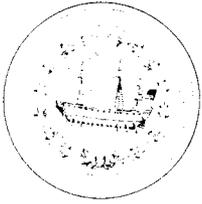


58 JWC



**THE STATE OF NEW HAMPSHIRE  
INSURANCE DEPARTMENT**

21 SOUTH FRUIT STREET SUITE 14  
CONCORD, NEW HAMPSHIRE 03301

Roger A. Sevigny  
Commissioner

Alexander K. Feldvebel  
Deputy Commissioner

August 11, 2014

Her Excellency, Governor Margaret Wood Hassan  
and the Honorable Council  
State House  
Concord, New Hampshire 03301

**REQUESTED ACTION**

Authorize the New Hampshire Insurance Department (NHID) to amend a contract (originally approved by the Governor and Council on August 8, 2014, agenda item #36) with Gorman Actuarial, LLC, of Marlborough, Massachusetts. (Vendor # 219508), to provide technical consulting services in connection with the Department's annual public hearings concerning health insurance premium rates, by extending the end date from September 30, 2014 to December 31, 2014; effective upon Governor and Council approval. Source of funds: 100% Federal Funds. This is a no-cost extension.

**EXPLANATION**

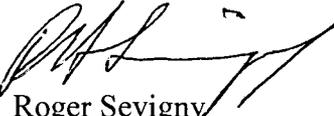
The New Hampshire Insurance Department is required by state statute RSA 420-G:14-a V-VII, to hold annual public hearings concerning premium rates for the health insurance market, and to issue a report each year on premium increases and the factors contributing to those increases. The Department has received a federal grant to support improving the health insurance premium rate review process and medical cost transparency related to health insurance premiums. A portion of the grant is being used to improve the annual public hearings and related data.

The need for the extension is to allow additional time for a preliminary report, and its accompanying analysis, to be issued prior to the public hearing; moving the date of the hearing to later in the Fall so consumers will have time to prepare; and moving the date of the final report until after the annual hearing.

The Department respectfully requests the Governor and Council authorize the extension of the Gorman Actuarial contract until December 2014.

Your consideration of this request is appreciated.

Very truly yours,



Roger Sevigny

AMENDMENT

This Agreement (hereinafter called the "Amendment") dated this 15<sup>th</sup> day of August, 2014, and between the state of New Hampshire acting by and through the New Hampshire Insurance Department (hereinafter referred to as "NHID") and Gorman Actuarial, LLC (hereinafter referred to as the "Contractor").

RECEIVED BY  
NH INSURANCE DEPT  
AUG 18 2014

WHEREAS, pursuant to an initial agreement (hereinafter called the "Agreement") which was first entered into upon Governor and Council approval on August 8, 2012, agenda item #36, the Contractor agreed to perform certain services to assist the NHID in improving the health insurance premium rate review process with technical consulting services in connection with the Department's annual public hearings concerning health insurance premium rates and;

WHEREAS, pursuant to paragraph 18 of the General Provisions of the Agreement, the contract may be amended, waived or discharged by written instrument executed by the parties hereto and approved by the Governor and Council, and;

WHEREAS, due the Department's desire to hold the annual hearing in October, rather than September, to allow for a preliminary report to be generated that would allow for greater public participation, and due to the Department's desire to issue the final report after the annual hearing to allow for additional input from the public, the Contractor would not be able to complete the work by the original completion date;

NOW THEREFORE, in consideration of the foregoing and the covenants and conditions contained in the Agreement as set forth herein, the Contractor and NHID hereby agree to amend the Agreement as follows:

1. Amendment of Agreement

- A. Amend Section 1.7 of the General Provisions by extending the completion date from September 30, 2014 to December 31, 2014.

2. Effective Date of Amendment

This Amendment shall be effective upon its approval by the Governor and Council of the State of New Hampshire. If such approval is withheld, this document shall become null and void, with no further obligation or recourse to either party.

3. Continuance of Agreement

Except as specifically amended and modified by the terms and conditions of this Amendment, the Agreement and the obligations of the parties thereunder shall remain in full force and effect in accordance with terms and conditions as set forth therein:

IN WITNESS WHEREOF, the parties have hereunto set their hands:

CONTRACTOR:

Gorman Actuarial, LLC

By: Bela Gorman  
Gorman Actuarial, LLC

NHID:

State of New Hampshire acting  
through the New Hampshire Insurance  
Department

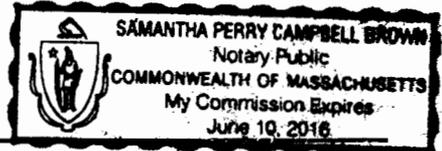
By: [Signature]  
Roger A. Sevigny, Commissioner

NOTARY STATEMENT

On this the 15 day of August, 2014, there appeared before me Samantha Perry Campbell Brown (Name) the undersigned officer appeared Bela Gorman (Designated Officer Name) who acknowledged him/herself to be President (Designated Officer Title) and that such officer, authorized to do so, executed the foregoing instrument for the purpose herein contained, by signing him/herself in the name of the Contractor.

In witness whereof I hereunto set my hand and official seal (provide seal, stamped name and expiration date).

By: [Signature]



APPROVAL BY NEW HAMPSHIRE ATTORNEY GENERAL AS TO FORM, SUBSTANCE AND EXECUTION

By: Mike Ben, Assistant Attorney General on 8/20/14

APPROVAL BY THE NEW HAMPSHIRE GOVERNOR AND EXECUTIVE COUNCIL

By: \_\_\_\_\_, on \_\_\_\_\_

# State of New Hampshire Department of State

## CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that Gorman Actuarial, LLC, a(n) Massachusetts limited liability company registered to do business in New Hampshire on February 7, 2011. I further certify that it is in good standing as far as this office is concerned, having filed the annual report(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 12<sup>th</sup> day of August, A.D. 2014

A handwritten signature in black ink, appearing to read "William M. Gardner".

William M. Gardner  
Secretary of State

**CERTIFICATE OF AUTHORITY/VOTE**  
(Limited Liability Company)

I, Bela Gorman, hereby certify that:  
(Name of Sole Member/Manager of Limited Liability Company, Contract Signatory – Print Name)

1. I am the Sole Member/Manager of the Company of Gorman Actuarial, LLC.  
(Name of Limited Liability Company)

2. I hereby further certify and acknowledge that the State of New Hampshire will rely on this certification as evidence that I have full authority to bind Gorman Actuarial, LLC  
(Name of Limited Liability Company)

and that no corporate resolution, shareholder vote, or other document or action is necessary to grant me such authority.

Bela Gorman  
(Contract Signatory - Signature)

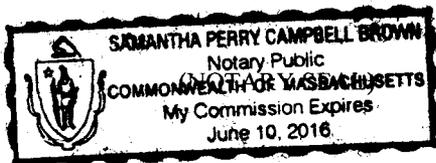
Aug 15, 2014.  
(Date)

STATE OF Massachusetts  
COUNTY OF Middlesex

On this the 10 day of August 20 14, before me Samantha Perry Campbell Brown  
(Day) (Month) (Yr) (Name of Notary Public / Justice of the Peace)

the undersigned officer, personally appeared Bela Gorman, known to me (or  
(Contract Signatory – Print Name)

satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained. In witness whereof, I hereunto set my hand and official seal.



Samantha Perry Campbell Brown  
(Notary Public / Justice of the Peace - Signature)

Commission Expires: 6-10-2016



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

8/6/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER BERLINER-GELFAND & CO INC 188 Main Street - Suite A  Monroe CT 06468	CONTACT NAME: Sheila Castro	
	PHONE (A/C, No, Ext): (203) 367-7704	FAX (A/C, No): (203) 333-0710
INSURED GORMAN ACTUARIAL, LLC. 210 ROBERT RD  MARLBOROUGH MA 01752	E-MAIL ADDRESS: Sheila@BerlinerInsurance.com	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A: Sentinel Insurance Co	NAIC # 11000
	INSURER B: EVANSTON INSURANCE CO	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES CERTIFICATE NUMBER: 2014-15 Certs REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDITIONAL SUBROGATION	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY		31SBAZN8964	1/20/2014	1/20/2015	EACH OCCURRENCE \$ 2,000,000	
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY					DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000	
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR					MED EXP (Any one person) \$ 10,000	
	<input checked="" type="checkbox"/> Employee Dishonesty					PERSONAL & ADV INJURY \$ 2,000,000	
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$ 4,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC					PRODUCTS - COMP/OP AGG \$ 4,000,000	
						Empl Dishonesty \$ 25,000	
	AUTOMOBILE LIABILITY					COMBINED SINGLE LIMIT (Ea accident) \$	
	<input type="checkbox"/> ANY AUTO					BODILY INJURY (Per person) \$	
	<input type="checkbox"/> ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS				BODILY INJURY (Per accident) \$	
	<input type="checkbox"/> HIRED AUTOS	<input type="checkbox"/> NON-OWNED AUTOS				PROPERTY DAMAGE (Per accident) \$	
						\$	
	UMBRELLA LIAB	<input type="checkbox"/> OCCUR				EACH OCCURRENCE \$	
	EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE				AGGREGATE \$	
	DED	RETENTION \$				\$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY					WC STATUTORY LIMITS OTHER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y/N	N/A			E.L. EACH ACCIDENT \$	
	If yes, describe under DESCRIPTION OF OPERATIONS below					E.L. DISEASE - EA EMPLOYEE \$	
B	Professional		EO-855174	10/16/2013	10/16/2014	\$1,000,000/\$2,000,000 \$5,000 Ded	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
Proof of Insurance

## CERTIFICATE HOLDER

## CANCELLATION

New Hampshire Insurance Department  
Tyler Brannen  
NH

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

James Berliner/SC

## STANDARD EXHIBIT I

The Contractor identified as in Section 1.3 of the General Provisions of the Agreement agrees to comply with the Health Insurance Portability and Accountability Act, Public Law 104-191 and with the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160 and 164 and those parts of the HITECH Act applicable to business associates. As defined herein, "Business Associate" shall mean the Contractor and subcontractors and agents of the Contractor that receive, use or have access to protected health information under this Agreement and "Covered Entity" shall mean the New Hampshire Insurance Department.

### BUSINESS ASSOCIATE AGREEMENT

(1) Definitions.

- a. "Breach" shall have the same meaning as the term "Breach" in Title XXX, Subtitle D. Sec. 13400.
- b. "Business Associate" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- c. "Covered Entity" has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- d. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR Section 164.501.
- e. "Data Aggregation" shall have the same meaning as the term "data aggregation" in 45 CFR Section 164.501.
- f. "Health Care Operations" shall have the same meaning as the term "health care operations" in 45 CFR Section 164.501.
- g. "HITECH Act" means the Health Information Technology for Economic and Clinical Health Act, Title XIII, Subtitle D, Part 1 & 2 of the American Recovery and Reinvestment Act of 2009.
- h. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 and the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160, 162 and 164.
- i. "Individual" shall have the same meaning as the term "individual" in 45 CFR Section 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.501(g).
- j. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.
- k. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR Section 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- l. "Required by Law" shall have the same meaning as the term "required by law" in 45 CFR Section 164.501.

