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**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

March 20, 2013

Her Excellency, Governor Margaret Wood Hassan
And The Honorable Council
State House
Concord, New Hampshire 03301

100% Federal Funds

REQUESTED ACTION

Authorize the New Hampshire Insurance Department to enter into a contract in the amount of \$139,610 with Gorman Actuarial, LLC, of Marlborough, Massachusetts (Vendor # 219508) to provide technical consulting services in connection with the Department's health premium rate review initiative. This contract is to be effective upon Governor & Council approval through December 31, 2013. 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>
046-500464	Consultants	\$84,987	\$54,623

EXPLANATION

The New Hampshire Insurance Department has received a federal grant to improve the health insurance premium rate review process and transparency related to health insurance premiums and medical care costs in New Hampshire. Under the grant, the Insurance Department will evaluate potential changes to New Hampshire's insurance laws to improve the transparency and effectiveness of the premium rate review process, in order to best serve the people of New Hampshire. The Department seeks to integrate the New Hampshire rate filing forms with the new federal filing forms for Qualified Health Plans to reduce any duplicative work for carriers; to assist the Department in revising the rules for rate filing; and to modify the existing database to incorporate changes to the rate filing exhibits and make them available for consumer facing websites.

After reviewing the bid responses, the Commissioner selected the Gorman Actuarial, LLC, proposal as the most responsive to the Request for Proposals.

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,



Roger A. Sevigny

RRG-13 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 February 26, 2013, 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 SKILL (40% or points)	CONTRACTOR EXPERIENCE & QUALIFICATIONS (20% or points)	PLAN OF WORK (20% or points)	BID PRICE- BUDGET AMOUNT	COST (20% or points)	TOTAL SCORE (100% or Points)	Score without \$\$\$	NOTES
RFP 2013-RRG-13 Federal Template								
Wakely Consulting Group	33.00%	17.00%	17.00%	\$397,000	2.52%	69.52%	67.00%	
ReportingMD	25.25%	12.25%	12.25%	\$233,700	4.28%	54.03%	49.75%	
Rath	0.50%	0.50%	0.00%	\$50,000	20.00%	21.00%	1.00%	Bid is only for a portion of the work required.
Gorman Actuarial, Inc.	33.75%	18.75%	18.25%	\$139,610	7.16%	77.91%	70.75%	
INS Regulator			Disqualified					Did not meet minimal bid requirements
Charles Doe			Disqualified					Did not meet minimal bid requirements

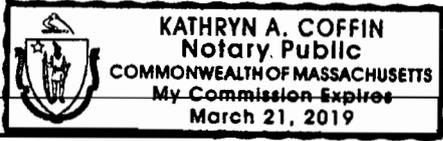
Subject: NHID-Gorman Contract

AGREEMENT

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

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name New Hampshire Department of Insurance		1.2 State Agency Address 21 S. Fruit Street, Suite 14, Concord, NH 03301	
1.3 Contractor Name Gorman Actuarial, LLC		1.4 Contractor Address 210 Robert Road, Marlborough, MA 01752	
1.5 Contractor Phone Number 508-229-3585	1.6 Account Number 02-24-24-24005978000	1.7 Completion Date December 31, 2013	1.8 Price Limitation \$139,610
1.9 Contracting Officer for State Agency Alex Feldvebel, Deputy Commissioner		1.10 State Agency Telephone Number 603-271-7973	
1.11 Contractor Signature <i>Bela Gorman</i>		1.12 Name and Title of Contractor Signatory Bela Gorman, President.	
1.13 Acknowledgement: State of <u>MA</u> , County of <u>Middlesex</u> On <u>Feb 27 2013</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 <i>Kathryn A Coffin</i> [Seal]			
1.13.2 Name and Title of Notary or Justice of the Peace Kathryn A Coffin			
1.14 State Agency Signature <i>[Signature]</i>		1.15 Name and Title of State Agency Signatory Roger Seigny, Commissioner	
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: <i>J. Christopher Marshall</i> On: <u>3/6/13</u>			
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.

Contractor Initials *BAJ*
Date *2/27/13*

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

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 2013-RRG-13 Federal Template

Exhibit A

Scope of Services

The consultant's primary responsibility will be to implement changes to the premium rate review process to integrate the New Hampshire rate filing forms with the new federal forms including the following activities:

1. Review the federal templates for rate review and existing NH rate filing templates and create new, or modify existing NH template to integrate with Federal template, eliminating redundancies between templates and preserving NH rate filing data requirements. Assist with the roll-out of revised rate manual and rate filing templates to the carriers.
2. Review initial filings for compliance with template requirements and to ensure templates are working as envisioned and make recommendations or adjustments as review indicates.
3. Create a new database or modify the existing rate filing database to integrate with the new template and ensure automated population. Develop monitoring reports and benchmarks from the database (e.g. market averages)
4. Develop the structure for an online log for rate filings, so carriers and consumers can check status. Develop improved methods of providing consumers with rating information
5. In collaboration with the NHID, develop an array of uses for the rate filing data, streamline requests to carriers for data, and create standard definitions across the Department.
6. Assist the NHID with the revising of the INS 4100 rules related to the rate filing exhibits and revise and update rate review manual and exhibits.
7. Explore revising the Supplemental Report data submission requirements to support the rate filing process and to ensure consistency of definitions and information requests
8. Work set out in the response to the RFP (attached).

