

TV 16



**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

February 25, 2014

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

REQUESTED ACTION

Authorize the New Hampshire Insurance Department (NHID) to enter into a contract in the amount of \$104,930 with Wakely Consulting Group, Englewood, Colorado (Vendor #219189), for the provision of consulting services to update and/or redevelop a macroeconomic model of the New Hampshire insurance marketplace for the purpose of understanding the impact of market shifts on premium rates, market distributions, and market stability. This agreement is to be effective upon Governor & Council approval through December 31, 2014. 100% Federal Funds.

The funding is available in account titled Health Insurance Premium Review Cycle III Grant as follows.

	FY2014	FY2015
02-24-24-240010-88870000-046-500464 Consultants	\$50,000	\$54,930

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 improve the health insurance rate review process by having a better understanding of the expected changes to the market distributions and be able to predict pricing changes in market segments, in order to best serve the people of New Hampshire.

The major deliverables for Wakely Consulting Group include:

1. Update and/or redevelop a macroeconomic model for the NHID. The model will be used to predict changes to market distributions, predict pricing changes in market segments using market rules, medical claims costs, and population demographics as input variables.
 - a. Phase One: Issue a report on the current market including an analysis of whether market changes have occurred as originally anticipated and modeled, whether such changes are likely delayed due to regulatory developments and whether sufficient data exist to identify the current market demographics.
 - b. Phase Two: Develop model(s) for determining shifts among NH insurance markets and provide a report to the NHID summarizing the findings of the model on the impact to markets, premium rates, and the number of uninsured.
2. Work set out in the response to the RFP (attached).

After reviewing the bid responses, the Commissioner selected the Wakely's proposal as the most responsive to the Request for Proposals (RFP). The Request for Proposals was posted on the Department's website December 16, 2013 and sent to past bidders for Department contract work and companies doing work in this field. Two bids were received. Bids were evaluated by Department staff familiar with the project goals using a scoring system included in the RFP.

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

In the event Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Roger A. Sevigny
Commissioner

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

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

On February 3, 2014 the Evaluation Committee 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 (30% or points)	CONTRACTOR EXPERIENCE & QUALIFICATIONS (20% or points)	PLAN OF WORK (25% or points)	Bid Price- BUDGET AMOUNT	COST (25% or points)	TOTAL SCORE (100% or Points)	Score without \$\$\$	NOTES
RFP 2013-RRG-303 Market Analysis Modeling								
Wakely Consulting Group	25.00%	17.67%	19.33%	\$104,930	25.00%	87.00%	62.00%	
New Hampshire Center for Public Policy Studies	18.00%	12.67%	13.33%	\$109,450	23.97%	67.97%	44.00%	

Subject: _____

RECEIVED BY
NH INSURANCE DEPT
FEB 21 2014

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 Insurance Department		1.2 State Agency Address 21 South Fruit St. Suite 14, Concord, NH 03301	
1.3 Contractor Name Wakely Consulting Group		1.4 Contractor Address 9777 Pyramid Court, Suite 260, Englewood, CO 80112	
1.5 Contractor Phone Number 612.435.7102	1.6 Account Number leave blank	1.7 Completion Date December 31, 2014	1.8 Price Limitation \$104,930
1.9 Contracting Officer for State Agency Alexander Feldvebel		1.10 State Agency Telephone Number 603.271.7973 x257	
1.11 Contractor Signature <i>Julie Peper</i>		1.12 Name and Title of Contractor Signatory Julie Peper, Director	
1.13 Acknowledgement: State of Colorado , County of Douglas On 2/13/14 , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace [Seal] <i>Bonny L. Griffith</i> My commission expires 3/11/14			
1.13.2 Name and Title of Notary or Justice of the Peace Bonny Griffith, Office Manager			
1.14 State Agency Signature <i>Alexander K Feldvebel</i>		1.15 Name and Title of State Agency Signatory Alexander Feldvebel, Deputy Comm	
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>Neil C. Brun</i> On: 2/24/14			
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 *JP*
Date 2/20/14

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 Wakely Consulting Group Market Analysis Modeling² – Cycle III Rate Review

Exhibit A

Scope of Services

The consultant's primary responsibility will be

1. Update and/or redevelop a macroeconomic model for the NHID. The model will be used to predict changes to market distributions, predict pricing changes in market segments using market rules, medical claims costs, and population demographics as input variables.
 - a. Phase One: Issue a report on the current market including an analysis of whether market changes have occurred as originally anticipated and modeled, whether such changes are likely delayed due to regulatory developments and whether sufficient data exist to identify the current market demographics.
 - b. Phase Two: Develop model(s) for determining shifts among NH insurance markets and provide a report to the NHID summarizing the findings of the model on the impact to markets, premium rates, and the number of uninsured.
2. Work set out in the response to the RFP (attached).



Response to Request for Proposals

State of New Hampshire
New Hampshire Insurance Department

Solicitation Number 2013-RRG-303
Market Analysis Modeling

January 13, 2014

Wakely Consulting Group

Julie Peper, FSA, MAAA
Director
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Senior Consulting Actuary
17757 US Highway 19 N, Suite 310
Clearwater, FL 33764
(p) 727-474-8644
Julia.Lerche@wakely.com

Transmittal Letter

January 13, 2014

Alain Couture
New Hampshire Insurance Department
21 South Fruit Street, Suite 14
Concord, New Hampshire 03301

Re: RFP RRG-303 Market Analysis Modeling

Dear Mr. Couture:

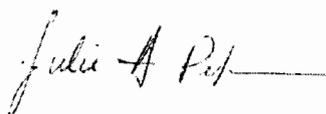
On behalf of Wakely Consulting Group, Inc. (Wakely), I want to express our appreciation for the opportunity to submit a proposal to the New Hampshire Insurance Department (NHID). Wakely has assembled a team of well qualified experts to assist the NHID in response to its Request for Proposal for Market Analysis Modeling.