- m. “Secretary” shall mean the Secretary of the Department of Health and Human Services or his/her designee.
- n. “Security Rule” shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C, and amendments thereto.
- o. “Unsecured Protected Health Information” means protected health information that is not secured by a technology standard that renders protected health information unusable, unreadable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.
- p. Other Definitions - All terms not otherwise defined herein shall have the meaning established under 45 C.F.R. Parts 160, 162 and 164, as amended from time to time, and the HITECH Act.

**(2) Use and Disclosure of Protected Health Information.**

- a. Business Associate shall not use, disclose, maintain or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit A of the Agreement. Further, the Business Associate shall not, and shall ensure that its directors, officers, employees and agents, do not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
- b. Business Associate may use or disclose PHI:
  - I. For the proper management and administration of the Business Associate;
  - II. As required by law, pursuant to the terms set forth in paragraph d. below; or
  - III. For data aggregation purposes for the health care operations of Covered Entity.
- c. To the extent Business Associate is permitted under the Agreement to disclose PHI to a third party, Business Associate must obtain, prior to making any such disclosure, (i) reasonable assurances from the third party that such PHI will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party; and (ii) an agreement from such third party to notify Business Associate, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402 of any breaches of the confidentiality of the PHI, to the extent it has obtained knowledge of such breach.
- d. The Business Associate shall not, unless such disclosure is reasonably necessary to provide services under Exhibit A of the Agreement, disclose any PHI in response to a request for disclosure on the basis that it is required by law, without first notifying Covered Entity so that Covered Entity has an opportunity to object to the disclosure and to seek appropriate relief. If Covered Entity objects to such disclosure, the Business Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies.
- e. If the Covered Entity notifies the Business Associate that Covered Entity has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Business Associate shall be bound by such additional restrictions and shall not disclose PHI in violation of such additional restrictions and shall abide by any additional security safeguards.

**(3) Obligations and Activities of Business Associate.**

- a. Business Associate shall report to the designated Privacy Officer of Covered Entity, in writing, any use or disclosure of PHI in violation of the Agreement, including any security incident involving Covered Entity data, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402.
- b. The Business Associate shall comply with all sections of the Privacy and Security Rule as set forth in, the HITECH Act, Subtitle D, Part 1, Sec. 13401 and Sec.13404.
- c. Business Associate shall make available all of its internal policies and procedures, books and records relating to the use and disclosure of PHI received from, or created or received by the Business Associate on behalf of Covered Entity to the Secretary for purposes of determining Covered Entity's compliance with HIPAA and the Privacy and Security Rule.
- d. Business Associate shall require all of its business associates that receive, use or have access to PHI under the Agreement, to agree in writing to adhere to the same restrictions and conditions on the use and disclosure of PHI contained herein, including the duty to return or destroy the PHI as provided under Section (3)b and (3)k herein. The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard provision #13 of this Agreement for the purpose of use and disclosure of protected health information.
- e. Within five (5) business days of receipt of a written request from Covered Entity, Business Associate shall make available during normal business hours at its offices all records, books, agreements, policies and procedures relating to the use and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.
- f. Within ten (10) business days of receiving a written request from Covered Entity, Business Associate shall provide access to PHI in a Designated Record Set to the Covered Entity, or as directed by Covered Entity, to an individual in order to meet the requirements under 45 CFR Section 164.524.
- g. Within ten (10) business days of receiving a written request from Covered Entity for an amendment of PHI or a record about an individual contained in a Designated Record Set, the Business Associate shall make such PHI available to Covered Entity for amendment and incorporate any such amendment to enable Covered Entity to fulfill its obligations under 45 CFR Section 164.526.
- h. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
- i. Within ten (10) business days of receiving a written request from Covered Entity for a request for an accounting of disclosures of PHI, Business Associate shall make available to Covered Entity such information as Covered Entity may require to fulfill its obligations to provide an accounting of disclosures with respect to PHI in accordance with 45 CFR Section 164.528.

- j. In the event any individual requests access to, amendment of, or accounting of PHI directly from the Business Associate, the Business Associate shall within two (2) business days forward such request to Covered Entity. Covered Entity shall have the responsibility of responding to forwarded requests. However, if forwarding the individual's request to Covered Entity would cause Covered Entity or the Business Associate to violate HIPAA and the Privacy and Security Rule, the Business Associate shall instead respond to the individual's request as required by such law and notify Covered Entity of such response as soon as practicable.
- k. Within ten (10) business days of termination of the Agreement, for any reason, the Business Associate shall return or destroy, as specified by Covered Entity, all PHI received from, or created or received by the Business Associate in connection with the Agreement, and shall not retain any copies or back-up tapes of such PHI. If return or destruction is not feasible, or the disposition of the PHI has been otherwise agreed to in the Agreement, Business Associate shall continue to extend the protections of the Agreement, to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI. If Covered Entity, in its sole discretion, requires that the Business Associate destroy any or all PHI, the Business Associate shall certify to Covered Entity that the PHI has been destroyed.

**(4) Obligations of Covered Entity**

- a. Covered Entity shall notify Business Associate of any changes or limitation(s) in its Notice of Privacy Practices provided to individuals in accordance with 45 CFR Section 164.520, to the extent that such change or limitation may affect Business Associate's use or disclosure of PHI.
- b. Covered Entity shall promptly notify Business Associate of any changes in, or revocation of permission provided to Covered Entity by individuals whose PHI may be used or disclosed by Business Associate under this Agreement, pursuant to 45 CFR Section 164.506 or 45 CFR Section 164.508.
- c. Covered entity shall promptly notify Business Associate of any restrictions on the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

**(5) Termination for Cause**

In addition to standard provision #10 of this Agreement the Covered Entity may immediately terminate the Agreement upon Covered Entity's knowledge of a breach by Business Associate of the Business Associate Agreement set forth herein as Exhibit I. The Covered Entity may either immediately terminate the Agreement or provide an opportunity for Business Associate to cure the alleged breach within a timeframe specified by Covered Entity. If Covered Entity determines that neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

**(6) Miscellaneous**

- a. Definitions and Regulatory References. All terms used, but not otherwise defined herein, shall have the same meaning as those terms in the Privacy and Security Rule, and the HITECH Act as amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in the Privacy and Security Rule means the Section as in effect or as amended.
- b. Amendment. Covered Entity and Business Associate agree to take such action as is necessary to amend the Agreement, from time to time as is necessary for Covered Entity to comply with the

changes in the requirements of HIPAA, the Privacy and Security Rule, and applicable federal and state law.

- c. Data Ownership. The Business Associate acknowledges that it has no ownership rights with respect to the PHI provided by or created on behalf of Covered Entity.
- d. Interpretation. The parties agree that any ambiguity in the Agreement shall be resolved to permit Covered Entity to comply with HIPAA, the Privacy and Security Rule and the HITECH Act.
- e. Segregation. If any term or condition of this Exhibit I or the application thereof to any person(s) or circumstance is held invalid, such invalidity shall not affect other terms or conditions which can be given effect without the invalid term or condition; to this end the terms and conditions of this Exhibit I are declared severable.
- f. Survival. Provisions in this Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in section 3 k, the defense and indemnification provisions of section 3 d and standard contract provision #13, shall survive the termination of the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Exhibit I.

New Hampshire Ins Dept  
The State

Alexander K Fehdvebel  
Signature of Authorized Representative

Alexander K. Fehdvebel  
Name of Authorized Representative

Deputy Commissioner  
Title of Authorized Representative

8/18/14  
Date

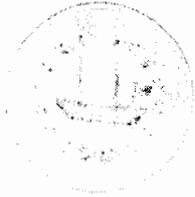
Gorman Actuarial, LLC  
Name of the Contractor

Bela Gorman  
Signature of Authorized Representative

Bela Gorman  
Name of Authorized Representative

President  
Title of Authorized Representative

8/6/14  
Date



**THE STATE OF NEW HAMPSHIRE  
INSURANCE DEPARTMENT**

21 SOUTH FRUIT STREET SUITE 14  
CONCORD, NEW HAMPSHIRE 03301

Roger A. Sevigny  
Commissioner

Alexander K. Feldvebel  
Deputy Commissioner

August 8, 2012

His Excellency John Lynch  
Governor, State of New Hampshire, and  
The Honorable Council  
State House  
Concord, New Hampshire 03301

**REQUESTED ACTION**

Authorize the New Hampshire Insurance Department to enter into a contract in the amount of \$341,000.00 with Gorman Actuarial, LLC, of Marlborough, Massachusetts (Vendor # 219508) to provide technical consulting services in connection with the Department's annual public hearings concerning health insurance premium rates. This contract is to be effective upon Governor & Council approval through September 30, 2014. Source of funds: 100% Federal. No General Funds are required.

The funding will be available as follows, subject to legislative approval of the next biennial budget:

Premium Rate Review Grant  
02-24-24-2400-5978000

<u>Object Class</u>	<u>Description</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
046-500464	Consultants	\$113,000	\$133,000	\$95,000

**EXPLANATION**

The New Hampshire Insurance Department is required by statute to hold annual public hearings concerning premium rates for the health insurance market, and to issue a report each year on premium increases and the factors contributing to those increases. RSA 420-G:14-a V-VII. The Department has also received a federal grant under the Patient Protection and Affordable Care Act to improve its health insurance premium rate review process and to increase transparency related to health insurance premiums and medical care costs in New Hampshire. A portion of the grant will be used to improve the annual public hearings and related data analysis. The Department seeks to identify major cost drivers of health insurance premiums, develop market analysis models to predict shifts in the commercial insurance market, and use available data sources more effectively.

After reviewing the bid responses, the Commissioner selected the Gorman Actuarial, LLC, proposal as the most responsive to the Request for Proposals. Under the contract, Gorman will help the Department conduct public rate review hearings in 2012, 2013 and 2014; based on data collected in connection with the hearings, analyze the major drivers of costs in the New Hampshire health insurance market for each year; and help the Department finalize its annual reports concerning premium rates in the health insurance market and the factors that contribute to rate changes for 2012, 2013 and 2014.

The department respectfully requests that the Governor and Council approve the contract for this consulting work. Your consideration of the request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Sevigny", is written over the typed name. The signature is fluid and cursive, with a large initial "R" and a long, sweeping underline.

Roger A. Sevigny

**EXCHANGE PROPOSALS EVALUATIONS**

Evaluation Committee members: Tyler Brannen, Alain Couture, David Sky, Jennifer Patterson, Martha McLeod

Evaluation process: Every member reviewed and independently evaluated the bids.

