the health care exchange, with Wakely supporting reform efforts around essential health benefits, impact of additional state-specific cost sharing and premium subsidies, and standard plan designs. Wakely also created a statewide healthcare forecast model that looked at historical cost and utilization metrics as well as estimating future cost and utilization metrics for all markets in the state. Subsequent work included estimating the cost of universal health care^[3] with the University of Massachusetts. When the state government decided against pursuing complete universal coverage, Wakely was engaged to estimate the impact of universal primary care. Wakely also supported the state in their SIM grant application, for which the state was awarded \$45 million. Wakely has continued to support the state with their reform efforts under the grant, including the current project to support the Medicaid program going from a state based program to an ACO shared savings program to an ACO capitated program in 2017. Wakely also supported a 1332 Waiver application for the State of Vermont related to SHOP although in discussions with the state a need for detailed actuarial analyses was determined to not be needed and the application is still pending.
- Wakely is currently assisting a health plan association in one state with analysis of changes in the risk pool as the ACA individual market has dramatically changed over the last few years. Membership in the state has decreased significantly as premiums have increased. Wakely is working with all the carriers in that state to track member level risk scores as members migrate between carriers and enter and exit the individual market. Jason Siegel, part of the proposed team for OSDH, leads the analysis for this project.

While not for state policymakers, Michael Cohen and Al Bingham regularly analyzed the market impacts of policy proposals and market initiatives. They advised CCIIO, CMS, and HHS leadership,

^[3]http://www.umassmed.edu/uploadedfiles/cwm_chle/about/vermont%20health%20care%20financing%20plan%202017%20-%20act%2048%20-%20final%20report.pdf

as well as White House policy advisors. They have extensive and unique experience with making short-term and long-term projections of the individual and small group marketplaces, through rate review analyses and through construction of the micro-simulation model used by CMS to assess policy impact. While at CCIIO, they worked with state regulators on several joint state/federal matters with regard to the ACA marketplaces. Their knowledge of the federal policy and operational processes allows our team to anticipate needed analyses and work plans.

Affordable Care Act provisions related to individual health insurance, including Title I of the Affordable Care Act

As noted, Wakely does work for many states on the individual ACA market, including strategic and market stabilization work. Danielle Hilson and Julie Peper have significant experience with supporting states in their efforts. In addition, Wakely has done work related to the ACA for rate review, files ACA rate filings and does significant other work under the ACA as described throughout the proposal.

While at CCIIO, Michael Cohen and Al Bingham played key roles in working with CMS, HHS, and White House policymakers in developing several of the ACA regulations. As noted above, they also regularly analyzed the ACA marketplaces and worked with short-term and long-term projections. Their knowledge of and work with the ACA provisions related to individual health insurance will provide Washington with key insights into the ACA provisions and federal regulatory functions.

Also described in detail elsewhere in this proposal, because of WRI and WNRAR Wakely has deep experience with analyzing the impact of various ACA provisions on individual market and issuer performance. We believe that our experience with and knowledge of the ACA Risk Adjustment make our expertise in this area second to none.

Individual health insurance market stabilization programs, including but not limited to reinsurance

Julie, Danielle and Michael are currently working with the State of Oregon on modeling the impact of implementing a state-based reinsurance program. In addition to modeling the state-based reinsurance program, Wakely is assisting the state in completing a 1332 Waiver for the state-based reinsurance program, involving completing analyses required for the waiver application incorporating modeling changes to the insurance market. In addition to these projects, Wakely will be modeling other potential changes to the insurance market for the State

of Oregon to consider when making policy changes. As part of the analyses, Wakely is using the data collection process recommended in this proposal and has just collected EDGE data for 2015 and 2016 from issuer in the State of Oregon.

In addition, Julie Peper and Danielle Hilson completed an engagement for the Nevada Division of Insurance analyzing scenarios and providing recommendations to maintain and improve the stability of the market. Wakely concluded a second phase of the project which involved analyzing profitability by other sub-segments (such as metal levels, rating areas, etc.) and considering regulatory changes that could be considered to reduce the variability in profitability among the different market segments. Wakely analyzed the impact of a state-based reinsurance program under several scenarios including the impact on both the overall claims costs in the market as well as how the reinsurance scenarios would impact profitability by metal level and product.