**Integration of New Hampshire Rate Filing
Forms With Federal Forms**

**Prepared for the New Hampshire Insurance
Department**

RFP 2013-RRG-13

Gorman Actuarial, LLC

February 8, 2013



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1. Introduction

The New Hampshire Insurance Department (NHID) is currently undergoing a transformation of its rate review process and has already begun implementing changes based on recommendations developed under the NHID Premium Rate Review Grant Cycle I. The state of New Hampshire has received a Rate Review Grant Cycle II to assist the NHID in continuing these efforts. The NHID is seeking a contractor to assist with this continuation of work which includes incorporating the new federal forms into the rate filing process, assisting with the revision of promulgated rules, modifying the database to incorporate changes to the rate filing exhibits, developing reports and reviewing the database.

Gorman Actuarial is perfectly positioned to assist the NHID in this project given our experience with developing the rate filing recommendations under New Hampshire's Cycle I Premium Rate Review grant and assisting with the roll out of the filings under the Cycle II grant. In addition, our actuaries have extensive industry experience, including the New Hampshire market, and experience assisting regulatory bodies in other states with similar projects. We also have expertise in information technology and have developed databases for several clients. Below, please find Gorman Actuarial's (GA) response to NHID's RFP 2012-RRG-13. In addition, Gorman Actuarial will subcontract the services of Jennifer Smagula, FSA, MAAA for this project.

2. Scope of Work

Based on our work performed with the NHID under New Hampshire's Cycle I and Cycle II Premium Rate Review grants, Gorman Actuarial believes the scope of work can be separated into the following phases:

- 1) Project Kick-off Meeting
- 2) Obtain Carrier Feedback
- 3) Incorporate Federal Templates & Other Changes into Filing Process
- 4) Assist NHID with Rule Revision
- 5) Ongoing Rate Filing Compliance
- 6) Database Update to Incorporate Rate Filing Exhibit Changes
- 7) Develop Additional Monitoring Reports, Online Log, Consumer Rating Information
- 8) Assist with Streamlining Data Requests

2.1. Project Kick-Off Meeting

We propose having a kick-off meeting with the NHID at the start of the project. The goal of this meeting is for GA and the NHID to review the most recent version of the federal forms and to agree on the information that needs to be incorporated into the New Hampshire rate filing template and rate filing database. We will also discuss the scope of work and timeline for completing the tasks.

2.2. Obtain Carrier Feedback

The New Hampshire insurance carriers have now gone through one filing cycle with the new revised rate filing template. We believe carriers have learned from this filing process and may have ideas on improvements of the rate filing exhibits, and/or the rate filing process. Gorman Actuarial will conduct informal phone calls with the actuaries of each of the carriers to solicit their input. Once this input is gathered, GA will summarize the information and present the findings to NHID. GA will also provide recommendations on any changes to the template based on these findings. Depending on the nature of the findings, some of these may be possible to implement immediately into the current process while others may need to wait until NHCAR Part INS Chapter 4100 can be revised.

2.3. Incorporate Federal Template & Other Changes into Rate Filing Process

The U. S. Department of Health & Human Services (HHS) has proposed new Federal Filing Rate Review exhibits (“federal forms”) which were released in November 2012¹. These exhibits are intended to replace the current federal exhibits. In addition, while the prior federal exhibits were only required in cases where the rate increase was above the “subject to review” threshold, these new federal forms are required for all rate increases. Based on conversations with our contacts within HHS, GA understands that these new exhibits are still under revision. GA expects the new exhibits to be finalized and released by early March for carriers to complete for Qualified Health Plans (QHP) filings for 1Q 2014. GA will review the preliminary Federal Filings Exhibits currently available and begin designing ways to incorporate these exhibits into the New Hampshire rate filing template. Once the final federal forms are released, GA will finalize the changes to the New Hampshire rate filing template. In addition, GA will incorporate any approved changes based on carrier input from Section 2.2. GA will also revise the rate review user guide including any changes that may be necessary to the submission process in SERFF (System for Electronic Rate and Form Filing) as a result of the suggested changes.

Since the federal forms were not strictly designed for the purpose of reviewing how rates were developed, we believe that incorporating the forms into the New Hampshire rate filing template in a cohesive manner will take some time and considerable thought. As noted in the American Academy of Actuaries’ comment letter to HHS there are many outstanding questions. Below is an excerpt from this letter², dated December 21, 2012.