On July 17, 2012 the Evaluation Committed members met, and as a group assigned points to each bid per the "Specific comparative scoring process" described in each RFP.

All members agreed with the points assigned to each category for each bid depicted in the table below.

RFP/VENDOR	CONTRACTOR EXPERIENCE & QUALIFICATIONS (25% of points)	PLAN OF WORK (30% of points)	Bid Price -NOT TO EXCEED	COST (30% of points)	TIMEFRAME AND DELIVERABLES (15% of points)	TOTAL SCORE (100% of Points)	Score without \$\$\$	NOTES
<b>RFP 2012-RRG-11 Public Hearings and Analysis</b>								
Compass	23.80%	26.00%	\$400,000	25.58%	13.00%	88.38%	62.80%	
Gorman	21.60%	25.40%	\$341,000	30.00%	13.60%	90.60%	60.60%	Proposal Selected

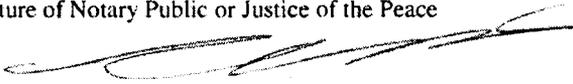
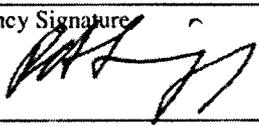
Subject: 2012 RRG-11 Public Hearings and Analysis - Gorman Actuarial, LLC FORM NUMBER P-37 ( version 1/09)

**AGREEMENT**

The State of New Hampshire and the Contractor hereby mutually agree as follows:

**GENERAL PROVISIONS**

**1. IDENTIFICATION.**

1.1 State Agency Name <u>New Hampshire Insurance Department</u>		1.2 State Agency Address <u>21 South Fruit Street, Suite 14, Concord NH 03301</u>	
1.3 Contractor Name <u>Gorman Actuarial, LLC</u>		1.4 Contractor Address <u>210 Robert Rd., Marlborough, MA 01752</u>	
1.5 Contractor Phone Number <u>(508) 229-3525</u>	1.6 Account Number <u>02-24-24-2400-5978000</u>	1.7 Completion Date <u>September 30, 2014</u>	1.8 Price Limitation <u>\$341,000.00</u>
1.9 Contracting Officer for State Agency <u>Alex Feldvebel</u>		1.10 State Agency Telephone Number <u>603-271-7973</u>	
1.11 Contractor Signature <u>Bela Gorman</u>		1.12 Name and Title of Contractor Signatory <u>President, Gorman Actuarial</u>	
1.13 Acknowledgement: State of <u>MA</u> , County of <u>MIDDLESEX</u> On <u>7-19-2012</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace  [Seal]		CHRISTOPHER P. O'KEEFE Notary Public, Massachusetts My Commission Expires April 8, 2015 	
1.13.2 Name and Title of Notary or Justice of the Peace <u></u>			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory <u>ROBERT SEVIENY COMMISSIONER</u>	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) By: _____ On: _____			
1.18 Approval by the Governor and Executive Council By: _____ On: _____			

**2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED.** The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

**3. EFFECTIVE DATE/COMPLETION OF SERVICES.**

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("Effective Date").

3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

**4. CONDITIONAL NATURE OF AGREEMENT.**

Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

**5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.**

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.

5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

**6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.**

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.

6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

**7. PERSONNEL.**

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.

7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

**8. EVENT OF DEFAULT/REMEDIES.**

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

- 8.1.1 failure to perform the Services satisfactorily or on schedule;
- 8.1.2 failure to submit any report required hereunder; and/or
- 8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

- 8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;
- 8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;
- 8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or
- 8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

**9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.**

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

**10. TERMINATION.** In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination

Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

**11. CONTRACTOR'S RELATION TO THE STATE.** In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

**12. ASSIGNMENT/DELEGATION/SUBCONTRACTS.** The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

**13. INDEMNIFICATION.** The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

**14. INSURANCE.**

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be

Contractor Initials B.S.  
Date 7/19/12

attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

**15. WORKERS' COMPENSATION.**

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("*Workers' Compensation*").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

**16. WAIVER OF BREACH.** No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

**17. NOTICE.** Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

**18. AMENDMENT.** This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

**19. CONSTRUCTION OF AGREEMENT AND TERMS.** This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual

intent, and no rule of construction shall be applied against or in favor of any party.

**20. THIRD PARTIES.** The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

**21. HEADINGS.** The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

**22. SPECIAL PROVISIONS.** Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

**23. SEVERABILITY.** In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

**24. ENTIRE AGREEMENT.** This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

# **Agreement with Gorman Actuarial, LLC 2012-RRG-11 Public Hearings and Analysis**

## **Exhibit A**

### **Scope of Services**

#### **The consultant's primary responsibility will be**

1. A high level analysis and understanding of the major drivers of costs in the New Hampshire health insurance market for 2012 and an in-depth analysis and understanding of the major drivers of costs in the New Hampshire health insurance market for 2013 and 2014 to include: product and benefit design; provider price; utilization; carrier profits and administrative costs; and demographics and risk pools.
2. Assistance to the New Hampshire Insurance Department with three public hearings as required under RSA 420-G:14-a, V-VII, including preparation for, and participation in the public hearings and analyzing and summarizing the information from the public hearings.
3. Finalize the NHID required annual report concerning premium rates in the health insurance market and the factors that contribute to rate increases for 2012, 2013 and 2014.
4. Work set out in the response to the RFP (attached).

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**Public Hearings and Analysis**

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**Prepared for the New Hampshire Insurance  
Department**

**RFP 2012 RRG-11**

**Gorman Actuarial, LLC**

**July 6, 2012**



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## 1. Introduction

The New Hampshire Insurance Department (NHID) is seeking assistance with evaluating increases to New Hampshire health insurance premium rates and the underlying cost drivers of those rate increases, including conducting annual public hearings and drafting the Commissioner's annual report as required under RSA 420-G:14-a, V-VII. The state of New Hampshire received a premium rate review grant Cycle II to assist the NHID in continuing these efforts. This proposal will cover the annual hearings for 2012 through 2014.

Gorman Actuarial is perfectly positioned to assist the NHID in this project given our extensive experience in New Hampshire from a multitude of perspectives, in addition to our experience assisting other state agencies with these similar issues. GA has experience in reviewing New Hampshire rate filings, developing rate filing recommendations, and assistance with implementing the rate filing recommendations. GA is also intimately familiar with the various health insurance data sources in New Hampshire given our concurrent work on developing a model for NHID to understand the expected macroeconomic impacts on New Hampshire's health insurance markets over the next several years. In addition, our actuaries have extensive industry experience, including the New Hampshire market, and experience assisting regulatory bodies in other states with similar projects. GA has served as the actuarial consultant to the Massachusetts Attorney General's office since 2009 in their efforts to tackle similar questions as New Hampshire in regards to cost drivers and cost containment. Below, please find Gorman Actuarial's (GA) response to NHID's RFP 2012-RRG-11. In addition, Gorman Actuarial will subcontract the services of Jennifer Smagula, FSA, MAAA and Jon Camire, FSA, MAAA.

## 2. Scope of Work

Gorman Actuarial is proposing five key areas of focus for the NHID over the next three years to understand the underlying drivers of costs in the New Hampshire health insurance market: Product and Benefit Design; Provider Price (including provider incentives); Utilization; Carrier Profits and Administrative Costs; Demographics and Risk Pools. Each one of these items is discussed in further detail below. GA is also proposing that the scope for the 2013 and 2014 hearing and report will be greater than the scope for the 2012 hearing and report given the condensed timeframe in the first year. (This is based on the assumption that the start date for work will be early August with a deliverable of end of September for the 2012 public hearing and end of October for the 2012 annual report.) Given these time constraints in the first year, our proposal is segmented between the scope of work proposed for 2012 versus the scope of work proposed for 2013 and 2014.



## 2.1. Key Areas of Focus

### 2.1.1. Product and Benefit Design

Product and benefit design play a key role in the overall costs of the health care system and the decisions made by consumers. Tiered or select network products, while relatively new, are becoming more popular in the New Hampshire marketplace but their impact on consumer choice, utilization, and provider prices is not fully understood. It is also known that benefit buy down has significantly impacted the New Hampshire market in recent years, keeping premiums lower while increasing patient cost sharing levels. Again, the unknown question is what impact benefit designs with higher cost sharing or higher deductible levels have on other market factors such as utilization, mix of services or mix of providers.

We will use several data sources for this analysis. Our primary source for benefit buy down analysis will be New Hampshire's supplemental data. We will use this in conjunction with our own internal actuarial value model (or alternatively the Actuarial Value calculator produced by the U.S. Department of Health & Human Services, if available) to estimate the effect of benefit buy down. Since this data is already collected and will be available to us, this analysis can be performed for all three years of the contract. To explore the impact of high deductible products on utilization trend will require a survey since NHCHIS does not have benefit plan information. For 2012, we may require carrier's own internal analyses on this topic and will explore a more detailed survey for the subsequent years. Tiered network and select network products are fairly new and will be difficult to analyze in the initial year. Gorman Actuarial is currently working with the Massachusetts Attorney General's (MA AGO) office and the Massachusetts Division of Insurance (MA DOI) on analyzing these types of products in Massachusetts. GA will draw upon this experience to help formulate an analysis plan for New Hampshire in 2013 and beyond.

### 2.1.2. Provider Costs

Unit cost increases have been one of the largest contributors to overall health care costs in recent years. New Hampshire providers are typically reimbursed on a fee-for-service basis. In order to understand the impact of provider reimbursement on health care costs in New Hampshire, it is critical to understand the risk-adjusted price relativities for hospitals and provider groups in New Hampshire for each major carrier. While this can be done on a service by service basis, given that most provider groups and hospitals negotiate fee schedules in total, we think it is most beneficial to look at relative overall prices rather than for specific services. In addition to reviewing overall prices, we will examine how other provider payments have changed over the years and its contribution to trend. We define other provider payments as payments made to providers to encourage behavior that will deliver efficient care. This will begin to highlight outliers in the market and help understand other market forces that have an impact on price, such as market share, populations served (i.e. Medicaid and Medicare) and regional variations.



This type of analysis, along with understanding the underlying impact of overall unit cost on premium increases, will lead to transparency in the marketplace and further understanding for consumers and regulators on the impact of price by provider group and hospital in the New Hampshire health insurance market.

Provider price information is not readily available. However, the new rate filing requirements will require carriers to report overall “price” trend assumptions that are built into premiums. Unfortunately, this information will not be available in time for the 2012 report. We will submit a short survey to the carriers asking them for historical trend analysis and trend projections. For 2013 and 2014, we recommend a more robust analysis which will require a detailed survey request for the carriers. We will draw upon our experience with the MA AGO where we have analyzed overall price relativities for provider groups and hospitals. These analyses have led to some interesting conclusions. A link to the MA AGO reports can be found in the Experience section of this proposal.