Wakely is one of the few consulting firms that have performed extensive analyses of the impact the ACA reforms on the individual, small group and uninsured segments on a states' population. We have provided various examples of our work throughout this proposal and hope to have the opportunity to provide the State of New Hampshire an additional perspective on how the market may change as new data has become available and original assumptions need to be revised based on new information and various delays in the roll-out of healthcare reform.

Wakely has the resources, experience and energy to provide the NHID with expert advice, sound actuarial analyses, models, and quality reports. Our experience and reputation performing similar work in other states, as well as our vast expertise on the Affordable Care Act will help ensure that the NHID is provided with the highest quality analysis and deliverables.

Please let us know if you have any questions about our proposal. We are excited for the opportunity to work with NHID on this project.

Sincerely,



Julie Peper, FSA, MAAA
Director

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Background

Understanding of the Project

The New Hampshire Insurance Department (NHID) contracted with Gorman Actuarial LLC to model the projected impact of the Affordable Care Act (ACA) on health insurance enrollments and premiums, including changes in the uninsured population of the state. The model utilized data from the NH Comprehensive Health Care Information System (NHCHCIS), Supplemental Data NHID collects from issuers, and the Current Population Survey (CPS). NHID is requesting that the selected contractor provide the following deliverables to NHID:

1. An analysis and report of the actual post-ACA market changes with a comparison to initial projections.
2. A model (either updating the Gorman model or using an alternative approach) that can incorporate current data to determine and project shifts among NH's insurance markets and the impact on enrollment, premiums and the uninsured. The model will be used to perform an analysis using data available in 2014, with key results documented in a report (similar to the September 2012 report from Gorman Actuarial), and will also be provided to NHID, with training, for future use internally.

There have been significant policy shifts and delays in the ACA rollout since the Gorman analysis was performed that should be addressed in the updated model and analyses. These include:

- The Supreme Court decision to make Medicaid expansion voluntary for states, and New Hampshire's decision to not expand Medicaid for 1/1/2014, which should increase enrollment in the non-group market
- The transition policy which allows issuers to continue renewing non-ACA compliant non-grandfathered policies until October 1, 2014, the allowance of additional hardship exemptions, and delays in the functionality of the federal Marketplace website.
- New Hampshire also delayed the termination of its state high risk pool coverage until high risk pool members can effectively enroll in coverage.
- With the encouragement of issuers, many individuals and small groups may have opted to early renew their policies in 2013, to avoid any negative impact of the ACA changes.

In addition to the policy changes above that were likely not contemplated in the initial modeling, actual 2014 premiums and emerging 2014 enrollment data is available, which will be key in understanding the population and morbidity changes across the markets.

About Wakely

Wakely is a corporation established in Florida in 1999. Our corporate office is located in Clearwater, Florida. In addition, Wakely has offices located in Englewood, Colorado; Louisville, Kentucky; Boston, Massachusetts and Minneapolis, Minnesota. Wakely currently has approximately 65 full-time staff, of which roughly 30 are credentialed actuaries. Wakely staff has extensive experience working closely with state clients, including regulators. Our health care reform experience, rate review experience, comprehensive understanding of the

health care spectrum, personal and flexible service, technical skills, and commitment to the public sector uniquely qualify us to successfully exceed NHID's expectations in the delivery of the technical services included in the RFP.

Wakely's business model succeeds because of the high level of service and time commitment from senior staff. Wakely professionals work with public and private boards of directors, advocacy groups, state agencies and authorities, health insurance carriers, hospitals, health centers and physician groups. Wakely also has experience working collaboratively with other consultants, especially through the Robert Wood Johnson (RWJ) State Network project, for which we work with a pool of technical assistance contractors. Wakely has considerable experience in carrying out complex projects, yet its size and structure allow it to be nimbler and more responsive than larger, national firms.

Specific Skills

Overview

Wakely's staff has extensive experience and expertise in working with health care data in support of key policy initiatives, from establishing and manipulating large health care claims and enrollment datasets, developing and maintaining reporting programs and structures, to marshaling sophisticated analytics in support of key policy and strategic decision making. From medical claims, enrollment, premium and budget data, to enrollee demographics and operational metrics, Wakely staff are highly proficient in manipulating data, interpreting trends, and, most importantly, using data to create meaningful and actionable information.

This project will be led by credentialed actuaries, with support from actuarial analysts, who have expertise in actuarial and economic modeling, manipulating and evaluating health insurance data in Excel, Access, SQL and SAS. Wakely has also utilized data from various state All-Payer Claims Databases, including New Hampshire's NHCHIS. Wakely does not anticipate that any of the tasks outlined as the contractor's responsibilities in the RFP and associated Q&As would need to be performed by NHID staff or an external vendor.

Project Examples

Wakely has experience performing market analyses in many other states, including Oregon, Rhode Island, Illinois, and Delaware. These engagements, as well as another project demonstrating our experience working with large data sets, are outlined below. Wakely understands that all states are different and prides itself on providing solutions and analyses that are customized to the unique situation in each state. Wakely models are customizable to state specific populations, regulations and issuer markets.

Illinois Market Study

Wakely was retained by Health Management Associates (HMA) as a subcontractor on a contract with the Illinois Department of Insurance (DOI) to complete analysis to support planning activities related to the creation and operation of health benefit Exchanges under the Affordable Care Act (ACA). This work included the following:

1. Analysis of the Illinois individual market, including estimates of the impact of the ACA reforms.

2. Analysis of the Illinois small group market, including estimates of the impact of the ACA reforms, and an analysis of the issues surrounding expansion of the small group market to groups with 50 to 100 employees.
3. Analysis of the potential merger of the Illinois individual and small group markets after consideration of the ACA reforms.
4. Analysis of the Basic Health Plan (BHP) option available to states.
5. A discussion of potential adverse selection issues and mitigation strategies.
6. A list of recommended additional studies and refinement of work to date.