Through Wakely's National WRI study, Wakely looked at five million ACA lives and the drivers of profitability for issuers in 2015 (a similar study was done for 2014). This information has been instrumental in helping issuers understand needed changes in their operations or rating to address inherent instability in the ACA program. Wakely also models the impact of new ACA regulations and models, such as new risk adjustment models. While risk adjustment has not sufficiently evened out profitability (such that any member has an equal likelihood of being profitable to avoid selection issues), there have been improvements in recent years. It is important to understand these improvements so that there are no over-reactions to results and state initiatives can be based on the most recent regulations rather than regulations and models that may be out of date.

Section 1332 State Innovation Waiver application preparation and submission

Julie, Danielle, and Michael are currently working with the State of Oregon on not only modeling the effects of a reinsurance program on the individual market, but also preparing a 1332 application for submission. Wakely worked closely with the Oregon on identifying necessary actuarial and economic analyses need for a 1332 waiver, including reviewing the CMS checklist. Wakely then modeled the effects potential effects of the waiver on each of the 1332 waiver "guardrails". As part of that analysis it modeled premiums, enrollment, and the federal spending over a ten-year window. These findings and conclusions were included in a report to Oregon that is considered being submitted to the Federal government for approval. Wakely, intends to continue to support Oregon with additional modeling, documentation, or technical assistance throughout the waiver application process.

Michael Cohen and Al Bingham have intimate knowledge of the current approval processes, and have working relationships with relevant federal government stakeholders, including the three federal agencies involved in the 1332 approval process. As noted above, they directed and worked with the marketplace micro-simulation model that CMS uses to assess the impact of market changes. Wakely believes that robust analyses and documentation will facilitate 1332 waiver application approval. The data and information set created under our approach will enable us to respond quickly to federal requests for additional information.

3.3.B.2. Indicate other relevant experience that indicates the qualifications of the Proposer, and any subcontractors, for the performance of the potential contract

Minimum Qualifications

Along with the experience and qualifications information provided elsewhere in this proposal the following shows that Wakely Consulting Group meets the minimum qualifications specified in section 1.3 of the RFP.

1. Wakely Consulting Group is licensed to do business in the State of Washington, and in fact has done business in the state for some time.
2. The experience noted in the examples of our work and the qualifications of our team demonstrate that we have the knowledge of, and prior experience in, the areas of work for which our proposal is submitted. Wakely has been a leader in reform analysis, especially since the start of the ACA implementation in 2011. We have indeed held sixty (60) months of similar responsibilities (see also next response).
3. We have over 10 years' experience with health insurance data collection, aggregation, and analysis, including financial analysis and preparing findings of analyses that informed state health policy development and implementation. Wakely has provided actuarial review of rate filings for the State of Kentucky dating back to January, 2000. Beginning in 2008, Wakely provided actuarial consulting on Medicaid risk adjustment for the State of Arizona and strategic reform work for the Massachusetts Connector. Wakely also performed actuarial services for the Hawaii Insurance Division in 2003. More recent ACA and health policy experience is described in detail elsewhere in this proposal.
4. The experience noted in the examples and the qualifications of our team demonstrate our unmatched experience in health insurance actuarial analysis for public entities, including Federal agencies, state governments and departments of insurance.
5. As noted in the team qualifications, the actuaries on our team specialize in health insurance, are Members of the American Academy of Actuaries and meet the Qualification Standards of that organization to perform the work for the RFP.
6. Elsewhere in this proposal, we have agreed to the Certifications and Assurances set forth in Exhibit A of the RFP.

Wakely will not use subcontractors for this work.

3.3.B.3. Include a list of contracts the Proposer has had during the last five years that relate to the Proposer's ability to perform the services needed under this RFP. List contract reference numbers, contract period of performance, contact persons, telephone numbers, and email addresses.

As noted in the proposal, Wakely does a significant amount of work with states. The table below includes our current contracts that are most relevant. We are also currently working with the states of Connecticut, Colorado and Minnesota on different ACA-related projects. In the past we have done ACA and general reform analyses for additional states such as Massachusetts, Illinois, Delaware and Rhode Island although these are several years ago and were mostly related to the initial implementation of ACA. If references are desired for any states not listed below please let us know.