### **2.1.3. Utilization**

Utilization trends have been flat or negative in New Hampshire and across the country. So while utilization may not be a current driver of health care costs increases, it is important to understand the many facets of utilization, including utilization by provider group and utilization by benefit design to understand if there are certain segments of the population that have better utilization management for key service categories such as inpatient admissions, emergency department use and office visits. In addition, we would consider provider mix and service mix as a part of this utilization category. Therefore understanding how the shift in provider use has affected trends over time and how the shift in certain services has affected trends over time, is a key part of this category.

While utilization data is available in NHCHIS, due to time constraints we do not anticipate using this information for 2012. Rather, we will report utilization trends as reported by the carriers from the short survey in 2012. We will ask for historical trend analyses as well as projected trends. In addition, we will ask carriers for any existing internal analyses on trend drivers which may focus mix of services and mix of providers. For 2013 and beyond, we will build upon what was learned in 2012 and perform utilization analyses on the NHCHIS data. We may want to review utilization trends by service category as well as providers (hospitals and physicians) to understand various patterns.

### **2.1.4. Carrier Profits and Administrative Costs**

While carrier profits (or contribution to surplus) and administrative costs are a relatively small portion of premiums, there is typically a great amount of public scrutiny on these costs as they are, for the most part, within the carrier’s control. In addition, the current dynamic of the New Hampshire health insurance market is such that the largest carrier has a substantial positive underwriting gain while the other carriers making up the bulk of the remaining market have posted underwriting losses in recent years. To further understand the dynamics between carriers in the New Hampshire health insurance



markets, it is important to understand and report on costs related to carrier profits and administrative costs.

Currently, carrier profits (or contribution to surplus) charges can be found in the New Hampshire rate filings. In addition, historical information can be found in carrier annual statements. For 2012, we will report on the information from the filings and the carrier annual statements. In 2013 and beyond we may develop more refined survey questions that target profits or contribution to surplus charges by market segment. We will also report on actual administrative expenses in 2012 using the short survey tool that will be sent out to carriers. In future years, we will focus our attention on actual expenses and compare them to administrative charges that are included in premium.

### **2.1.5. Demographics and Risk Pool**

This category is meant to encompass the ever changing mix of the risk pools within the New Hampshire health insurance markets including shifts from fully insured to self-insured and the upcoming potential influx of currently uninsured residents due to the Affordable Care Act. As these shifts can have significant impacts to the underlying costs and premiums of the various markets, it is important to track and understand these shifts in risk pools over time.

NHID has currently engaged Gorman Actuarial to perform a market study and to model the impact of the changing landscape of the insured markets on premiums. GA will draw upon this work in addition to past experiences to explore if there have been any population shifts that would affect premiums. While many of these changes may not occur until post 2014, GA will establish a framework to assist the NHID in identifying premium cost drivers due to changes in risk pools.

## **2.2. Detailed Scope of Work**

As stated previously, given the condensed time frame for the 2012 public hearing and annual report, we are proposing that the scope of work for 2013 and 2014 be greater than the scope of work for 2012. Therefore, our recommendation is to take a high level look at each of the five areas described above for 2012 and in 2013 and 2014 time would allow a deeper dive into each of these areas. In other words, we think of 2012 as a year to establish foundational information on each of these five areas that would then direct a more in-depth analysis in subsequent years.

The key steps in each of the next three years are as follows:

1. Kick-Off Meeting and Finalize Work Plan
2. Develop Carrier Data Survey
3. Distribute Carrier Survey and Respond to Carrier Questions
4. Collect and Summarize Carrier Survey Results
5. Review and Summarize Other Available Data



6. Analyze Data and Draft Recommendations
7. Prepare for and Participate in Public Hearings
8. Analyze and Summarize Information from Public Hearings
9. Finalize Recommendations and Finalize Annual Report

In 2012, the carrier survey will be a condensed and simplified version of the information we expect to collect in 2013 and 2014. For the 2013 and 2014 public hearing and annual report, we would anticipate a kick-off data of March and we would begin the data collection process by April of that year in order to allow for a more robust data collection and analysis process.

### **2.3. Conflict of Interest**

Gorman Actuarial and its subcontractors have no actual or perceived conflicts of interest with regard to this project. GA is under contract with the NHID for the following two projects: 2012-RRG-02 (Market Shift Modeling) and 2012-RRG-09 (Premium Rate Review Process).

## **3. Experience**

Gorman Actuarial, LLC, is a Massachusetts SOMWBA (State Office of Minority and Women Business Assistance) certified company, formed in January 2006 and located in Marlborough, Massachusetts.

Gorman Actuarial's (GA) client list has included health insurers who do business in New England and well as national carriers and various state insurance agencies and state health care policy divisions. GA has extensive experience in premium rate development for all market segments. GA's lead consultant, Bela Gorman, FSA, MAAA has over 20 years of health care experience most of which is practical industry experience.

Bela has worked for the two largest health insurance carriers in Massachusetts. Bela was the Director of Actuarial Services at Harvard Pilgrim Health Care (HPHC), responsible for pricing the commercial and Medicare populations in Massachusetts, New Hampshire and Maine. While there she revamped all rating models and pricing methodologies for all products and states where HPHC conducts business. She also created the Pricing Strategy Team which brought Sales and Actuarial/Underwriting management together to discuss pricing strategy. This required Bela to intimately understand the filing requirements for each of the states that HPHC conducted business. She is also well versed in premium rate and factor development and how it can vary from carrier to carrier and by market segment. Bela has also worked at BCBSMA, where she has experience as an Underwriter as well as actuarial pricing experience.



GA's other consultant is Don Gorman, GA's project manager and lead data analyst. He has experience in developing data specifications and managing large amounts of data from various insurers. He also has extensive experience in data analysis and modeling. As part of a study for the State of Maine, Don developed a reinsurance model that allowed the user to model various program structures. For the State of Wisconsin, Don created a database for each of the health insurance market segments – Individual, Small Group, Large Group and High Risk Pool (HIRSP). The database contains records for nearly every member in the insured market in CY08 and CY09. For the Massachusetts Attorney General's office Don created a database containing cost and quality data for each of the 72 hospitals in Massachusetts. He also created a database containing cost and quality data for all of the major physician groups in Massachusetts. These databases allowed the AG's office to quickly and efficiently analyze health care cost trend drivers. Don has expertise in mathematical modeling, neural networks, detection and estimation theory, data fusion and expert systems. He also has extensive project management experience and has been responsible for writing many data requirement specifications.

Gorman Actuarial also intends to subcontract the services of Jennifer Smagula and Jon Camire. We have summarized their relevant experience below.

**Jennifer Smagula, FSA, MAAA** is an independent actuarial consultant who works with Gorman Actuarial on several projects. Jennifer testified on behalf of the Massachusetts Attorney General in 2011 at the Massachusetts Cost Containment hearings and is part of the GA team working on 2012 Massachusetts Cost Containment analysis on behalf of the Attorney General's Office. In addition, Jennifer has been approved to serve as an Independent Hearing Officer for the Connecticut Insurance Department. Prior to being an independent consultant she was a director level actuary at Blue Cross Blue Shield Massachusetts where her responsibilities included prescription drug pricing and PBM contract analysis, rate development and pricing for all senior products and financial analysis of disease management programs. In addition to her BCBSMA experience, Jennifer was also at Harvard Pilgrim Health Care where she was responsible for the New Hampshire, Maine and Medicare Advantage rate filings. This included all aspects of the rate filing process such as the base claims development, trend projections and benefit pricing along with the overall on-going review of the profitability of the products.

**Jon Camire, FSA, MAAA** is an independent actuarial consultant who has over 15 years of actuarial experience. He has been employed by UNUM, BCBSMA, and PricewaterhouseCoopers where he has been involved in various aspects of health care pricing. Jon has worked with Gorman Actuarial on past projects related to understanding the impacts of national health reform on state markets.

Below we describe GA's relevant experience.

**New Hampshire Insurance Department: NHID Premium Rate Review Grant Cycle I**



In CY 2011, Gorman Actuarial developed recommendations for the NHID which included creating rate filing review exhibits and a corresponding instruction manual. These recommendations were developed after thoroughly reviewing best practices of other states as well as reviewing current practices in New Hampshire. Interviews with key stakeholders were conducted to better inform the recommendations.

**Massachusetts Division of Insurance: CY 2012 Rate Examination**

In March 2012 GA was awarded a contract with the MA DOI to analyze the expansion of the small group market from 1-50 to 1-100 and to conduct examinations of all carriers in Massachusetts concerning use of specific rating factors.

**Massachusetts Division of Insurance: Rate Filing Review**

Since February 2010, Bela Gorman has been on the merged market rate filing review team for the Massachusetts Division of Insurance. This rate filing process began in 2010 for the Merged Market (Small Group and Individual). Bela reviews rate filings on a quarterly basis. Functions include reviewing the content of the rate filings to understand methodologies and components of the premium rate increase, following up with the insurance carriers on questions, site visits with insurance carriers on their rate development methodologies, and issuing a memo to the Massachusetts Division of Insurance on the findings. In order for Bela to assist the MA DOI, she is required to use SERFF, which she does offsite.

**Massachusetts Division of Insurance: Rate Filing Review Process**

In addition to rate filing review, the MA DOI contracted with GA to give them guidance on their rate review processes which assisted the MA DOI in implementing Massachusetts Chapter 288, which was passed in the summer of 2010. This work included analyzing rate filings from other states and also developing suggested exhibits based on our research and our own industry experience. Exhibits addressed how to analyze trends, actuarial value (plan value) and premium rate development. This work commenced in the fall of 2010 with a report submitted to the MA DOI in October 2010.

**Massachusetts Attorney General Office**

Since October 2009, GA has worked with the Massachusetts AG's office in the review of health care cost trend drivers in Massachusetts. The focus in CY 2009 was on provider reimbursement and trends in provider reimbursement. Current focus includes analyses on provider reimbursement structures and tiered and select network products. GA worked with the MA AG's office to develop data requests which included price relativities for hospitals and physician groups, total medical expenses for provider groups, hospital payor distributions, and data on tiered and select networks. Publications of the AG Office Examination of Health Care Cost Trends and Cost Drivers and can be found at:



<http://www.mass.gov/ago/docs/healthcare/investigation-hcctcd.pdf>

<http://www.mass.gov/ago/docs/healthcare/2011-hcctd.pdf>

In addition, Bela Gorman and Jennifer Smagula have been called as expert witnesses to testify on behalf of the AG's office at the Department of Health Care Finance and Policy's Annual Public Hearings. Bela testified on March 16, 2010 and June 25, 2011 and Jennifer testified on June 26 and June 27, 2011.

### **Maine Bureau of Insurance**

GA has completed two major studies for the Maine BOI. The first study was to understand the impact of the ACA on their insured markets. This study included collecting data from the insurance carriers, analyzing the markets, and assessing the impact of the rating and product limitations that will take place in CY 2014. The second study includes analyzing the impacts of recently passed legislation on the Maine Individual and Small Group Markets.