Rhode Island Market Study

Wakely was retained by Rhode Island Office of Health Insurance Commissioner (OHIC) to complete analysis to support planning activities related to the creation and operation of health benefit Exchanges under the ACA. The project included the following analyses:

1. Analysis of the RI individual market, including estimates of the impact of the ACA reforms.
2. Analysis of the RI small group market, including estimates of the impact of the ACA reforms.
3. Additional policy considerations to address rate shock and consistency inside and outside the Exchange.

The report is available at

<http://www.healthcare.ri.gov/documents/Wakely%20Actuarial%20Report%20on%20Rhode%20Island%20Exchange%20w%20market%20policy%20considerations%20-%202012-13-11%20FINAL.pdf>.

Wakely also performed an analysis of the Basic Health Program (BPH) option, including an assessment of its impact on affordability, coverage, and exchange viability, and to model the potential financial impact of the BHP.

Oregon Market Study

Wakely was retained by the State of Oregon to analyze the impact of the ACA on Oregon's individual and small group markets similar to RI. All analyses we completed can be found in the report found at the link below. Results also included:

1. The impact of Essential Health Benefits (EHB)
2. The impact of minimum actuarial values (AVs)
3. The impact of the removal of most underwriting practices
4. Estimations of the impact of Cost Sharing Reductions (CSRs) and Advance Premium Tax Credits (APTCs), as well as lower out of pocket costs due primarily to richer benefits.

This work included collecting commercial data from all of the issuers and high risk pool data from the state. The results were presented and shared with the issuers' CEOs and actuaries. The report is available at:

http://www.edfoxphd.com/wakely-aca-actuarialanalysis-20120731_copy.pdf

Wakely is also in the process of analyzing the Basic Health Program and Bridge plan options for Oregon through Wakely's RWJ contract.

Delaware Market Study

Wakely was retained by the State of Delaware through a subcontracting agreement with Public Consulting Group (PCG) to support planning activities related to the creation and operation of health benefit exchanges under the Affordable Care Act (ACA). The project included the following analyses:

1. Current Delaware regulations and market composition for the individual (non-group) market.
2. The impact of the ACA reforms on the Delaware individual market, including the impact on benefit plan offerings, rating and underwriting as well as the impact due to newly insured individuals under ACA.
3. The impact of the ACA reforms on the Delaware small group market.
4. Impact of small group and individual market merger.
5. Impact of expanding the Small Group market to employers with up to 100 employees.

The report for Delaware is available at: http://dhss.delaware.gov/dhcc/files/actuarialanalysis_aca_insmkt.pdf

National Risk Adjustment Simulation Project

This project provides another example of Wakely's experience working with large health insurance claims datasets. In 2013, Wakely performed risk score simulations in 26 states capturing information on 75% or more of the market by membership in those states. Wakely assisted 40 issuers in these states, including the largest national issuers, in reviewing and correcting claim and enrollment data issues, interpreting risk score results and provided guidance on how they could incorporate the results into their rate filings. Wakely also provided the issuers with different variations of risk adjustment analyses, including limiting diagnoses to make simulations comparable across issuers who have not historically captured all available diagnoses, limiting the data to non-grandfathered plans, reviewing results based on renewal month, and other variations. Again, this task required manipulating large amounts of data to analyze and ultimately report results to issuers in a concise manner.

Staff Qualifications

The following outlines the qualifications for key staff proposed for this project. Detailed resumes are included in a separate attachment.

Julia Lerche, FSA, MAAA, MSPH is a Senior Consulting Actuary at Wakely, where her primary focus has been public sector clients. At Wakely, Julia has provided support on several projects, including modeling the impact of the Basic Health Program for Oregon, and analyzing various approaches for pediatric dental policy for Covered California. Julia is also working on a Robert Wood Johnson Foundation funded project to provide technical assistance to states on how to leverage All-Payer Claims Databases for health insurance rate review and regulation. Prior to joining Wakely, Julia was a Health Actuary at the North Carolina Department of Insurance (NCDI) where her responsibilities included implementation of market reform enforcement, rate review enhancements, and planning for the Health Benefit Exchange. During her time at NCDI, Julia managed

several consulting projects, including an impact analysis of the ACA on North Carolina's health insurance market, for which she was heavily involved in data collection and review of modeling assumptions and methodology. She was also chair of the State Rate Review Subgroup, a National Association of Insurance Commissioner's forum for state regulators to discuss the impact of health care reform on health insurance rate review. Julia also has eight years of experience providing health care and other benefits consulting to large employers. In addition to being an actuary, she has a Master's degree in Public Health from UNC-Chapel Hill and has worked at both the NC Department of Health and Human Services and the NC Institute of Medicine on issues related to access to care for underserved and uninsured populations in North Carolina. Julia will be the project manager and lead for this project.

Julie Peper, FSA, MAAA, Director and Senior Consulting Actuary, has worked or consulted for commercial and government payers, providers, and employers. Julie's recent experience has focused on analyzing the impacts of the Affordable Care Act, including managing and contributing to analyses for the states of Oregon, Vermont, Delaware, Rhode Island, Colorado and Illinois. This work included determining the premium impacts of ACA requirements, analyzing the various essential health benefit options, developing standardized plan designs, and subsidy analyses. Julie also helped create the summary of the notice of proposed rulemaking on the 3 R's and the Robert Wood Johnson work plan on reinsurance and risk adjustment. Her recent work also includes provider contracting analyses and numerous Medicaid and Medicare projects. Julie's Medicaid experience includes feasibility analyses for multiple states and rate development and financial projections for health plans' Medicaid bids. Prior to joining Wakely, Julie worked for another consulting organization and was also the pricing director for a large insurance organization.