“The new Rate Filing Justification appears to have a different purpose, mainly tracking experience data and index rates. It does not appear to include typical actuarial rate filing or increase information related

¹ <http://www.gpo.gov/fdsys/pkg/TR-2012-11-26/pdf/2012-28428.pdf>

² http://www.actuary.org/files/Acad_comments_on_market_reforms_rate_filing_122112.pdf

directly to the development of rates or rate table increases. We recognize this is a departure from the previous requirements. While we understand the need for the requirement for reporting the data, the new worksheets appear designed as an overall gauge of the relativities of emerging experience to those of competitors in a market. We would like clarification on how the information in Parts I and III will be used to determine whether a rate increase greater than the threshold is reasonable.

We have a number of questions on proposed revisions to Section 154:

- *What is the purpose of Part I? How is it to be used to determine if rates are unreasonable?*
- *Should Part I be an annual experience reporting form?*
- *What is the definition of “index rate”? Is it claim costs only for EHB excluding administrative charges, or is it premium level for EHB including adjustments, in aggregate for reinsurance and risk adjustment and administrative charges? We recommend it be the premium level as we understand the index rate is intended to track premiums and not claims.*
- *If a filing is done for a quarter’s worth of renewals in the small group market, for example, is the index rate based on the entire projected population or just the portion of the membership that is renewing during the filed quarter? We recommend it be the entire population.*
- *We have questions related to Worksheet 2 of Part I. After the release of the paperwork reduction act (PRA), there was discussion about filling out Part I—Worksheet 2 of the Standardized Data Template for 2014 effective dates. It was indicated that experience from 2012 would not need to be broken out by EHB, state mandate, and other benefits (other than EHB). Can this be clarified in the instructions?*
- *Experience in 2013 for pre-ACA products and plans to be used for the 2015 product filing and the experience in 2014 for pre-ACA products to be used for the 2016 product filing also will not necessarily have the full EHB benefits included. This is because experience would be on products that existed before the Jan. 1, 2014 ACA requirements and even in 2014, the ACA requirements come into play on renewal throughout the year. We recommend flexibility on filling out Worksheet 2 of Part I so that the experience of pre-ACA products and plans not be required to be broken out into the three different categories—EHB, state mandates, and other.*
- *The detail requested in the Standardized Data Template on allowed and paid per member per months (PMPMs) by service category may be very difficult to develop for some carriers, such as Health Maintenance Organization (HMOs), that may normally develop rates based on total revenue needs, reflecting a top-down approach to rating rather than one that builds up from the bottom. It must be recognized that allocation algorithms will be used by most insurers in populating the forms and developing pricing assumptions, even after 2015.”*

As shown, there are many questions related to the federal form that have not yet been addressed. It is unclear if these questions will be answered. There are at least two approaches for incorporating the federal forms into the NH rate filing template. One is to simply request the federal forms in addition to the existing template. With this approach it will be difficult to make connections between information supplied in the federal form and the information supplied in state rate filing forms. It may also create additional burden on both the carriers and to the NHID to try to make connections between the two forms each time they are submitted. This approach requires a minimal amount of time and resources. The second approach requires GA and the NHID (and perhaps the carriers) to think about how the federal forms are linked to final rates and rate development. Once we finalize a crosswalk between these two forms, we can incorporate the federal forms in a thoughtful manner. While the second approach will take more time, we recommend this approach as it will streamline the rate filing creation and review process for all parties. Our project plan reflects this second approach.

Similar to the process used last year, we recommend that the revisions be presented to the carriers and a public hearing be held to solicit carrier feedback. GA is available to assist in this hearing and work with the NHID to incorporate feedback into the revised NH rate filing template.

Once the template is completed and the necessary rule revisions are carried out, GA will assist with the roll out of the new rate filing template with the filing forms and updated user guide. As we discuss below in Section 2.5, GA will review rate filings in conjunction with the NHID. It is GA's hope that the new filing exhibits will be rolled out for filings submissions this year. However, if the new filing exhibits require rule revisions, the new exhibits may not be rolled out until the 2Q 2014 rate filings which is beyond the contract end date of December 31, 2013. GA will not be able to expedite this process, since it is the NHID that will primarily be responsible for rule revisions.

2.4. Assist NHID with Rule Revision

As a result of the recommendations developed in part of Section 2.3, NHCAR Part INS Chapter 4100 may need to be revised. Our proposal assumes that NHID will take the lead on revising Chapter 4100 with GA available for consultation and review.

2.5. Ongoing Rate Filing Compliance

The small group carriers have just completed the first rate cycle with the new forms and it has been a learning process for all involved. This is to be expected and we feel that through this shared learning process, the NHID, GA and the carriers can work together to improve the process while thinking ahead to the QHP submissions when the new federal forms will be required. In this process, Gorman Actuarial has been providing assistance and support to NHID to ensure that the carriers are completing the rate filings accurately and in their entirety. In addition GA has been available to assist carriers in completing the exhibits. In order for GA to provide this type of assistance, GA needs to thoroughly review each rate filing to gain an understanding of how the assumptions were reported and how rates were developed. Rate filing compliance means that a carrier completes the worksheets properly and completely, that the information makes sense between the various worksheets and the supporting documentation and that information provided supports and is reasonable in light of the overall rate increase. This in essence is the process of reviewing a rate filing which must be completed by an actuary who understands premium rate development processes.