<http://www.maine.gov/pfr/insurance/PL90/GormanActuarialReport.pdf>

[http://www.maine.gov/pfr/insurance/reports/pdf/Impact\\_ACA.pdf](http://www.maine.gov/pfr/insurance/reports/pdf/Impact_ACA.pdf)

From February 2007 – May 2007, GA performed a study for the Maine Bureau of Insurance which consisted of analyzing the impacts of various health reforms on the overall non-group market. GA also analyzed the impact of the newly enrolled uninsured on the overall market. The health reforms studied included merging the small group and non-group markets, and various reinsurance programs and high-risk pool designs which included rating reforms. This study required GA to obtain data from health insurers doing business in Maine. As part of this project, GA also studied the Dirigo Health population, for which premium rates are subsidized using a sliding scale based on income. Finally, GA developed and delivered a presentation to the Joint Standing Committee on Insurance and Financial Services in Augusta, ME. This presentation outlined the various health reforms modeled during the study and the corresponding results. The report for this project was finalized in May 2007 and can be found on the official website for the State of Maine:

[www.maine.gov/pfr/insurance/reports/reform\\_options\\_individual\\_health\\_market.doc](http://www.maine.gov/pfr/insurance/reports/reform_options_individual_health_market.doc)

### **Department of Health and Family Services, Wisconsin**

GA has completed a study for the state of Wisconsin. The study included collecting data from the insurance carriers in the Wisconsin market. GA performed a market study on the individual, small group and large group (51 to 100) markets. In addition, GA modeled the impacts of national health reform on the Wisconsin insured markets. The outcome of this project was a series of reports that will help the State of Wisconsin shape policy, and are available publicly:



“Wisconsin Individual Health Insurance Market Summary”,  
[http://www.statereforum.org/system/files/wi\\_individual\\_market.pdf](http://www.statereforum.org/system/files/wi_individual_market.pdf)

“Wisconsin Small Group Health Insurance Market Summary”,  
[http://www.statereforum.org/system/files/wi\\_small\\_group.pdf](http://www.statereforum.org/system/files/wi_small_group.pdf)

“Wisconsin Large Group Health Insurance Market Summary”,  
[http://www.statereforum.org/system/files/wi\\_large\\_group\\_survey.pdf](http://www.statereforum.org/system/files/wi_large_group_survey.pdf)

“The Impact of the ACA on Wisconsin's Health Insurance Market”,  
[http://www.statereforum.org/system/files/gruber\\_study\\_august\\_2011.pdf](http://www.statereforum.org/system/files/gruber_study_august_2011.pdf)

In CY 2008, GA performed a study on Wisconsin’s small group market. This study was to analyze the current small employer market and to analyze how various market reforms could impact the market. This study required gathering data from the various health insurance carriers that do business in the small group market, analyses of the data and data modeling. This study was performed in conjunction with Dr. Jon Gruber, professor of Economics at the Massachusetts Institute of Technology, and was completed in January 2009.

We have provided resumes for each individual on our team. They are included at the end of this proposal.

## 4. References

Below, please find Gorman Actuarial references for recent engagements that are similar in nature to this project.

Mr. Kevin Beagan  
Deputy Commissioner of Insurance and Director of the State Rating Bureau  
Massachusetts Division of Insurance  
One South Station, 5th Floor  
Boston, MA 02110-2208  
Kevin.Beagan@state.ma.us  
(617) 521-7347

Ms. Karen Tseng  
Assistant Attorney General, Health Care Division  
Office of Attorney General Martha Coakley  
100 Cambridge St., 10th floor  
Boston, MA 02108



(617) 963-2123  
[karen.tseng@state.ma.us](mailto:karen.tseng@state.ma.us)

Eric Cioppa, Superintendent of Insurance  
34 State House Station  
Augusta, Maine 04333-0034  
Phone: 207.624.8426  
[Eric.A.Cioppa@maine.gov](mailto:Eric.A.Cioppa@maine.gov)

## 5. Team Roles

Below, we have described our team and their corresponding roles in this project.

Bela Gorman, FSA, MAAA. Bela will oversee this project and would assist in designing the data request for the carriers, direct the analysis of the data and lead the development of the findings and recommendations for the final report. Bela would also represent the team at the public hearings.

Jennifer Smagula, FSA, MAAA. Jennifer's primary responsibilities would include designing the data request, interfacing with the carriers, analyzing the data and assisting in the development of the findings and recommendations for the final report. Jennifer is also available to represent the team at the public hearings.

Jon Camire, FSA, MAAA. Jon's primary responsibilities would include designing the data request, interfacing with the carriers, analyzing the data and assisting in the development of the findings and recommendations for the final report. Jon is also available to represent the team at the public hearings.

Don Gorman. Don's primary responsibilities would include executing the data request and collection of the data, analysis and management of the data from the various sources and assisting in the development of the findings and recommendations for the final report.

## 6. Project Plan

Below, we have outlined a tentative project plan for each of the next three years with an assumed start date of August 13, 2012 for the 2012 public hearing and annual report. We anticipate finalizing this project plan after meeting with NHID at the start of the project in each of the next three years. In addition to the milestones shown below, we will also meet with the NHID regularly to provide a status update on the project.



<b>2012 Public Hearing &amp; Annual Report Workplan</b>		
<b>Task</b>	<b>Start Date</b>	<b>End Date</b>
1 Kickoff Meeting	8/13/2012	8/13/2012
2 Finalize Workplan	8/13/2012	8/17/2012
3 Develop Carrier Data Survey	8/13/2012	8/17/2012
4 Review Other Available Data	8/13/2012	8/17/2012
5 Distribute Carrier Survey	8/20/2012	8/20/2012
6 Respond to Carrier Questions	8/20/2012	9/7/2012
7 Summarize Other Available Data	8/20/2012	9/28/2012
8 Collect & Summarize Carrier Survey Results	9/10/2012	9/28/2012
9 Analyze Data and Draft Recommendations	9/10/2012	10/12/2012
10 Preparation for September Public Hearing	9/10/2012	9/28/2012
11 Participate in September Public Hearing	9/28/2012	9/28/2012
12 Analyze and Summarize Information from the Hearing	10/1/2012	10/12/2012
13 Develop Final recommendations and Write Final Report	10/1/2012	10/31/2012

<b>2013 Public Hearing &amp; Annual Report Workplan</b>		
<b>Task</b>	<b>Start Date</b>	<b>End Date</b>
1 Kickoff Meeting	March 2013	March 2013
2 Finalize Workplan	March 2013	March 2013
3 Develop Carrier Data Survey	March 2013	March 2013
4 Distribute Carrier Survey	April 2013	April 2013
5 Respond to Carrier Questions	April 2013	May 2013
6 Review Other Available Data	May 2013	June 2013
7 Collect & Summarize Carrier Survey Results	July 2013	August 2013
8 Summarize Other Available Data	July 2013	August 2013
9 Analyze Data and Draft Recommendations	August 2013	September 2013
10 Preparation for September Public Hearing	September 2013	September 2013
11 Participate in September Public Hearing	September 2013	September 2013
12 Analyze and Summarize Information from the Hearing	October 2013	October 2013
13 Develop Final recommendations and Write Final Report	October 2013	October 2013



<b>2014 Public Hearing &amp; Annual Report Workplan</b>		
<b>Task</b>	<b>Start Date</b>	<b>End Date</b>
1 Kickoff Meeting	March 2014	March 2014
2 Finalize Workplan	March 2014	March 2014
3 Develop Carrier Data Survey	March 2014	March 2014
4 Distribute Carrier Survey	April 2014	April 2014
5 Respond to Carrier Questions	April 2014	May 2014
6 Review Other Available Data	May 2014	June 2014
7 Collect & Summarize Carrier Survey Results	July 2014	August 2014
8 Summarize Other Available Data	July 2014	August 2014
9 Analyze Data and Draft Recommendations	August 2014	September 2014
10 Preparation for September Public Hearing	September 2014	September 2014
11 Participate in September Public Hearing	September 2014	September 2014
12 Analyze and Summarize Information from the Hearing	October 2014	October 2014
13 Develop Final recommendations and Write Final Report	October 2014	October 2014

## 7. Budget

We have estimated the time it will take to complete this project. The total estimated labor cost for this effort and the not-to-exceed limit for all three years combined is \$341,000. A summary of the breakout of costs by project year and fiscal year is shown below. A summary of hourly rates is also shown in the table below. Hours are billed only for time worked, and to the extent hours worked are lower, the costs will be proportionately lower.

	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>2012 Public Hearing and Annual Report</b>	\$84,000	\$0	\$0	<b>\$84,000</b>
<b>2013 Public Hearing and Annual Report</b>	\$29,000	\$107,000	\$0	<b>\$136,000</b>
<b>2014 Public Hearing and Annual Report</b>	\$0	\$26,000	\$95,000	<b>\$121,000</b>
<b>Total</b>	<b>\$113,000</b>	<b>\$133,000</b>	<b>\$95,000</b>	<b>\$341,000</b>

### Expected Number of Hours

<b>Consultant</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total</b>
<b>Bela Gorman</b>	120	140	90	<b>350</b>
<b>Jennifer Smagula</b>	120	135	100	<b>355</b>
<b>Jon Camire</b>	87	98	50	<b>235</b>
<b>Don Gorman</b>	105	140	140	<b>385</b>
<b>Total</b>	<b>432</b>	<b>513</b>	<b>380</b>	<b>1,325</b>



<b>Consultant</b>	<b>Hourly Rate</b>
Bela Gorman	\$350
Jennifer Smagula	\$240
Jon Camire	\$240
Don Gorman	\$200

## 8. Closing

Due to our industry experience and our knowledge of the New Hampshire markets, we believe Gorman Actuarial is ideally positioned to assist the NHID in understanding premium cost drivers. We believe our relevant experience with the work we have done and are currently doing with the Massachusetts Attorney General's office will provide the infrastructure New Hampshire needs to bring this work to the next level over the coming years.