Mary Hegemann, FSA, MAAA, Director and Senior Consulting Actuary has over 16 years of experience as a healthcare actuary. She has extensive experience with public programs including CommCare, Medicare, Medicaid, ACA reform, and safety net (St. Louis Regional Health Commission). Mary leads several of Wakely's ACA reform projects for states and played a major role in the development of the summary of the NPRM on the 3 R's, and in the RWJ work plan on reinsurance and risk adjustment. Mary's strength with respect to the 3 R's and reform in general are roadmaps. Mary will provide conceptual and peer review support for this project.

Sharon Leach, ASA, MAAA, FCA, is a Senior Consulting Actuary with Wakely where her primary focus has been public sector clients and has more than 20 years of experience as a healthcare actuary. Sharon has most recently worked with the states of Georgia, Nevada, Connecticut and Vermont reviewing January 1, 2014 ACA compliant rate filings submitted through the SERFF system. She helped develop the Wakely rate review process and continues to help states refine their internal review processes. Prior to the passage of the Affordable Care Act, Sharon has worked with companies to develop and implement benefit strategies followed up with the ongoing plan financial and performance management. She has also performed funding feasibility studies, claim audits, set rates for active, retiree and Medicare populations, calculated the financial impact of changes in plan design and completed FASB/GASB valuations. She has worked with various consulting companies throughout her career. Sharon will provide technical and peer review support on this project.

Chia Yi Chin, is an Actuarial Analyst with Wakely since March 2012. He had two years of consulting experience as a benefits actuarial analyst prior to joining Wakely. Chia's recent experience includes providing analyses for

the states of Oregon, Rhode Island, Maryland, Michigan and Illinois on the impact of essential health benefits. Chia has also worked closely with the Wakely Risk Assessment Model in analyzing risk adjustment impact for insurers in multiple states. His other experience includes working with provider groups on provider contracting analysis. At a prior company, Chia was involved in postretirement benefits consulting and providing total benefits analyses for Fortune 1000 companies. Chia will provide technical and analytic support for this project.

Margaux Vaudreuil, is an Actuarial Analyst and has more than 3 years of experience as a healthcare actuary. During this time she has focused on analyses to help determine premium impacts as a result of ACA for Illinois, Rhode Island, and Vermont. Her analyses include modeling the impact of ACA plan design changes and calculating AV through benefit templates. Additionally, she has worked on a variety of risk adjustment and reinsurance modeling projects for Oregon and Utah.

The project team will also draw from other Wakely staff as needed, to ensure that NHID receives the best services in the most economical way.

General Qualifications and Related Experience

Similar Projects

As described in the previous section, Wakely has experience performing market analyses in many other states, including Oregon, Rhode Island, Illinois, and Delaware. Wakely has also developed a health insurance forecasting model for use by Vermont, described below. As previously mentioned, Wakely understands that all states are different and prides itself on providing solutions and analyses that are customized to the unique situation in each state. Wakely models are customizable to state specific population, regulations and issuer markets.

Vermont Forecasting Model

The State of Vermont contracted with the University of Massachusetts Medical School (UMMS) and Wakely Consulting Group, Inc. (Wakely) to develop a model for their single payer health reform plan and a number of alternative scenarios. The model builds on a foundation of likely coverage and cost estimates in 2014 resulting from implementation of the Affordable Care Act (ACA). From this foundation, the model:

1. Estimates changes in types of coverage (called “population migration”) and costs of coverage from 2014 to 2017.
2. Estimates changes in types of coverage and costs under a single payer system in 2017, including:
 - o The number of individuals who would be covered under the Green Mountain Care (GMC) single payer system beginning in 2017, for either primary or secondary (wrap) ;
 - o Increases in the value of coverage from current levels to the levels required under GMC;
 - o Changes in provider payment to assure uniformity and adequacy under GMC;
 - o Changes in the use of care as a result of broader availability of coverage under GMC.
 - o Estimates administrative savings resulting from single payer health reform.
3. Assesses potential sources of federal revenue under single payer health reform.
4. Examines the current distribution of cost burden of coverage on Vermonters and Vermont employers.

5. Assesses potential revenue sources to fund Green Mountain Care in 2017.

ACA Experience

Wakely has deep knowledge and expertise on ACA, and has led many ACA-related projects and analyses, including:

- Performing ACA 2014 rate filing reviews in several states including Vermont, Connecticut, Nevada and Georgia
- The 3 R's (risk adjustment, risk corridors, and reinsurance)
 - Development of a summary of HHS' proposed rules with support from Robert Wood Johnson Foundation ("RWJF")
 - Development of a detailed work plan on risk adjustment and reinsurance with support from RWJF
- Basic Health Plan feasibility in several states
- The impact of the ACA on the individual market premiums, based on the following components:
 - Morbidity shift due to guarantee issue
 - Morbidity shift due to individual mandate
 - Claims cost increase due to no longer allowing pre-existing conditions exclusions
 - Essential health benefit requirements
 - Minimum actuarial value requirement of 60%
 - Maximum out-of-pocket less than the limit set according to the Health Savings Account regulations
 - Minimum loss ratio of 80%
 - Underwriting (rating classes) and durational factors not allowed
 - Reinsurance in 2014 through 2016
 - Premium credits and cost sharing subsidies
- The impact of the ACA on the small group market premiums, based on the following components:
 - Benefit coverage changes
 - Premium tax
 - Tax credits for employers
 - Minimum loss ratio of 80%
 - Underwriting not allowed as a rating variable
 - Morbidity changes
- The impact of no gender rating and limiting age rating to 3:1
- The impact of limiting tobacco rating to 1.5:1
- Merger of individual and small group markets
- Expanding the small group definition from 50 to 100
- Allowing large groups beyond 100 lives to enter the Exchange
- Impact of having a Medicaid MCO in the individual Exchange
- Impact of having a sole contractor offer coverage in the Exchange
- Impact on premiums changing due to adverse selection in the SHOP Exchange if employer contributions are structured three different ways:

- Defined contribution
- Employer chooses “medal” plan; employee chooses carrier
- Employer chooses exact plan (and carrier)

Wakely closely monitors regulations, guidance, and other information related to the ACA, and participates on several ACA-related Society of Actuaries and American Academy of Actuaries workgroups. Wakely has also developed a number of white papers on ACA regulations and other ACA-related topics. These are available at: <http://www.wakely.com/news/research/>.