In order to ensure compliance, GA recommends providing assistance to the NHID with rate review for rates submitted in the remainder of 2013 which would likely include rates effective in the third quarter of 2013, the fourth quarter of 2013, qualified health plan filings for the first quarter of 2014, and non-qualified health plans for the first quarter of



2014. If the new rating exhibits are rolled out in time, one of these filings may include the use of the new filing exhibits which incorporate the federal forms. GA continues to recommend that we conduct an initial review of selected filings in each of the quarters identified, simultaneous with the NHID's review. However, we will look to the NHID to provide us guidance on which filings to review. Our assistance will include a thorough review of the rate filing, a list of questions for the insurer, and any other support the insurer or the NHID would need. GA will be available to discuss their findings with the NHID and to suggest possible refinements to the exhibits or the process based on these findings. We believe this shared and cooperative review is most conducive to identifying potential issues with the rate filing submissions and will lead to the most thorough and complete rate filing process.

The first QHP filing will be interesting in particular to understand what assumptions carriers made for 2014 and how they developed rates using these assumptions. We believe the review will be more intense for this filing as the federal forms will also be completed. The NHID and GA will need to have an understanding of the crosswalk between the federal forms and the state filing form. In addition, it is unclear whether the insurers in New Hampshire will be filing the QHP and Non-QHP first quarter 2013 filings at the same time. If they do not, extra review will be required once the Non-QHP filings are submitted to ensure rates are developed using the single risk pool concept.

2.6. Database Update to Incorporate Rate Filing Exhibit Changes

As part of GA's work under 2012-RRG-09, GA delivered a database and a carrier rate filing processing system that is compatible with the current version of the New Hampshire rate filing template³. When this template is integrated with the federal forms the database will also have to be modified. Each new field added to the revised template can be incorporated into the database. It may be advantageous to add additional tables to the database to house some of the newly integrated data. The database and carrier rate filing processing system were designed so that changes to the template can be easily incorporated.

2.7. Develop Additional Monitoring Reports, Online Log & Consumer Rating Information

GA had recommended a set of initial reports to be developed based on the current NH rate filing exhibits. Once the recommendations are made on how to integrate the new federal forms with the NH rate filing exhibits, GA will recommend additional reports or revisions to the current set of reports to incorporate these changes. Some of the new reports may include information related to plan information by actuarial value metallic

³ The database is compatible with version V3 of the template, and is backward compatible with version V4 of the template.



tier, or information related to risk adjustment and reinsurance payment projections. GA will be available to present the suggested reports to the NHID team to solicit feedback before finalizing. Note that at the time that GA stopped work on report development, GA had completed 3 reports. For the purposes of developing the schedule and cost estimates in the scope of work, we assume that integrating the federal form data items into the reports will increase the required effort by 20%, and may require some additional reports⁴.

This is a list of proposed reports:

- Report A1: Top 5 Plans by Carrier, Market Segment and Plan Type – This report is similar to Report A2, but provided a listing of the top 5 carriers.
- Report A2: Totals by Carrier, Market Segment and Plan Type – This report has been implemented in the current version of the database and carrier rate filing processing system. It will be adjusted to incorporate and required changes due to the integration of the federal forms. The primary source of data is Exhibit A2 of the current carrier rate filing template.
- Report A3: History of Rate Changes by Carrier – This report provides *Average Annual Proposed Rate Change* and *Average Annual Approved Rate Change* for historical rate effective months and years. The primary source of data is Exhibit A3 of the current carrier rate filing template.
- Report A4: Distribution of Rate Changes – This report provides the distribution of annual rate changes, and provides the NHID with a complete view of the rate change impact to members, subscribers and groups across all carriers for each rate filing cycle. The primary source of data is Exhibit A4 of the current carrier rate filing template.
- Report A5: Components of Average Rate Change by Carrier – This report summarizes the components of the rate change, and allows NHID to understand what is driving the rate changes across carriers and also to identify outliers. The primary source of data is Exhibit A5 of the current carrier rate filing template, for each carrier of interest.
- Report D3: Annualized Trend Assumptions by Carrier - The primary source of data is Exhibit D3 of the current carrier rate filing template.

⁴ It is unclear if the information in the federal forms that is integrated into the carrier rate filing template will need to be summarized as a separate report or reports. For determining the cost budget we assume that three additional reports are needed, and that they are similar in complexity to the reports described in this section.