## 9. Resumes

Resumes are provided for the following team members:

- **Bela Gorman, FSA, MAAA**
- **Jennifer Smagula, FSA, MAAA**
- **Jon Camire, FSA, MAAA**
- **Don Gorman**

# Bela Gorman FSA, MAAA

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## Experience

2005 - Present                      Gorman Actuarial, LLC  
Marlborough, MA

### Actuarial Consultant

- Provide actuarial consulting services specializing in health care analysis, pricing, risk assessment and modeling
- Responsible for marketing and sales of services
- Performed health reform modeling analyses for the nongroup and small group markets for Massachusetts, Maine, New York, and Wisconsin
- Assisted Massachusetts Attorney General's Office in provider reimbursement analysis
- Performed small group and individual rate filing reviews for Massachusetts Division of Insurance
- Assisted the Dirigo Health Agency in writing potential legislation for the nongroup market; Also assisted in RFP development and evaluation for Insurance Carrier Selection
- Presented Reform Options to Maine's Joint Standing Committee on Insurance and Financial Services
- Performed claims projections for subsidized programs including Massachusetts' Commonwealth Care, New York's Family Health Plus, and Maine's DirigoChoice
- Reviewed rate filings for Massachusetts Commonwealth Connector
- Designed and Conducted Long Term Care Insurance Survey for the Massachusetts Division of Insurance
- Performed plan design analyses for various clients
- Performed Underwriting function for small HMO
- Developed budget model for Medicare Advantage population for HMO

1999-2004                      Harvard Pilgrim Health Care                      Wellesley, MA

### Director, Actuarial Services

- Responsible for product pricing and revenue forecasting for all Harvard Pilgrim products (HMO, POS, PPO, & Medicare) – approx \$1.5B in revenue
- Created and led the Pricing Strategy Team, which is a cross corporate team of Sales & Actuarial/Underwriting Senior Management
- Responsible for Underwriting pricing models and rating formulae
- Built an Actuarial department that eliminated the outsourcing of Actuarial services
- Performed day to day duties managing the Actuarial Pricing Department
- Key contributor to Corporate Product Development Team and Trend

Team

- Responsible for MA, NH, and ME rate filings for all products
- Guided Actuarial Department during Harvard Pilgrim Receivership, including analyses and presentations to senior management, MA Division of Insurance, and potential investors

1996-1998 PricewaterhouseCoopers San Francisco, CA

**Actuarial Consultant**

- Developed Medicaid mental health rates for the state of Kentucky.
- Developed financial projections, capitation requirements, and cost-saving alternatives for several large eastern Massachusetts hospitals.
- Developed economic models for disease management programs for a large pharmaceutical company.

1995-1996 Harvard Pilgrim Health Care Quincy, MA

**Senior Actuarial Analyst**

- Developed HMO premium rates and Underwriting rating methodologies
- Analyzed hospital contracts and assessed impact on rates.

1993-1995 Blue Cross & Blue Shield of MA Boston, MA

**Senior Actuarial Analyst**

- Developed quarterly rates for all managed care products.
- Developed quarterly financial forecasts using financial models for all managed care products.
- Performed ad hoc analyses relating to benefit changes, contracting changes, and company financial status.

1991-1993 Blue Cross & Blue Shield of MA Boston, MA

**Underwriter**

- Developed group medical insurance rates for managed care and traditional health insurance products.

**Education**

Boston University, 881 Commonwealth Ave. Boston, MA 02215  
1987-1991 B.A., Mathematics & Economics, Cum Laude

Fellow of the Society of Actuaries

Member of the American Academy of Actuaries

**Additional Professional**

- American Academy of Actuaries, Uninsured Work Group, CY 08, CY 09
- Panelist for National Health Care Forum, March 2009
- Panelist for "Financing the U.S. Health System" Forum, Bipartisan Policy

## **Activities**

Center, Portland, Maine – September 2008

- President of Boston Actuaries Club – 2007
- Vice President of Boston Actuaries Club – 2006
- Author – “Update on Massachusetts Health Care Financing Reform”, Health Watch January 2008, Actuarial Publication
- Presenter at SOA Pharmacy Seminar - “Managing Pharmacy Trends” July 2006
- Co-Author and Presenter of actuarial study and summary paper - “Managing Pharmacy Trends” at May 2004 Pharmacy Symposium sponsored by the Society of Actuaries

# Jennifer Smagula

23 Buckboard Drive  
Westford, MA 01886  
(617) 529-7335

Jennifer.Smagula@gmail.com

## **EXPERIENCE: Actuarial Consultant, Westford, MA (Jul 2010 - Present)**

Independent consulting actuary with the following experience:

- Analyzing claims, premium and rating factors for state insurance agencies including estimating impact of ACA.
- Financial modeling for health insurance carrier including projecting MLR and potential rebates for various lines of business.
- Provider payment reform analysis for state agency.
- Active member of the American Academy of Actuaries Rate Review Practice Note team.

## **Blue Cross Blue Shield of Massachusetts, Boston, MA (Jan 2006 – Jun 2010)**

Actuary in the Actuarial, Underwriting & Analytic Services Department. Responsible for pharmacy pricing and senior products. Experience included:

- Quarterly review of pharmacy rating trends for both Commercial and Medicare products.
- Led financial analysis of pharmacy benefit manager RFP process.
- Developed pricing and led financial strategy for senior products including Medicare Supplement and Medicare Advantage products.

## **Harvard Pilgrim Health Care, Wellesley, MA (Mar 2003 – Dec 2005)**

Manager in the Actuarial Pricing Department. Responsible for Commercial and Medicare pricing and rating strategy. Experience included:

- Analyzed cost and utilization trends for medical and pharmacy products, including analyses by market segment.
- Responsible for New Hampshire & Maine Commercial Rate Filings and responsible for Medicare Advantage Rate Filings. Analyzed pricing impact of benefit changes and cost analysis of Medicare Part D benefit.
- Forecasted premium revenue for annual corporate budget.

## **PricewaterhouseCoopers LLP, Boston, MA (Jul 1999 – Mar 2003)**

Actuarial Consultant in the Health and Welfare Group. Analyzed health plans while working closely with clients and senior staff on client projects. Experience included:

- Calculation of unpaid claim liability for various insurers and self-insured employers.
- Determination of post-retirement health and life insurance benefit liability for several clients.

## **PROFESSIONAL CREDENTIALS:**

- Obtained Fellow of Society of Actuaries designation in August 2007.
- Member of the American Academy of Actuaries since August 2004.

## **EDUCATION: Tufts University**

Bachelor of Science in Mathematics with a Minor in Economics  
Graduated *Cum Laude*; Dean's List  
Course work included Statistics, Econometrics and Finance.

Experienced user of Microsoft Access, Excel, Word, and PowerPoint and some experience with SAS.

# JONATHAN H. CAMIRE, FSA, MAAA

173 Ridge Rd.  
Portland, ME 04103

[jon.camire@gmail.com](mailto:jon.camire@gmail.com)

Business: (508) 665-6456  
Cell: (508) 725-9726

## EXPERIENCE

### ***Independent Consulting Actuary***

June 2011 - Present

- Assisting a health plan in creation of a Primary Care Medical Home through development of a risk-adjusted primary care capitation model
- Supporting a large regional physician organization with negotiation and analysis of risk-sharing contracts with insurers
- Prepared a comprehensive state health insurance market analysis to support legislative and regulatory decision-making for Health Insurance Exchange planning and other PPACA-driven market dynamics
- Developed an initial pricing strategy for a currently Medicaid-focused managed care plan's expansion into the Commercial market based on a thorough competitive analysis

### **Unum, Portland, ME**

*Asst. Vice President & Actuary – Risk Analysis & Planning*

2007 – 2011

- Led a team of 16 actuaries and analysts in analysis, forecasting and communication of financial and operational performance drivers of the entire product portfolio including Group and Individual Disability, Long Term Care, Group Life and AD&D, and Voluntary products representing \$6 billion in revenue
- Developed executive analysis of monthly and quarterly results (sales, revenue, benefits, operating expenses, earnings) as well as Board and external presentations
- Collaborated extensively with underwriting and field sales in driving an accelerated "path to profitability" including multi-year renewal strategy and monitoring tools for a long-term marketing arrangement with many years of consecutive losses
- Enhanced internal risk management protocols relating to reinsurable group life insurance exposures; assisted in the development of a multi-layer global catastrophic cover with more than a dozen reinsurers in the US and abroad
- Provided financial support and cost-benefit analysis for key business improvement projects (lean six sigma) across the organization including legal, claims, underwriting, sales and customer service

### **Blue Cross Blue Shield of Massachusetts, Boston, MA**

*Director & Actuary*

2002 – 2006

- Provided primary financial and analytic leadership to the initial development, launch and progressive content enhancement of an account (employer) informatics platform linking financial, clinical, quality and care management / wellness programming metrics to deliver customized findings and recommendations to diverse clients; collaborated on over 100 account reviews representing nearly 1 million members
- Directed strategic allocation of \$1 billion in annual administrative expenses and operating margin targets across all insured and ASC business segments including Commercial, Individual and Senior Medical as well as Dental and Stop Loss; analyzed key drivers of operating margin and sources of variance to target earnings
- Led development of revenue forecasts and variance analyses for all product lines representing over \$10 billion in annual premium and equivalents
- Managed financial activities including pricing / rate filing, reserving, forecasting, and medical expense analysis for a \$350 million Medicare Advantage HMO during a period of major Medicare reform, achieving profitability after several years of losses
- Provided financial stewardship and relative pricing for all commercial product development activities including tiered network, high-performing network, non-gatekeeper and multiple consumer-driven HMO and PPO plan designs

### **Blue Cross Blue Shield of Massachusetts (continued)**

- Directed all actuarial functions for Medical Stop Loss for both self-insured accounts and risk-sharing providers; co-managed the creation of a highly successful Stop Loss training program for the underwriting and sales departments
- Chaired workgroup of actuaries and underwriters at the six New England Blues plans supporting a 700,000 member regional managed care product portfolio

### **ThinkBox Solutions, Newton, MA**

*Consulting Systems Engineer*

2000 – 2002

- Migrated core business systems of a retail start-up from Access to SQL Server
- Developed an automated staff-scheduling application for retail stores based on historical customer and sales volume
- Authored functional specs and documentation for sales-force automation and customer notification systems and developed the administrative interfaces
- Served as the primary administrator and developer on ten SQL Server databases
- Managed data testing for integration of vendor and proprietary point-of-sale systems
- Implemented an intranet-based help desk support system

### **PricewaterhouseCoopers LLP, Boston, MA**

*Actuarial Consultant*

1997 – 1999

- Valued claim and expense liabilities for several major health insurers, managed care organizations, reinsurers, self-insured employers and Taft-Hartley union trusts
- Managed data quality and data extrapolation processes related to the group equity-share calculation for the demutualization of a major multi-line insurance company
- Estimated post-retirement benefit obligations for employers under FAS 106
- Performed due diligence on actuarial liabilities for two major insurance company acquisitions
- Evaluated potential financial impact of proposed healthcare reform legislation
- Assisted several health care providers in negotiating risk-sharing contracts
- Advised employers on design and modification of their employee benefit plans

### **CIGNA, Bloomfield, CT**

*Senior Actuarial Analyst*

1996 – 1997

- Streamlined statutory cash flow testing models through creation and enhancement of mainframe and spreadsheet models
- Prepared asset and liability durational analyses for use in investment strategy
- Produced GAAP and statutory financial reporting for group disability products

### **PROFESSIONAL CREDENTIALS**

- Fellow, Society of Actuaries (FSA)
- Member, American Academy of Actuaries (MAAA)
- Committee Member, AAA Uninsured Workgroup, 2004 - 2006
- Microsoft Certified Professional (MCP) - SQL Server Database Design
- Certificate in Business Applications Development, Chubb Institute