Work with New Hampshire All Payer Claims Database (APCD)

Wakely has utilized APCD data in multiple states, including New Hampshire’s, to support various analyses. Wakely filed a research application to gain access to the detailed version of the NH APCD. We invested considerable resources in understanding and using the APCD to develop and calibrate an open source risk adjustment model that was used for our National Risk Adjustment Simulation project. This project involved most of the larger health insurance companies in the US running the risk adjustment model on their own data, sending output to Wakely, and Wakely compiling the market averages and returning those to the insurance companies. Once the HHS risk adjustment model was released, Wakely repeated the project using the HHS risk adjustment model. However, the NH APCD data provided a very important data source while we were waiting for the federal model to be released. And our experience with it allowed us to gain a very deep understanding of the strengths and weaknesses of the APCD.

Qualifications Matrix

The following table summarizes Wakely’s knowledge and experience as it relates to each item specified in the RFP.

Experience Requested	Examples/Comments
Knowledge of developing health insurance premiums	Wakely has experience with developing and reviewing health insurance premiums and certifying rates for actuarial soundness. We have performed ACA rate reviews in several states, including CT, VT, NV, KY, and GA and have completed hundreds of rate filings for companies throughout the country.
NHID rate review process	Wakely has reviewed and has a good understanding of NHID’s rate review process and filing requirements based on information available on the NHID website. Note that Wakely’s proposed team includes Julia Lerche, a former regulator at the NC DOI, who also chaired the NAIC State Rate Review subgroup and has been exposed to the many differences in rate review processes and approaches across states.
NH insurance laws	Wakely staff have reviewed and understand NH’s pre-2014 rating rules. Though Wakely has not done any work in NH’s commercial insurance market, we have worked in many states and understand the nuances of insurance laws across the states. We also understand that the ACA does reduce some

	of the differences across states in 2014, including allowable rating factors and creating some common rate filing requirements.
ACA	See section above for Wakely's extensive ACA experience.
Insurance markets	Wakely has performed health insurance market analyses in several states, to estimate the impact of the ACA, and the options available to states, including introducing a Basic Health Plan, merging markets, expanding the size of the small group market, expanding Medicaid, and implementing a state waiver of ACA provisions allowable starting in 2017. See section above for addition details.
Data collected by NHID	<p>NHID has an enviable amount of quality data available to them to support rate review and health policymakers. Wakely has reviewed NHID's Supplemental Reports, and the comprehensive analyses that are available on the NHID website. Wakely has also utilized data from state All-Payer Claim Databases, including New Hampshire's (NHCHCIS) for various analyses (see details above).</p> <p>Wakely will leverage these resources and limit any duplication in data collection.</p>
Health insurance benefit designs	Wakely has done extensive analyses of health insurance benefit designs, including Essential Health Benefit analyses for states, pricing for commercial and Medicare Advantage clients, and rate reviews. Wakely has a proprietary pricing model that calculates the impact of plan design changes. In addition, any non-standard benefit changes can be analyzed using either NH data or the Truven MarketScan database.
Medical trends	All of Wakely's pricing and rate review work includes analysis of medical trends. Wakely has various tools to calculate trend down to service level and geographic area, for both cost and utilization.
Externally available data sources	Wakely has performed analysis using multiple external data sources, including the Current Population Survey (CPS), the Medical Expenditure Panel Survey (MEPS) and Truven Health Analytic's MarketScan data.

Proposed Approach / Description of Work Product

Kick-off

Once a contract is in place, Wakely recommends holding an in depth kick-off meeting with NHID staff to define all objectives for the project, as well as timelines and expectations.

Wakely will work with the NHID staff to develop an agenda, and will provide examples and options to assist NHID staff in defining its objectives for the project, and further refine the project scope. Wakely will also work with NHID to define NHID staff's desired level of involvement and frequency / method of communication.

Prior to the kick-off meeting, Wakely will also review the Gorman model and be prepared to lead a discussion about potential changes to the model or alternative modeling methodologies (Wakely has its own internal models that could be leveraged). These upfront discussions will ensure that NHID receives the most value from its partnership with Wakely and that Wakely thoroughly understands the NH health insurance environment. Below is a sample of topics Wakely would cover at the kick-off meeting:

- Whether any analysis needs to be performed at the county or other geographic level; we understand that NH currently has only one rating area, so geographic break-downs may be unnecessary.
- Confirmation of the market configuration scenarios to model (suggestions are provided under Phase Two below).
- Confirmation of Wakely's understanding of the NH health insurance market and regulatory environment.
- Whether any transition policies were issued, as we understand that NHID is allowing transition policies, but the state's largest issuer was not issuing them.
- Confirmation that rate filings can be shared with Wakely to further enhance the analysis and value to NHID.
- Expected termination date or phase out of NH's high risk pool coverage.
- Confirmation of rate filing and review timelines, as well as timing for the availability of Supplemental Reports.
- Confirmation of which data elements in Phase One are most needed to support NHID rate reviews.
- Confirmation of data availability and the potential for and scope of a data request to carriers to support the project.

Following the kick-off meeting, Wakely will document the refined the project scope and assumptions for sign-off by NHID. Throughout the project, Wakely will provide NHID staff with an opportunity to review and provide feedback on methodologies, assumptions, data requests, and draft reports to ensure that work is performed efficiently and to the satisfaction of NHID.

Phase One

Proposed Approach

The following describes Wakely's proposed approach for each of the requested analyses in Phase One:

1. Whether market changes have occurred as originally anticipated and modeled: For this analysis, Wakely proposes requesting data from all active issuers and TPAs in the state to get basic 2013 and 2014 enrollment statistics to use for baseline calculations. A more robust and detailed data request would be sent to the larger issuers in NH. This data request would vary based on the market (individual, small group including groups of 51 – 100, and large groups), but would generally be focused on CY 2013 membership, claims experience, and premiums, broken out by demographics.