- Report E2: Administrative Charge Assumptions by Carrier – The primary source of data is Exhibit E2 of the current carrier rate filing template.
- Report E3: Retention Charge Assumptions by Carrier – The primary source of data is Exhibit E3 of the current carrier rate filing template.
- Report G5: Illustrative Rates by Carrier – This report summarizes the information in the illustrative example provided by the carrier, such as employee only, dual, employee plus child and family rates. The primary source of data is Exhibit G5 of the current carrier rate filing template.
- Report M1: Medical Loss Ratio by Carrier (Individual Market) - Historical experience by carrier, product and market segment. Key fields like incurred claims PMPM, earned premium PMPM, member months and loss ratio can be displayed in one report and aggregated across carriers. This will provide the NHID with a summarized, easily accessible view of each carrier's experience for the Individual Market.
- Report M2: Medical Loss Ratio by Carrier (Small Group Market) - Historical experience by carrier, product and market segment. Key fields like incurred claims PMPM, earned premium PMPM, member months and loss ratio can be displayed in one report and aggregated across carriers. This will provide the NHID with a summarized, easily accessible view of each carrier's experience for the Small Group Market.
- Report N1: Summary for NHID by Rate Filing – This report has been implemented in the current version of the database and carrier rate filing processing system. It can be adjusted to incorporate and required changes due to the integration of the federal forms. This report includes information on the average rate change, number of members, subscribers and groups impacted, final trend assumptions, components of the rate change, historical and projected loss ratios and financial information for the legal entity and corporate entity.
- Report N2: Summary for Consumers by Carrier by Rate Filing – This report has been implemented in the current version of the database and carrier rate filing processing system. It can be adjusted to incorporate and required changes due to the integration of the federal forms. This report includes information on the expected percentage of premium to be spent on claim costs versus administrative expenses and contribution to surplus/profit, benefit changes, and a history of average rate changes.

As noted in the last bullet above, Report N2 provides transparent information to consumers, and has already been implemented. This report will be used as the basis for a

more extensive consumer rating information report, which may include comparisons to market averages or benchmarks.

GA will work with the NHID to develop benchmarks or market averages from the database. A methodology will be established to calculate each benchmark. It may take a few rating cycles to establish these market averages and the methodology will include a process by which they can be periodically updated and tracked over time. GA's suggestions for market averages or benchmarks include:

- Average proposed rate change (by product and market segment)
- Overall trend assumptions (by product and market segment)
- Average illustrative rate
- Average administrative charge (by product and market segment)
- Average retention charge (by product and market segment)

GA views the database, reports and benchmark development as an iterative process between GA and the NHID which will be influenced by the information in the rate filing and any feedback or concerns expressed by the carriers, consumers or other interested parties. GA will update the current user guide for the database and will provide additional training to the NHID staff to update the database and modify the exhibits, reports and benchmarks.

GA will also develop the structure for an online log that the NHID can make available on their website. This log will allow the NHID regulators to modify and update the status of the filing, for example by indicating whether a filing has been received, in queue, under review, approved, or denied. This will allow carriers and consumers to check the status of the rate filings. The underlying data for this log can either come from SERFF, from the carrier rate filing database, or can be updated directly.

2.8. Assist with Streamlining Data Requests

In a continued effort to streamline the various data requests made by the department to the insurance carriers and other parties, GA recommends meeting with the NHID and other interested parties to discuss any updates that have been made in the past year to various data requests and the possibility of streamlining the requests made through the rate filing process or incorporating any other available information into the rate filing database. GA has considerable knowledge of the annual report data request and the supplemental report data request through our work on other projects for the NHID. The streamlining of data requests can be discussed further at the project kick-off meeting.

2.9. Final Work Product

The work that Gorman Actuarial is proposing is a continuation of work previously performed for the NHID under project 2012-RRG-09. Throughout this engagement, GA will provide deliverables that will assist the NHID to integrate the federal forms into its existing carrier rate filing template, database and accompanying processes. Below we have outlined these deliverables.

1. Kick-off meeting at project start and weekly status updates to the NHID.
2. Obtain carrier feedback on newly implemented rate filing template and process. Write a memo summarizing the results.
3. Incorporate federal template into the rate filing template and processes. This will include rolling out the new template and being available for questions from the carriers and updating the rate filing user guide.
4. Support NHID in the rule revision process. It is GA's assumption that NHID will take the lead on rule revision. GA will be available to review the final rules and for questions on how to interpret information on the rate filing template.
5. A review of rate filings submitted in CY 2013 to ensure compliance.
6. Updates to the carrier rate filing database to accommodate the integration of the federal forms.
7. Updates to the carrier rate filing processing system and database to include additional reports.
8. Develop the structure for an online log that will allow carriers and consumers to check the status of the rate filings.
9. Develop a consumer rating information report, based on the previously completed *Report N2* (Summary for Consumers by Carrier by Rate Filing).
10. Provide training to NHID staff on the creation of additional reports, modifications to the processing of carrier rate filings and the operation of the updated database. Also provide updated to the *Rate Filing Database User Guide*.

2.10. Conflict of Interest

Gorman Actuarial and its subcontractors have no actual or perceived conflicts of interest with regard to this project. GA is currently under contract with the NHID to perform an

analysis of New Hampshire's rate filing review process (2012-RRG-09), and to conduct public hearings (2012-RRG-11).

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. 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. As a consultant, Bela has provided analyses and expertise to various government agencies concerning rate filing review to modeling the impacts of PPACA on the insured markets.