### **EDUCATION**

**University of Massachusetts, Amherst, MA**

**B.S. Mathematics, May 1996**

- Earned Certificate in Actuarial Science
- Received Clifford B. Scott Award for Academic Excellence (GPA: 3.8)

### **PUBLISHED WORK**

“Turning Debate Into Action: Universal Healthcare in Massachusetts” by Jon Camire and Dianna Welch, *Contingencies*, Sept/Oct 2006

# Donald F. Gorman

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## Accomplishments

- Project Manager for many actuarial and technical projects
- Lead data analyst for several health insurance market reform studies
- Fifteen years of Systems Engineering experience
- Chief Systems Architect at Motorola's Acadia Application Integration Center
- For five years, managed the Acadia Systems Engineering Group, which performed analysis, support and design of ISV applications for Motorola Digital Settop Boxes and network
- Project Manager for the CS-1000, the Motorola Carousel Server
- Awarded Raytheon Micciolli Scholarship 1995

## Professional Experience

**Consultant** – Gorman Actuarial, LLC Marlborough, MA • March, 2006 – Present

- Project Manager and data analyst for the study of the Massachusetts Small Group and Non-Group Merger, which was delivered December 2006.
- Project Manager for New York State Small Group and Individual Market Merger Study.
- Perform statistical analysis to determine health insurance premiums.
- Provided actuarial analysis for the study of Reform Options for the State of Maine Individual Health Insurance Market. Created a reinsurance model for the Maine Individual and Small Group Markets, which modeled the impact of various reinsurance programs on the insured market. Presented results to the Maine Legislature in May 2007.
- Collected, summarized and analyzed small group market data from approximately 12 carriers for the State of Wisconsin.
- Project manager for Long Term Care Insurance Survey project for the Massachusetts Division of Insurance. Developed written and oral survey instruments and summarized survey results from 30 states.

**Chief Systems Architect** – Motorola Acadia AIC, Lexington, MA • January, 2001 – March, 2006

- Lead and managed all Systems Engineering activities at Acadia AIC, which is a 50+ person Motorola laboratory.
- Worked with Independent Software Vendors (ISVs) and assisted in the design and architecture of system and software solutions for digital cable television applications. Provided expert guidance on product architecture.
- As the technical liaison for the Marketing department I worked with prospective partners to evaluate product offerings.
- Project Manager for the Acadia developed CS-1000, which is an industry leading, client/server virtual file system solution.

**Systems Engineer** – Motorola Acadia AIC, Lexington, MA • February, 2000 – January, 2001

- Worked with Independent Software Vendors (ISVs) and assisted in the design and architecture of system and software solutions for digital cable television applications.

**Senior Engineer** – Theater High Altitude Area Defense (THAAD) – Raytheon Co., Sunnyvale CA • 1997 – 2000

210 Robert Rd  
Marlborough, MA 01752  
508-229-3525  
Don@GormanActuarial.com

- Performed radar analysis for the THAAD program.
- Identified and solved integration issues regarding radar performance at the System Integration Lab (SIL) including interaction with BMC3 and Missile segments.
- Developed graphical analysis tools using Matlab to automate data analysis.
- Responsible for testing and modifying software used for SIL scenario generation.
- Prepared briefings and presented results of radar and weapon system performance to THAAD segments and customer.

**Lead Engineer – Medium Extended Air Defense System (MEADS) Raytheon Co., Bedford, MA**  
• 1996 – 1997

- Lead engineer for the MEADS Radar IPT simulation team. Task lead of international team composed of Raytheon and Siemens engineers. Responsible for manpower forecasts, task scheduling, hardware and software specifications.
- Developed simulation requirements for MEADS Radar IPT including a real-time, DIS compliant radar model and a high fidelity simulation used for radar design studies.

**Engineer – Ship Self Defense System (SSDS) Raytheon Co., San Diego, CA** • 1995 – 1996

- Analyzed radar data generated by SPS-49, SPS-67 track and acquisition radar for ship based defense system.
- Developed test plans to verify radar requirements and created data analysis programs to analyze system performance.

**Member of Technical Staff – Raytheon Co., Tewksbury, MA** • 1991 – 1994

- Member of Technical Staff
- Performed engineering and statistical analysis of air defense systems including PATRIOT and Hawk to determine system effectiveness. Designed and tested data fusion algorithms to incorporate data from multiple sensors. Developed and analyzed algorithms for ballistic missile launch point determination.
- Developed a simulation to analyze phased array radar performance.
- Supported engineering analysis and software evaluation for PATRIOT system at White Sands Missile Range (WSMR).

## Computer and Software Skills

Software: C/C++, FORTRAN, Java, HTML, XML, SQL

Operating Systems: UNIX, Linux, VAX VMS, MAC, Windows NT, XP

Applications: Matlab, MathCad, Mathematica, Word, Excel, PowerPoint, Project, Access, SAS

## Education

Duke University, Box 90754 Durham, NC 27708-0754

1994-1995 Master of Science in Electrical Engineering in 1995

Boston University, 881 Commonwealth Ave. Boston, MA 02215

1987-1991 Bachelor of Science in Electrical Engineering in 1991

# Agreement with Gorman Actuarial, LLC 2012-RRG-11 Public Hearings and Analysis

## Exhibit B

### Contract Price, Price Limitations and Payment

Gorman Actuarial (GA) has estimated the total cost for this effort and the not-to-exceed limit for all three years combined is \$341,000. Hours are billed only for time worked, and to the extent hours worked are lower, the costs will be proportionately lower. GA will submit an invoice to the New Hampshire Insurance Department on the first business day of each month. The invoice will contain the total number of hours and corresponding labor charges for each member of GA and their subcontractors for the preceding calendar month. This invoice will be submitted electronically. GA prefers to be paid via Electronic Funds Transfer, and will provide whatever banking information is required by the State of New Hampshire.

It is anticipated that the contract will run from August 8th, 2012 through September 30<sup>th</sup> 2014, and as such will span three fiscal years.

#### Project and Budget Breakdown by Service Category

GA has broken out the cost by project year and state fiscal year for this project, as shown in Table 1.

Table 1 – Budget by Project Year and State Fiscal Year

	SFY2013	SFY 2014	SFY 2015	Total
2012 Public Hearing and Annual Report	\$84,000	\$0	\$0	\$84,000
2013 Public Hearing and Annual Report	\$29,000	\$107,000	\$0	\$136,000
2014 Public Hearing and Annual Report	\$0	\$26,000	\$95,000	\$121,000
<b>Total</b>	<b>\$113,000</b>	<b>\$133,000</b>	<b>\$95,000</b>	<b>\$341,000</b>

A summary of hourly rates and expected contribution to the project, by consultant, is in Table 2.

Table 2 – Summary of Hourly Rates and Expected Contribution by Hours

Consultant	Hourly Rates	FY 2013	FY 2014	FY 2015	Total
Bela Gorman	\$350	120	140	90	350
Jennifer Smagula	\$240	120	135	100	355
Jon Camire	\$240	87	98	50	235
Don Gorman	\$200	105	140	140	385
<b>Total</b>		<b>432</b>	<b>513</b>	<b>380</b>	<b>1,325</b>

**Agreement with Gorman Actuarial  
2012-RRG-11 Public Hearings and Analysis**

**Exhibit C**

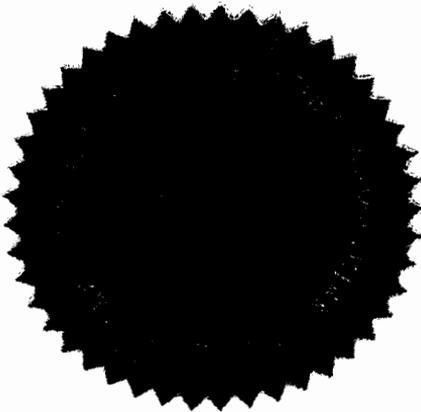
**Special Provisions – Modifications, Additions, and/or Deletions to  
Form P-37**

Gorman Actuarial offers consulting services by self-employed persons working out of their home, and are therefore exempt from the definition of an employer (RSA 281-A) and the workers compensation requirement indicated under item number 15 of the P-37.

State of New Hampshire  
Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that Gorman Actuarial, LLC, a(n) Massachusetts limited liability company registered to do business in New Hampshire on February 7, 2011. I further certify that it is in good standing as far as this office is concerned, having filed the annual report(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto  
set my hand and cause to be affixed  
the Seal of the State of New Hampshire,  
this 5<sup>th</sup> day of April, A.D. 2012

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner  
Secretary of State

JUL 20 2012

**CERTIFICATE OF AUTHORITY/VOTE**  
(Limited Liability Company)

I, Bela Gorman, hereby certify that:  
(Name of Sole Member/Manager of Limited Liability Company, Contract Signatory - Print Name)

1. I am the Sole Member/Manager of the Company of Gorman Actuarial, LLC.  
(Name of Limited Liability Company)

2. I hereby further certify and acknowledge that the State of New Hampshire will rely on this certification as evidence that I have full authority to bind Gorman Actuarial, LLC  
(Name of Limited Liability Company)

and that no corporate resolution, shareholder vote, or other document or action is necessary to grant me such authority.

Bela Gorman  
(Contract Signatory - Signature)

July 19, 2012.  
(Date)

STATE OF MA

COUNTY OF MIDDLESEX

On this the 19<sup>th</sup> day of July 2012, before me CHRISTOPHER P. O'KEEFE,  
(Day) (Month) (Yr) (Name of Notary Public / Justice of the Peace)

the undersigned officer, personally appeared Bela P Gorman, known to me (or  
(Contract Signatory - Print Name)

satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained. In witness whereof, I hereunto set my hand and official seal.