Enrollment, premium and APTC data as of April 1, 2014, broken out by demographics would also be requested. We recommend waiting until the April 1, 2014 enrollment data is available due to the implementation delays that have occurred. The data request for the small group and individual markets would include a break out of enrollments/demographics by the following categories, by plan effective month, and by market, splitting out self-funded from insured, as applicable:

- a. Grandfathered Policies
- b. Non-Grandfathered Policies Continuing into 2014 (for example a policy with a 7/1/2013 effective date)
- c. Non-Grandfathered Transitional Policies
- d. Non-Grandfathered Early Renewal Policies
- e. Non-Grandfathered ACA-Compliant Policies in Exchange
- f. Non-Grandfathered ACA-Compliant Policies outside Exchange

We have included a description of the proposed data request in Appendix A. The draft request is quite robust (group level data for groups of up to 100 employees, and member level data for the individual market), and would support analysis of the morbidity differences between each of the policy categories above. The request could be scaled back as needed. Wakely also proposes requesting demographic data from New Hampshire's high risk pool (see data request description in Appendix A), as we understand that there was a decision made to delay coverage termination of the program. Final data requests would need to reflect any scope refinements defined during the kick-off meeting, and would also need to provide clear instructions to issuers/TPAs. The data collected would support both phases of the project.

Assuming the proposed data is requested and is available in a timely manner, Wakely will consolidate and summarize the data and estimate the morbidity impact of the enrollment on the markets based on actual take-up. Wakely will also leverage information from rate filings, and the extensive data collection and analysis done by NHID, such as the Supplemental Reporting from issuers and the NHID Analysis of Population Health Status by Carrier and Market Segment. The 2014 enrollment and premium data points can then be compared to the projections from the Gorman model.

Note that assuming the data request covers all, or the vast majority of insured and self-funded policies in the state, Wakely will be able to back into the number and demographics of remaining uninsured using census data.

Should NHID not want to request data from carriers as part of Phase One, Wakely will work with NHID to identify all available data to support the analysis. For example, take-up and the associated morbidity could be derived using 2014 actual premium amounts and Exchange enrollments, and the impact of early renewals, transitional policies, and the continuation of the high risk pool can be estimated using census data and economic modeling.

2. Whether such changes are likely delayed due to regulatory developments: For this analysis, Wakely will utilize the data collected from issuers to summarize the impact of the transitional policy that allows issuers to renew non ACA-compliant plans through October 1, 2014, as well as the impact of any early renewals and the delayed termination of NH's high risk pool.

3. Whether sufficient data exist to identify the current market demographics: Should open enrollment be completed as scheduled on March 31, 2014, Wakely expects enrollment as of April 1, 2014 to be sufficient to identify the current market demographics. Note, however, that these demographics will likely not be indicative of the ultimate impact of the ACA, as enrollments are expected to grow as more individuals become aware of the benefits available under ACA and the penalties for not having coverage increase. Assumptions for additional take-up can be built into the model developed for Phase Two of the project.

Expected Resources Required from NHID

For Phase One of the project, Wakely requests that NHID provide 2012 Supplemental Data reports from issuers / TPAs, 2014 rate filings, and the Gorman model and underlying data used for the initial analysis. Wakely will also rely on data collected from issuers as described above and in Appendix A.

Sample Table of Contents

The following provides a draft Table of Contents for the Phase I report. Note that the contents of the report will depend on the availability of data to support each section as well as input from NHID.

- I. Executive Summary
- II. 2014 Enrollment by Market
 - a. Comparison of actual to expected enrollment across markets
 - b. Observations
- III. Individual Market Analysis
 - a. Actual enrollment compared to expected
 - i. Exchange vs. non-Exchange policies compliant with 2014 market reforms
 - ii. Policies not compliant with 2014 market reforms (grandfathered, transitional, early renewals, etc.)
 - iii. Take-up by uninsured
 - iv. Impact of not expanding Medicaid
 - v. Observations
 - b. Other 2014 enrollment metrics
 - i. Enrollment by metal level
 - ii. Enrollment in CSR variations
 - iii. Enrollment broken down by other factors (as requested by NHID in kick-off)
 - c. Actual premium compared to expected
 - i. Before APTC
 - ii. After APTC
 - iii. Observations

- d. Projected morbidity of 2014 market vs. initial estimates
- IV. Uninsured Analysis
 - a. Preliminary impact of ACA on number of uninsured, including estimated take-up
 - b. Demographics of remaining uninsured
 - c. Impact of not expanding Medicaid
- V. Small Group Market Analysis
 - a. Actual enrollment compared to expected
 - b. Actual vs. expected premium
- VI. Conclusion
- VII. Actuarial Certification
- VIII. Appendix: Methodology, Assumptions and Limitations of Analysis

Debrief

Once Phase One of the project has been completed, Wakely will debrief with NHID on the process and seek feedback on ways to improve the relationship with NHID. Wakely will also work with NHID to refine the scope and timeline for Phase Two.

Phase Two

For the second phase of the project, the Contractor will develop models for determining shifts among NH insurance markets, with a report summarizing the findings and training for NHID staff on use of the model.

In developing the model, Wakely recommends accounting for the following scenarios:

- Without Medicaid expansion (current state)
- With Medicaid expansion, utilizing QHP coverage for a defined subset of the population
- With Medicaid expansion, not utilizing QHP coverage (this will move some individuals, generally with incomes between 100% and 138% FPL from QHPs to Medicaid)
- Merging the individual and small group markets.

The model would also take into account expected changes, such as the expansion of the small group market to employers with up to 100 employees starting in 2016, and the phase out of the transitional reinsurance program.