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. We have summarized her 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 an actuarial manager 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. Jennifer was part of the Harvard Pilgrim team responsible for implementing New Hampshire's Senate Bill 110.

3.1. Relevant Experience

GA's past and present engagements provide a wealth of experience for this work. Both Bela Gorman and Jenn Smagula have worked at insurance carriers where their roles included rate development and rate filing submissions. In addition, GA just started an engagement with the Rhode Island Office of Health Insurance Commissioner (OHIC) to assist with incorporating the federal forms with the Rhode Island rate filing exhibits and to review IQ 2014 rate filings. Currently, GA reviews Small Group and Individual Market rate filings for Massachusetts and is currently working on a rating examination engagement. One of the products of this engagement will include a publicly available market report of the rating practices found in Massachusetts. Finally, GA has been assisting the NHID in a variety of capacities and is very familiar with the New Hampshire markets and NHID's available data sources.

Below we describe GA's relevant experience.

State of Rhode Island Office of the Health Insurance Commissioner: CY 2014 Rate Review and Incorporation of Federal Forms

In February 2013, GA began an engagement to help the Commissioner modify Rhode Island's existing carrier rate filing template to incorporate information provided in the federal forms. This experience will relate directly to the project for the NHID. In addition, GA will be reviewing the IQ 2014 rate filings for Rhode Island in the Spring of CY 2013, including QHP and Non-QHP filings.

New Hampshire Insurance Department: 2012-RRG-09, Premium Rate Review Process



From April 2012 through February 2013, GA assisted the NHID with revising their NHCAR Part INS Chapter 4100 rules. In addition, GA updated the carrier rate filing exhibits to reflect carrier comments. Some pertained to the then effective federal form and others pertained to confidentiality. GA also updated the carrier user guide. GA worked with NHID to roll these new forms out and was available for questions from the carriers. GA reviewed 2Q 2013 rate filings to ensure compliance with the forms. GA developed a database to incorporate these filing exhibits and built in checks to ensure completion. GA also developed 3 monitoring reports.

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

In CY 2011, GA 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.

New Hampshire Insurance Department: NHID Public Hearings and Analysis

Gorman Actuarial is currently under contract with NHID to assist them with evaluating increases to New Hampshire health insurance premium rates. This includes participating in an annual hearing and drafting the Commissioner's annual report using collected data from the carriers. GA has completed its 2012 report and will begin work for the 2013 report in the Spring of CY 2013.

New Hampshire Insurance Department: NHID Market Study

Gorman Actuarial completed a market study in the fall of 2012. The market study required using data from several data sources including the supplemental data set.

Massachusetts Division of Insurance: CY 2012/CY 2013 Rate Examination

In March 2012 GA was awarded a contract with the MA DOI to perform two projects. One was to analyze the expansion of the small group market from 1-50 to 1-100. The second project includes a rating examination of all the carriers that participate in the 1-50 market. GA is leading a team of actuaries to perform onsite audits of carrier rating practices. GA will also be drafting a market report that will be available to the public on general rating practices found in the market.

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

From October 2009 – March 2010 and from March 2011 – June 2011 and in CY 2012, GA worked with the Massachusetts AG's office in the review of health care cost trend drivers in Massachusetts. The focus was on provider reimbursement and trends in provider reimbursement. This resulted in the publication 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-hcctcd.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

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

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

Christopher F. Koller
Health Insurance Commissioner
Rhode Island Office of the Health Insurance Commissioner and Department of Business Regulation
1511 Pontiac Ave, Bldg 69-1
Cranston RI 02920
401-462-9638

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

Eric Cioppa, Superintendent of Insurance
34 State House Station



Augusta, Maine 04333-0034
Phone: 207.624.8426
Eric.A.Cioppa@maine.gov

5. Team Roles

Below, we have described our team and their corresponding roles in this project. Resumes for these team members are found at the end of this proposal.

Bela Gorman, FSA, MAAA. Bela will oversee this project and will be available to address questions from the carriers on the rate filing exhibits. Bela will also assist with rate filing review and developing final recommendations.

Jennifer Smagula, FSA, MAAA. Jennifer's primary responsibilities will include updating the rate filing exhibits to incorporate the integration of the federal forms. She will also update the corresponding carrier user's manual and other processes documents. She will also be available to address questions from the carriers and will assist with the rate filing review. Jenn will also review data collected across the department to develop recommendations to streamline and create standard definitions.

Don Gorman. Don will be responsible for designing the changes required to the existing database and carrier rate filing process to include changes needed to incorporate the integration of the federal forms. He will also be responsible for updating the user guide and implementing the additional monitoring reports. Don will also review data collected across the department to develop recommendations to streamline and create standard definitions.

6. Plan of Work and Project Plan

Below, we have outlined a project plan with an assumed start date of March 1, 2013. We anticipate finalizing this project plan after meeting with NHID at the start of the project. In addition to the milestones shown below, we will also meet with the NHID regularly to provide a status update on the project.