(NOTARY SEAL)

Christopher P. O'Keefe  
(Notary Public / Justice of the Peace - Signature)

Commission Expires: \_\_\_\_\_

CHRISTOPHER P O'KEEFE  
Notary Public, Massachusetts  
My Commission Expires April 8 2016  
197M BOSTON POST ROAD WEST  
MAPLEBOROUGH, MA 01752



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

3/22/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER <b>BERLINER-GELFAND &amp; CO INC</b> Bijou Square 277 Fairfield Ave - 3rd Fl Bridgeport CT 06604	CONTACT NAME: <b>James Berliner</b>
	PHONE (A/C No. Ext): <b>(203) 367-7704</b> FAX (A/C No.): <b>(203) 333-0710</b>
	E-MAIL ADDRESS: <b>Jim@BerlinerInsurance.com</b>
	INSURER(S) AFFORDING COVERAGE
	INSURER A: <b>Sentinel Insurance Co</b> NAIC # <b>11000</b>
	INSURER B: <b>Aspen Specialty Ins. Co.</b>
	INSURER C:
	INSURER D:
	INSURER E:
	INSURER F:

INSURED  
**GORMAN ACTUARIAL, LLC**  
210 ROBERT RD  
MARLBOROUGH MA 01752

COVERAGES CERTIFICATE NUMBER: 2012-13 Certs REVISION NUMBER:  
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR		319BAZN8964	1/20/2012	1/20/2013	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMPOP AGG \$ 4,000,000 \$
	GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC					
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB EXCESS LIAB DED RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/> N/A				WC STATUTORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
B	Professional Liability		LB7114711	10/16/2011	10/16/2012	1,000,000/2,000,000 \$5000ded

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
Proof of Insurance

CERTIFICATE HOLDER  <b>New Hampshire Insurance Department</b> <b>Tyler Brannen</b> <b>NH</b>	CANCELLATION  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE  <b>James Berliner/SC</b>

## STANDARD EXHIBIT I

The Contractor identified as “Gorman Actuarial, LLC” in Section A of the General Provisions of the Agreement agrees to comply with the Health Insurance Portability and Accountability Act, Public Law 104-191 and with the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160 and 164 and those parts of the HITECH Act applicable to business associates. As defined herein, “Business Associate” shall mean the Contractor and subcontractors and agents of the Contractor that receive, use or have access to protected health information under this Agreement and “Covered Entity” shall mean the New Hampshire Insurance Department.

### BUSINESS ASSOCIATE AGREEMENT

(1) Definitions.

- a. “Breach” shall have the same meaning as the term “Breach” in Title XXX, Subtitle D. Sec. 13400.
- b. “Business Associate” has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- c. “Covered Entity” has the meaning given such term in section 160.103 of Title 45, Code of Federal Regulations.
- d. “Designated Record Set” shall have the same meaning as the term “designated record set” in 45 CFR Section 164.501.
- e. “Data Aggregation” shall have the same meaning as the term “data aggregation” in 45 CFR Section 164.501.
- f. “Health Care Operations” shall have the same meaning as the term “health care operations” in 45 CFR Section 164.501.
- g. “HITECH Act” means the Health Information Technology for Economic and Clinical Health Act, Title XIII, Subtitle D. Part 1 & 2 of the American Recovery and Reinvestment Act of 2009.
- h. “HIPAA” means the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 and the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160, 162 and 164.
- i. “Individual” shall have the same meaning as the term “individual” in 45 CFR Section 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.501(g).
- j. “Privacy Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.
- k. “Protected Health Information” shall have the same meaning as the term “protected health information” in 45 CFR Section 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- l. “Required by Law” shall have the same meaning as the term “required by law” in 45 CFR Section 164.501.

- m. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his/her designee.
- n. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C, and amendments thereto.
- o. "Unsecured Protected Health Information" means protected health information that is not secured by a technology standard that renders protected health information unusable, unreadable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.
- p. Other Definitions - All terms not otherwise defined herein shall have the meaning established under 45 C.F.R. Parts 160, 162 and 164, as amended from time to time, and the HITECH Act.

**(2) Use and Disclosure of Protected Health Information.**

- a. Business Associate shall not use, disclose, maintain or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit A of the Agreement. Further, the Business Associate shall not, and shall ensure that its directors, officers, employees and agents, do not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.
- b. Business Associate may use or disclose PHI:
  - I. For the proper management and administration of the Business Associate;
  - II. As required by law, pursuant to the terms set forth in paragraph d. below; or
  - III. For data aggregation purposes for the health care operations of Covered Entity.
- c. To the extent Business Associate is permitted under the Agreement to disclose PHI to a third party, Business Associate must obtain, prior to making any such disclosure, (i) reasonable assurances from the third party that such PHI will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party; and (ii) an agreement from such third party to notify Business Associate, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402 of any breaches of the confidentiality of the PHI, to the extent it has obtained knowledge of such breach.
- d. The Business Associate shall not, unless such disclosure is reasonably necessary to provide services under Exhibit A of the Agreement, disclose any PHI in response to a request for disclosure on the basis that it is required by law, without first notifying Covered Entity so that Covered Entity has an opportunity to object to the disclosure and to seek appropriate relief. If Covered Entity objects to such disclosure, the Business Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies.
- e. If the Covered Entity notifies the Business Associate that Covered Entity has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Business Associate shall be bound by such additional restrictions and shall not disclose PHI in violation of such additional restrictions and shall abide by any additional security safeguards.

**(3) Obligations and Activities of Business Associate.**

- a. Business Associate shall report to the designated Privacy Officer of Covered Entity, in writing, any use or disclosure of PHI in violation of the Agreement, including any security incident involving Covered Entity data, in accordance with the HITECH Act, Subtitle D, Part 1, Sec. 13402.
- b. The Business Associate shall comply with all sections of the Privacy and Security Rule as set forth in, the HITECH Act, Subtitle D, Part 1, Sec. 13401 and Sec.13404.
- c. Business Associate shall make available all of its internal policies and procedures, books and records relating to the use and disclosure of PHI received from, or created or received by the Business Associate on behalf of Covered Entity to the Secretary for purposes of determining Covered Entity's compliance with HIPAA and the Privacy and Security Rule.
- d. Business Associate shall require all of its business associates that receive, use or have access to PHI under the Agreement, to agree in writing to adhere to the same restrictions and conditions on the use and disclosure of PHI contained herein, including the duty to return or destroy the PHI as provided under Section (3)b and (3)k herein. The Covered Entity shall be considered a direct third party beneficiary of the Contractor's business associate agreements with Contractor's intended business associates, who will be receiving PHI pursuant to this Agreement, with rights of enforcement and indemnification from such business associates who shall be governed by standard provision #13 of this Agreement for the purpose of use and disclosure of protected health information.
- e. Within five (5) business days of receipt of a written request from Covered Entity, Business Associate shall make available during normal business hours at its offices all records, books, agreements, policies and procedures relating to the use and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the Agreement.
- f. Within ten (10) business days of receiving a written request from Covered Entity, Business Associate shall provide access to PHI in a Designated Record Set to the Covered Entity, or as directed by Covered Entity, to an individual in order to meet the requirements under 45 CFR Section 164.524.
- g. Within ten (10) business days of receiving a written request from Covered Entity for an amendment of PHI or a record about an individual contained in a Designated Record Set, the Business Associate shall make such PHI available to Covered Entity for amendment and incorporate any such amendment to enable Covered Entity to fulfill its obligations under 45 CFR Section 164.526.
- h. Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
- i. Within ten (10) business days of receiving a written request from Covered Entity for a request for an accounting of disclosures of PHI, Business Associate shall make available to Covered Entity such information as Covered Entity may require to fulfill its obligations to provide an accounting of disclosures with respect to PHI in accordance with 45 CFR Section 164.528.

- j. In the event any individual requests access to, amendment of, or accounting of PHI directly from the Business Associate, the Business Associate shall within two (2) business days forward such request to Covered Entity. Covered Entity shall have the responsibility of responding to forwarded requests. However, if forwarding the individual's request to Covered Entity would cause Covered Entity or the Business Associate to violate HIPAA and the Privacy and Security Rule, the Business Associate shall instead respond to the individual's request as required by such law and notify Covered Entity of such response as soon as practicable.
- k. Within ten (10) business days of termination of the Agreement, for any reason, the Business Associate shall return or destroy, as specified by Covered Entity, all PHI received from, or created or received by the Business Associate in connection with the Agreement, and shall not retain any copies or back-up tapes of such PHI. If return or destruction is not feasible, or the disposition of the PHI has been otherwise agreed to in the Agreement, Business Associate shall continue to extend the protections of the Agreement, to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI. If Covered Entity, in its sole discretion, requires that the Business Associate destroy any or all PHI, the Business Associate shall certify to Covered Entity that the PHI has been destroyed.

**(4) Obligations of Covered Entity**

- a. Covered Entity shall notify Business Associate of any changes or limitation(s) in its Notice of Privacy Practices provided to individuals in accordance with 45 CFR Section 164.520, to the extent that such change or limitation may affect Business Associate's use or disclosure of PHI.
- b. Covered Entity shall promptly notify Business Associate of any changes in, or revocation of permission provided to Covered Entity by individuals whose PHI may be used or disclosed by Business Associate under this Agreement, pursuant to 45 CFR Section 164.506 or 45 CFR Section 164.508.
- c. Covered entity shall promptly notify Business Associate of any restrictions on the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

**(5) Termination for Cause**

In addition to standard provision #10 of this Agreement the Covered Entity may immediately terminate the Agreement upon Covered Entity's knowledge of a breach by Business Associate of the Business Associate Agreement set forth herein as Exhibit I. The Covered Entity may either immediately terminate the Agreement or provide an opportunity for Business Associate to cure the alleged breach within a timeframe specified by Covered Entity. If Covered Entity determines that neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

**(6) Miscellaneous**

- a. Definitions and Regulatory References. All terms used, but not otherwise defined herein, shall have the same meaning as those terms in the Privacy and Security Rule, and the HITECH Act as amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in the Privacy and Security Rule means the Section as in effect or as amended.
- b. Amendment. Covered Entity and Business Associate agree to take such action as is necessary to amend the Agreement, from time to time as is necessary for Covered Entity to comply with the

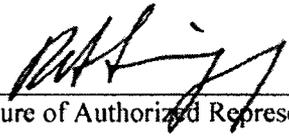
changes in the requirements of HIPAA, the Privacy and Security Rule, and applicable federal and state law.

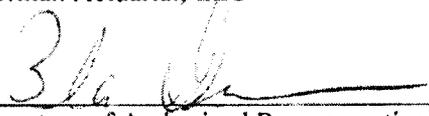
- c. Data Ownership. The Business Associate acknowledges that it has no ownership rights with respect to the PHI provided by or created on behalf of Covered Entity.
- d. Interpretation. The parties agree that any ambiguity in the Agreement shall be resolved to permit Covered Entity to comply with HIPAA, the Privacy and Security Rule and the HITECH Act.
- e. Segregation. If any term or condition of this Exhibit I or the application thereof to any person(s) or circumstance is held invalid, such invalidity shall not affect other terms or conditions which can be given effect without the invalid term or condition; to this end the terms and conditions of this Exhibit I are declared severable.
- f. Survival. Provisions in this Exhibit I regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Agreement in section 3 k, the defense and indemnification provisions of section 3 d and standard contract provision #13, shall survive the termination of the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Exhibit I.

NH Insurance Department

Gorman Actuarial, LLC

*for*   
\_\_\_\_\_  
Signature of Authorized Representative

  
\_\_\_\_\_  
Signature of Authorized Representative

Alexander K. Feldvebel  
Name of Authorized Representative

Bela Gorman  
Name of Authorized Representative

Deputy Commissioner  
Title of Authorized Representative

President  
Title of Authorized Representative

2-20-12  
Date

7/18/12  
Date