NHID may also want to consider adding to the scope of the project an additional scenario that would model the addition of new issuers in the marketplace that might impact affordability of coverage (dynamics between second lowest cost silver and bronze and lowest cost silver), potentially increasing take-up (we understand that the number of issuers in the Marketplace may be increasing in 2015).

As noted in previous sections, Wakely has created models for various states to use in analyzing the impact of ACA on their health insurance markets. These models, which are customized based on the needs and circumstances of each state and described in more detail below, have typically accounted for the following market changes:

- Morbidity changes resulting from guarantee issue, premium subsidies, removal of health underwriting factors, and coverage mandates

- Benefit changes resulting from Essential Health Benefit and Actuarial Value Requirements
- Pent-up demand and induced utilization
- Medical Loss Ratio requirements
- Changes to administrative cost components, including new taxes and fees
- Impact of the temporary reinsurance program
- Impact of APTCs on premiums

The following provide summaries of the methodology used for relevant models Wakely utilized for past state market analyses and the sources of data used for input:

Morbidity Model – This model estimates the impact of change in a market’s morbidity due to member migration and guarantee issue in the individual market. The model uses CPS data to understand the historical distribution of individuals by age, insured status, income level and self-reported health status. Combining historical claims data and CPS data, Wakely developed risk scores by self-reported health status. Using these risk scores and projected membership migration, the model estimates the change in morbidity for future time periods. Multiple scenarios are utilized to understand the range of estimates.

Impact Model – This model uses historical industry data, including but not limited to members by AV, demographics, benefits, and rating factors. Data for conversion and high risk pools is also captured. The model uses this data to estimate the impact on premiums of various reform requirements such as EHB, minimum AV, removal of underwriting, minimum loss ratio, and 3:1 age slope. The model further combines the impacts of the other models such as morbidity model and subsidy model to determine the overall impact of reform requirements. The impact is calculated in total with low, best estimate and high scenarios as well as a member impact. The member impact is critical since some reforms will have no overall impact to premiums on average, but may have significant impact at the member level (for example, the 3:1 age slope).

Subsidy Model – This model estimates the percent of members who will be eligible for cost sharing and premium subsidies using projected enrollment by market, age and income level, family size distribution, and second lowest silver premium levels. The model further estimates the value of these subsidies. This model uses output from the Impact Model but the amount of subsidies is included in the overall impact to premiums at both the aggregate and member level. The subsidies can also be estimated under multiple scenarios such as how the subsidies would be impacted under a merged market.

Merged Market Model – Using the output from the Impact Models from each respective market, this model estimates the impact of merging markets (typically the individual and small group markets) as well as the impact of the 51-100 sized groups entering the small group market. This is done by normalizing the premiums and claims for each of the allowable rating variables in order to compare the markets on an equal basis. The data is then combined based on projected membership and the impact for each market is calculated.

Additional models that Wakely has developed include BHP feasibility, provider fee estimates, reinsurance modeling, risk adjustment simulations and other reform related projections.

For the model and analysis NHID is requesting, we will have the benefit of being able to incorporate emerging enrollment data and actual 2014 premiums. We do not, however, expect to have credible data on the

morbidity of the newly insured population, so these will need to be estimated in the model based on expected take-up of insurance and self-reported health status data based on census reports (as described above). Wakely has analyzed the self-reported health status data and has a methodology for assigning risk scores based on this information. We will use New Hampshire census data for both the currently insured and uninsured populations to compare the estimated morbidity of each population cohort. We can also use the Society of Actuaries' *Cost of the Newly Uninsured Under the Affordable Care Act* study, as another data point for reasonability.

Wakely is conducting a national risk adjustment simulation in 2014. If the New Hampshire issuers participate in the simulation it is possible that the aggregate results of the simulation could be used in the modeling. Explicit approval would be needed from the New Hampshire issuers in order to include the results. The first view of 2014 morbidity is expected in April using claims data through February and enrollment data through March 2014.

Note that for purposes of this proposal, we have made the following assumptions

- The model will focus on the individual and small group markets (including groups of 51 – 100 that will be incorporated into the small group market in 2016).
- The model will be based on data available at the time of development and will include capabilities for the user to change various assumptions, such as take-up of the remaining uninsured, health insurance trends, pent-up demand, and loss ratios.

Below is a table indicating the data required for a robust model and the proposed sources:

Data Element	2013	2014	2015
Demographics by market and plan (including CSR variants)	Issuer data request (from Phase One)	Issuer data request (from Phase One)	This will be projected, and may leverage 2015 rate filings
Plan Design / Relativities Analysis	Supplemental Reports (and/or NHCHIS data as needed)	2014 Rate Filings	2015 Rate Filings
Premiums	Supplemental Reports	2014 Rate Filings	2015 Rate Filings
Premium attributed to EHB (needed for APTC calculations)	N/A	2014 Rate Filings / Unified Rate Review Template (URRT)	2015 Rate Filings / URRT
Claims distributions and claims by demographic group	Issuer data request (or possibly NHCHIS depending on timing)	N/A – this will be projected	N/A – this will be projected
Administrative expenses	N/A	2014 Rate Filings	2015 Rate Filings

Wakely will work with NHID to ensure that the model best meets their needs by documenting a conceptual approach and providing sample input and output screen shots for NHID review and sign-off prior to model development. Wakely will also provide NHID with an opportunity to review and test the model prior to finalization.

Expected Resources Required from NHID

Wakely will utilize the data and information provided and proposed to be collected under Phase One of the project to support Phase Two. As noted in the table above, Wakely will also request that NHID provide 2015 rate filings and 2013 Supplemental Reports to ensure that the model includes the most current information available. Wakely will also request NHCHIS data as needed.

Sample Table of Contents

The following provides a draft Table of Contents for the Phase Two report. Note that the contents of the report will depend on the availability of data to support each section as well as input from NHID.