Integration of Federal Forms Project Plan		
Task	Start Date	End Date
2.1 Project Kick-Off Meeting	3/1/2013	3/8/2013
2.1a 1/2 Hour Weekly Status Meeting	3/11/2013	12/31/2013
2.2 Obtain Carrier Feedback		
2.2a Phone Calls with Carriers	3/8/2013	3/22/2013
2.2b Summarize Findings to NHID	3/22/2013	3/31/2013
2.3 Incorporate Federal Template and Other Changes into Rate Filing Process		
2.3a Understanding Draft & Final Federal Forms (once available) and Overlap with NH Forms	3/1/2013	3/31/2013
2.3b Developing changes to NHID Rate Filing Forms to integrate with federal forms	3/15/2013	4/15/2013
2.3c Proposal to NHID on revisions to rate filing forms & discussions	4/15/2013	5/15/2013
2.3d Edits to revisions based on NHID feedback	5/15/2013	6/15/2013
2.4 Assist NHID with Rule Revision	6/15/2013	9/30/2013
2.5 Ongoing Rate Filing Compliance		
2.5a Review 3Q13 Rate Filings (Assume 5 Total)	3/15/2012	4/30/2013
2.5b Review 1Q14 QHP Rate Filings (Assume 5 Total)	5/1/2013	6/30/2013
2.5c Review 4Q13 Rate Filings (Assume 5 Total)	6/15/2013	7/31/2013
2.5d Review 1Q 2013 Non QHP Filings	9/15/2013	10/31/2013
2.5d Discussions with NHID on Rate Review Findings (outside of weekly status meetings)	3/15/2013	7/31/2013
2.6 Database Update to Incorporate Rate Filing Exhibit Changes		
2.6a Modify existing database to incorporate changes to NHID Rate Filing	5/15/2013	6/15/2013
2.6b Modify existing database to include items from Final Federal Form	5/15/2013	6/15/2013
2.7 Develop Additional Monitoring Reports		
2.7a Propose edits to reports based on integration of federal forms	3/15/2013	4/30/2013
2.7b Meet with NHID to receive feedback	5/1/2013	5/15/2013
2.7c Finalize Reports	5/15/2013	6/15/2013
2.7d Implement and Test Revised Reports	6/15/2013	7/30/2013
2.7e Training of NHID staff on database and reports	7/30/2013	8/15/2013
2.7f Additional modifications requested by NHID	7/30/2013	12/31/2013
2.8g Additional Database Maintenance and Follow Up	11/1/2013	12/31/2013
2.8 Assist with Streamlining Data Requests	<i>To Be Discussed at Kick-Off Meeting</i>	

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 this engagement is \$139,610. A summary of the estimated hours for each task is provided below.

Integration of Federal Forms Project Plan		Bela Gorman	Jenn Smagula	Don Gorman
Task				
2.1	Project Kick-Off Meeting	2	4	2
2.1a	1/2 Hour Weekly Status Meeting	10	20	10
2.2 Obtain Carrier Feedback				
2.2a	Phone Calls with Carriers	4	6	0
2.2b	Summarize Findings to NHID	4	6	0
2.3 Incorporate Federal Template and Other Changes into Rate Filing Process				
2.3a	Understanding Draft & Final Federal Forms (once available) and Overlap with NH Forms	15	20	5
2.3b	Developing changes to NHID Rate Filing Forms to integrate with federal forms	10	20	5
2.3c	Proposal to NHID on revisions to rate filing forms & discussions	5	10	5
2.3d	Edits to revisions based on NHID feedback	4	10	4
2.4	Assist NHID with Rule Revision	8	16	0
2.5 Ongoing Rate Filing Compliance				
2.5a	Review 3Q13 Rate Filings (Assume 5 Total)	10	20	0
2.5b	Review 1Q14 QHP Rate Filings (Assume 5 Total)	15	40	0
2.5c	Review 4Q13 Rate Filings (Assume 5 Total)	5	10	0
2.5d	Review 1Q 2013 Non QHP Filings (Assume 5 Total)	10	20	0
2.5d	Discussions with NHID on Rate Review Findings (outside of weekly status meetings)	10	10	0
2.6 Database Update to Incorporate Rate Filing Exhibit Changes				
2.6a	Modify existing database to incorporate changes to NHID Rate Filing Exhibits	2	4	20
2.6b	Modify existing database to include items from Final Federal Form	2	4	20
2.7 Develop Additional Monitoring Reports				
2.7a	Propose edits to reports based on integration of federal forms	2	4	4
2.7b	Meet with NHID to receive feedback	2	2	2
2.7c	Finalize Reports	1	1	4
2.7d	Implement and Test Revised Reports	2	8	30
2.7e	Training of NHID staff on database and reports	4	6	12
2.7f	Additional modifications requested by NHID	2	6	12
2.8g	Additional Database Maintenance and Follow Up	4	4	8
2.8	Assist with Streamlining Data Requests	2	8	8

In addition, we provide our hourly rates. Hours are billed only for time worked, and to the extent hours worked are lower, the costs will be proportionately lower.