Reference	Contract Reference Number	Contract Period of Performance	Contact Persons, Telephone Numbers, and Email Addresses
State of Oregon Various Agencies	DCBS- 1635-17	Contracted since 2012 3/17/2017 – 3/31/2018	Michael Schopf Process Improvement Advisor 503-877-7275 michael.d.schopf@oregon.gov
State of Vermont Various Agencies	Contract # 26303 Contract # 28424 Contract # 29415	Contracted since 2012 11/12/2014-present 2/1/2015-6/1/2015 7/1/2015-3/1/2016	Robin Lunge, Current: Board Member, Green Mountain Care Board Former: Director of Health Care Reform 802-828-0566 robin.lunge@state.vt.us
State of Nevada Nevada Division of Insurance (DOI)	Contract # 3040 Contract # 2068-CJ	7/1/13-12/31/15 9/4/2014-9/30/2018	Annette James (775)687-0732 Email available upon request (prefers phone contact)
Washington Health Benefit Exchange (WAHBE)	Contract # HBE-187	5/19/2015-6/30/2019	Molly Voris (360)688-7770 Molly.voris@wabhexchange.com

3.3.C. Related Information

3.3.C.1. If the proposer contracted with the state of Washington during the past 24 months, indicate the name of the state, the contract number and the project description and/or other information available to identify the contract.

Washington Health Benefit Exchange (Contract # HBE-187-02)

This past December, Danielle Hilson, Jon Kingsdale and Wakely performed a market stability analysis for the Washington Health Benefit Exchange (WAHBE) analyzing the stability of the individual and small group markets, both on and off the exchange. This project also included assessment of the impact of specific regulatory requirements. Wakely considered various aspects of the marketplace relating to stability, including the availability of plans and carriers within a county, the premium rate changes from year to year, and the ability for consumers to shop for a lower cost plan, as well as the amount of disruption in the market each year caused by each of these changes. Wakely also had the opportunity to meet with each of the carriers in the market to learn their opinions on the market and recommendations to further stabilize the market.⁵

3.3.C.2. If a member of the Proposer's staff was an employee of the state of Washington during the past 24 months or is currently a Washington State employee, identify the individual by name, the state previously or currently employed by, job title or position held and separation date.

This item is not applicable.

3.3.C.3. If a proposer has had a contract terminated for default in the last five years, describe such incident.

This item is not applicable.

⁵ http://www.wahbexchange.org/wp-content/uploads/2013/05/HBE_LEG_161201_Wakely_Market_Analysis.pdf

3.3.C.4. Submit full details of the terms for default including the other party's name, address, and phone number.

This item is not applicable.

D. References

This sections contains references for the Proposer and for each of the lead staff persons within this proposal. Wakely grants permission to the OIC to contact the references listed below.

References for Proposer

References for Julie Peper

Reference 1	
Reference Entity:	Green Mountain Care Board
Reference Contact Name:	Robin Lunge, Board Member
Contact Telephone Number:	802.505.0626
Contact Email Address:	Robin.Lunge@vermont.gov

Reference 2	
Reference Entity:	Oregon Health Insurance Marketplace
Reference Contact Name:	Michael Schopf, Process Improvement Advisor
Contact Telephone Number:	503.877.7275
Contact Email Address:	michael.d.schopf@oregon.gov

Reference 3	
Reference Entity:	Washington Health Benefit Exchange (WAHBE)
Reference Contact Name:	Molly Voris, Policy Director
Contact Telephone Number:	360.688.7770
Contact Email Address:	Molly.Voris@wahbexchange.org

References for Danielle Hilson

Reference 1	
Reference Entity:	Oregon Health Insurance Marketplace
Reference Contact Name:	Michael Schopf, Process Improvement Advisor
Contact Telephone Number:	503.877.7275
Contact Email Address:	michael.d.schopf@oregon.gov
Reference 2	
Reference Entity:	Washington Health Benefit Exchange (WAHBE)
Reference Contact Name:	Molly Voris, Policy Director
Contact Telephone Number:	360.688.7770
Contact Email Address:	Molly.Voris@wahbexchange.org
Reference 3	
Reference Entity:	Nevada Department of Insurance
Reference Contact Name:	Annette James, Lead Actuary
Contact Telephone Number:	775.687.0732
Contact Email Address:	** Requests to be contacted by phone.

References for Al Bingham

Reference 1	
Reference Entity:	AHIP
Reference Contact Name:	Marilyn Tavenner, President and CEO Former Administrator, Centers for Medicare and Medicaid Services
Contact Telephone Number:	Available upon request
Contact Email Address:	Mtavenner@ahip.org
Reference 2	
Reference Entity:	Centene Corporation
Reference Contact Name:	Kevin Counihan, Regional SVP Former CEO Healthcare.gov, Center for Consumer Information and Insurance Oversight, Centers for Medicare and Medicaid Services
Contact Telephone Number:	Available upon request
Contact Email Address:	Kevin.J.Counihan@centene.com
Reference 3	
Reference Entity:	Covered California
Reference Contact Name:	John Bertko, FSA, MAAA, Chief Actuary
Contact Telephone Number:	Available upon request
Contact Email Address:	John.Bertko@covered.ca.gov

E. OMWBE Certification

While Wakely is not approved for OMWBE, Wakely did recently receive WBENC certification. Wakely plans to submit for certification in Washington but is not certified in the state at this time.



3.4 Cost Proposal Response

3.4.A. Identification Costs

The hourly rates included in the cost proposal are only for the first year of the engagement. If the contract is renewed in subsequent years, we request the ability to increase the hourly billing rates. The amount of increase can be negotiated with the state but would not be in excess of 5% annual on average.

Phase I

Wakely 2017 Hourly Billing Rates for Proposed Team

Role	Key Staff	Wakely 2017 Hourly Billing Rate
Principal	Julie Peper	\$460
Senior Consulting Actuary II	Al Bingham, Aree Bly	\$430
Senior Consulting Actuary I	TBD	\$390
Consulting Actuary II/ Consultant, Policy Analyst	Danielle Hilson, Michael Cohen	\$330
Consulting Actuary I	Michelle Anderson, Brittney Phillips	\$280
Associate Actuary	TBD	\$230
Senior Actuarial Analyst	Nick Shaneyfelt, TBD	\$230
Actuarial Analyst	TBD	\$195
Intern	TBD	\$170

Proposed Total Hours by Level and Task for Phase I

Task	Principal	Senior Consulting Actuary II	Consulting Actuary II	Consulting Actuary I	Senior Actuarial Analyst	Actuarial Analyst
Data Collection for 2015-2016	10	20	30	40	160	45
Estimating Baseline Data	2	8	14	22	24	24
Analysis of Claims-Based Reinsurance Program	4	6	12	16	16	20
Analysis of Condition-Based Reinsurance Program	4	6	12	16	16	20
Analysis of State-Offered Option(s)	10	20	32	32	40	40
Compare Proposals / Impact of Multiple Proposals	4	6	12	16	16	20
Deliverables (including Draft/Final Reports)	8	12	24	16	12	
Total	42	78	136	157	284	169

Proposed Total Budget by Task for Phase I

Task	Total Budget
Data Collection for 2015-2016	\$79,875
Estimating Baseline Data	\$25,340
Analysis of Claims-Based Reinsurance Program	\$20,328
Analysis of Condition-Based Reinsurance Program	\$20,328
Analysis of State-Offered Option(s)	\$49,720
Compare Proposals / Impact of Multiple Proposals	\$20,328
Deliverables (including Draft and Final Reports)	\$24,000
Total	\$239,919

In addition to the hourly billing rates, Wakely proposes the following licensing fee options for use of RAPID and WRI. The capabilities of RAPID and WRI have been previously discussed. The licensing fee covers Wakely using the tool for the analysis. It does not cover providing the tool to Washington. Wakely will summarize the data and aggregate it for Washington. If Washington is interested in receiving the product (and member-level results), Wakely can adjust the licensing fee accordingly. In addition to the licensing fee, Wakely will continue to bill hourly for any time spent loading, interpreting the data, and using the output.

Tool	Years of Data	Fee
RAPID/WRI	2014-2016	\$60,000
RAPID/WRI	2015-2016	\$50,000

For Wakely's other tools and models, such as Wakely Risk Assessment (WRA) model, no licensing fee will be charged but Wakely will charge the hourly billing rates for any time spent utilizing the model for state analyses.