Consultant	Hourly Rate	Total Number of Hours
Bela Gorman	\$350	135
Jennifer Smagula	\$240	259
Don Gorman	\$200	151

8. Closing

GA is excited for the opportunity to build upon our existing relationship with the NHID and to leverage our industry experience and our New Hampshire specific experience by



working with you on integrating the federal forms. Our intimate and detailed knowledge of the current carrier rate filing template and database allows us to start the integration process immediately.

9. Resumes

Resumes are provided for the following team members:

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

Bela Gorman FSA, MAAA

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.

Donald F. Gorman

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
2013-RRG-13 Federal Template**

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 of \$139,610. 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 March 20th, 2013 through December 31st, 2013.

Agreement with Gorman Actuarial 2013-RRG-13 Federal Template

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.

Section 9 of the General Provisions of the Agreement requires that Contractor maintain the confidentiality of, among other things, data and data systems to which it has access in order to perform the tasks specified in the Agreement.

As part of its work under the Agreement, Contractor may be required to use the System for Electronic Rate and Form Filing (SERFF), State Based System (SBS) and/or I-SITE to review carrier filings, annual reports and other data stored in National Association of Insurance Commissioners (“NAIC”) data systems.

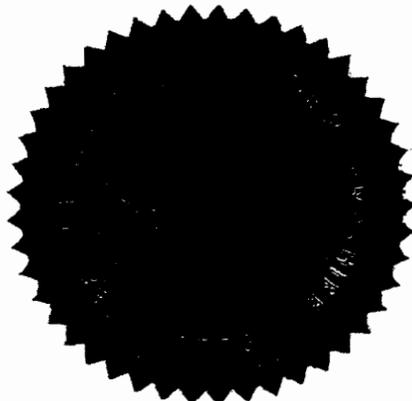
The NHID’s access to and use of NAIC data systems is governed generally by a Master Information Sharing and Confidentiality Agreement (executed November 12, 2003) and by a Certificate of Confidentiality to the NAIC (executed May 13, 2008) certifying that the NHID has the ability under New Hampshire law to maintain the confidentiality of data available through NAIC proprietary systems and applications, including I-SITE.

Contractor acknowledges that under Section 9 of the General Provisions of the Agreement, it, and/or its subcontractors, are bound to maintain the confidentiality of all data sources, and specifically agrees that it is bound by the confidentiality provisions of the Master Agreement and the Certificate of Confidentiality with respect to any NAIC data or data systems to which it is given access.

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 5th day of April, A.D. 2012

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)

2/27/13.
(Date)

STATE OF Massachusetts

COUNTY OF Middlesex

On this the 27 day of February 2013, before me Kathryn Coffin,
(Day) (Month) (Yr) (Name of Notary Public / Justice of the Peace)

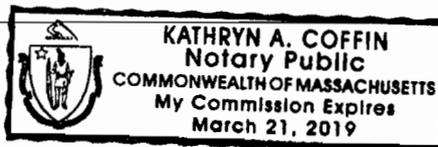
the undersigned officer, personally appeared Bela Gorman, known to me (or
(Contract Signatory – Print Name)

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.

(NOTARY SEAL)

Kathryn A. Coffin
(Notary Public / Justice of the Peace -Signature)

Commission Expires:





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
2/27/2013

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: James Berliner PHONE (A/C, No, Ext): (203) 367-7704 FAX (A/C, No): (203) 333-0710 E-MAIL ADDRESS: Jim@BerlinerInsurance.com													
	<table border="1"> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A: Sentinel Insurance Co</td> <td>11000</td> </tr> <tr> <td>INSURER B: EVANSTON INSURANCE CO</td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Sentinel Insurance Co	11000	INSURER B: EVANSTON INSURANCE CO		INSURER C:		INSURER D:		INSURER E:		INSURER F:
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INSURER B: EVANSTON INSURANCE CO														
INSURER C:														
INSURER D:														
INSURER E:														
INSURER F:														
INSURED GORMAN ACTUARIAL, LLC 210 ROBERT RD MARLBOROUGH MA 01752														

COVERAGES **CERTIFICATE NUMBER:** 2013-14 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 INSR	SUBR 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 GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC			31SBAZN8964	1/20/2013	1/20/2014	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 - COMPI/OP AGG \$ 4,000,000
	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						
	UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$						<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE 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			N/A			<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
B	Professional Liability			EO-851735	10/16/2012	10/16/2013	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

NH INSURANCE DEPT.
MAR 01 2013

CERTIFICATE HOLDER New Hampshire Insurance Department Tyler Brannen NH	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

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.


The State

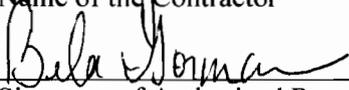
Signature of Authorized Representative

Roger Savigny
Name of Authorized Representative

Commissioner
Title of Authorized Representative

March 4, 2013
Date

Gorman Actuarial, LLC
Name of the Contractor


Signature of Authorized Representative

Bela Gorman
Name of Authorized Representative

President
Title of Authorized Representative

February 27, 2013
Date