Wakely will also not charge for access to Wakely's national ACA risk adjustment or financial databases. Any data will be de-identified and aggregated by Wakely prior to sharing any benchmarking or other output of the national databases. There is also no charge for accessing the Truven MarketScan databases.

Assuming Wakely would only utilize 2015 and 2016 data (2014 would not be included), this would result in a total estimated budget of \$289,919.

Phase II

The following are the hourly billing rates of the staff that would be assigned to the optional Phase II of the project. These are consistent with the billing rates provided for Phase I of the analysis. Wakely will work with Washington on the Phase II budget once a more refined scope of services has been decided upon.

Role	Key Staff	Wakely 2017 Hourly Billing Rate
Principal	Julie Peper	\$460
Senior Consulting Actuary II	Al Bingham, Aree Bly	\$430
Senior Consulting Actuary I	TBD	\$390
Consulting Actuary II/ Consultant, Policy Analyst	Danielle Hilson, Michael Cohen	\$330
Consulting Actuary I	Michelle Anderson, Brittney Phillips	\$280
Associate Actuary	TBD	\$230
Senior Actuarial Analyst	Nick Shaneyfelt, TBD	\$230
Actuarial Analyst	TBD	\$195
Intern	TBD	\$170

Wakely intends to use the staff and rates listed in the proposal. To the extent circumstances require a change of consultant(s) or a consultant is promoted, which may result in a change in level of billing rate, Wakely will inform the state immediately. Other staff may also be utilized, if appropriate and necessary.

Time will be billed based on the fees above and the hours expended. Wakely assumes no travel expenses will be billed to the state although Wakely has found in person kick-off meetings to be beneficial. As a result, Wakely would recommend two Wakely consultants travel for the kick-off meeting. Wakely will absorb these costs.

Exhibit A: Certifications and Assurances Form

Certifications and Assurances

Exhibit A

CERTIFICATIONS AND ASSURANCES

I/we make the following certifications and assurances as a required element of the proposal to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related contract:


1. I/we declare that all answers and statements made in the proposal are true and correct.
2. The prices and/or cost data have been determined independently, without consultation, communication, or agreement with others for the purpose of restricting competition. However, I/we may freely join with other persons or organizations for the purpose of presenting a single proposal.
3. The attached proposal is a firm offer for a period of 60 days following receipt, and it may be accepted by the AGENCY without further negotiation (except where obviously required by lack of certainty in key terms) at any time within the 60-day period.
4. In preparing this proposal, I/we have not been assisted by any current or former employee of the state of Washington whose duties relate (or did relate) to this proposal or prospective contract, and who was assisting in other than his or her official, public capacity. If there are exceptions to these assurances, I/we have described them in full detail on a separate page attached to this document.
5. I/we understand that the AGENCY will not reimburse me/us for any costs incurred in the preparation of this proposal. All proposals become the property of the AGENCY, and I/we claim no proprietary right to the ideas, writings, items, or samples, unless so stated in this proposal.
6. Unless otherwise required by law, the prices and/or cost data which have been submitted have not been knowingly disclosed by the Proposer and will not knowingly be disclosed by him/her prior to opening, directly or indirectly, to any other Proposer or to any competitor.
7. I/we agree that submission of the attached proposal constitutes acceptance of the solicitation contents and the attached sample contract and general terms and conditions. If there are any exceptions to these terms, I/we have described those exceptions in detail on a page attached to this document.
8. No attempt has been made or will be made by the Proposer to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.
9. I/we grant the AGENCY the right to contact references and other, who may have pertinent information regarding the ability of the Contractor and the lead staff person to perform the services contemplated by this RFQQ.
10. If any staff member(s) who will perform work on this contract has retired from the State of Washington under the provisions of the 2008 Early Retirement Factors legislation, his/her name(s) is noted on a separately attached page.

We (circle one) are /are not submitting proposed Contract exceptions. (See Section 2.11, Contract and General Terms and Conditions.) If Contract exceptions are being submitted, I/we have attached them to this form.

On behalf of the Proposer submitting this proposal, my name below attests to the accuracy of the above statement.

We are submitting a scanned signature of this form with our proposal.

Julie Peper

Name


Signature

Principal

Title
7/19/17

Date

Washington State
Office of Insurance Commissioner

1 of 1

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Exhibit A