- I. Executive Summary
- II. Projected Enrollment by Market
- III. Individual Market Analysis
 - a. Current and projected enrollments – Exchange vs. non-Exchange
 - b. Projected take-up by demographic group
 - c. Projected changes in morbidity
 - d. Current and projected premiums before and after APTC
 - e. Impact of phase out of temporary reinsurance program
 - f. Impact of Medicaid expansion, utilizing QHPs for some Medicaid cohorts
 - g. Impact of Medicaid expansion, not utilizing QHPs for some Medicaid cohorts
 - h. Observations
- IV. Uninsured Analysis
 - a. Projected number of uninsured
 - b. Demographics of remaining uninsured
 - c. Impact of Medicaid expansion on uninsured
 - d. Observations
- V. Small Group Market Analysis
 - a. Current and projected enrollments – Exchange vs. non-Exchange
 - b. Projected changes in morbidity
 - c. Current and projected premiums
 - d. Impact of expanding small group coverage to include groups of 51 – 100
 - e. Observations
- VI. Conclusion
- VII. Actuarial Certification
- VIII. Appendix: Methodology, Assumptions and Limitations of Analysis

Sample Screen Shots

As noted, Wakely has developed models for analyzing the impact of ACA on the health insurance markets in several states. The model NHID is requesting will differ from these models, because it will incorporate actual post-ACA, 2014 data. Wakely's ACA impact models were also not intended for client use, so we cannot provide screen shots of a user friendly ACA impact model at this time. We have, however, developed and delivered a forecasting model for one state to use in modeling changes in health policy in the state, and we have provided screen shots of that model in Appendix B. Based on the needs of NHID, Wakely could build on the structure of this model which provides a good example of a user friendly interface with instructions for use. Wakely will work with NHID to develop a solution that best meets its needs whether it be to update the current model or create new and/or supplemental models.

Training

This proposal assumes that Wakely will provide one three-hour training session to NHID staff following completion of the model. Wakely expects that NHID staff will be engaged to some degree in the update or creation of the model, and expects that staff will already have some familiarity with the model prior to the training session.

Proposed Time Line

Wakely recommends that 2014 enrollment data be collected following the close of the open enrollment period for the individual market (expected March 31, 2014). This results in an aggressive schedule for finalizing the Phase One report by April 30 that does not allow much time for NHID review. The timeline can be adjusted should NHID be amenable to extending the deadline for the final Phase One report and/or utilizing enrollment data for an earlier date in 2014. The timeline also assumes that Wakely cannot begin work until state approvals are finalized, which the RFP indicates will be by late February, and our timeline assumes to be no later than February 24th. Wakely will work with NHID to adjust the timeline in a way that best meets NHID's needs and staff availability.

Project Phase	Task	Responsible Party	Target End Date
Kick-Off	Vendor selection	NHID	1/22/2014
	Signed paperwork	Wakely	1/31/2014
	State approvals	NHID	2/24/2014
	Provide Gorman model to Wakely	NHID	2/24/2014
	Provide Issuer Supplemental Reports and rate filings to Wakely (as allowed)	NHID	2/24/2014
	Kick-off Meeting	Wakely/NHID	3/7/2014

Response to Request for Proposal: Market Analysis Modeling

Project Phase	Task	Responsible Party	Target End Date
	Wakely to send kick-off meeting notes to NHID for sign-off	Wakely	3/11/2014
	NHID sign-off on kick-off meeting notes	NHID	3/14/2014
Phase I	Finalize data request to issuers to support Phase I	Wakely	3/17/2014
	Receive data from issuers	Issuers	4/7/2014
	Complete Phase I analysis and draft report	Wakely	4/28/2014
	NHID review and provide feedback on Phase I report	NHID	4/29/2014
	Finalize Phase I report	Wakely	4/30/2014
Phase II	Debrief from Phase I and refine scope for Phase II	Wakely/NHID	5/16/2014
	Wakely to document conceptual approach to model, including inputs, assumptions, and output tables	Wakely	6/30/2014
	NHID to provide feedback on documented approach	NHID	7/11/2014
	Finalize and sign-off on approach	Wakely/NHID	7/18/2014
	Finalize data request for NHCHIS (as needed)	Wakely	7/18/2014
	NHID to provide 2013 Supplemental Reports and 2015 Rate Filings	NHID	8/31/2014
	NHCHIS data received (as needed)	NHCHIS	8/31/2014
	Develop and test draft model (internally)	Wakely	9/30/2014
	Provide draft model to NHID for feedback	Wakely	9/30/2014

Project Phase	Task	Responsible Party	Target End Date
	NHID tests and provides feedback on draft model	NHID	10/17/2014
	Run model with final inputs and deliver draft report to NHID	Wakely	10/31/2014
	NHID provides feedback on report	NHID	11/7/2014
	Report finalized	NHID	11/21/2014
	Final model delivered to NHID	Wakely	11/28/2014
	Wakely to provide training session on model to NHID staff	Wakely	12/12/2014

Rates

The following are Wakely's proposed hourly rates for this project. Wakely is very excited for the opportunity to work with NHID and have provided rates at a five percent discount.

Proposed Staff	Julie Peper/ Mary Hegemann	Julia Lerche	Sharon Leach	Chia Chin	Margaux Vaudreuil	Total
Title	Director	Sr. Consulting Actuary	Sr. Consulting Actuary	Sr. Actuarial Analyst	Analyst	
Total Hours	24	120	30	115	115	404
Hourly Rates*	\$395	\$325	\$325	\$200	\$180	\$252
Total Service Cost	\$9,480	\$39,000	\$9,750	\$23,000	\$20,700	\$101,930
Travel**	\$0	\$1,500	\$1,500	\$0	\$0	\$3,000
Total Not to Exceed						\$104,930

* Hourly rates are discounted by approximately 5% relative to standard rates

** Travel assumes approximately two overnight trips to NH for two consultants

Should NHID want to include in the a scenario for the addition of new issuers to the market which significantly impacts the affordability of coverage equation due to the dynamics of the second lowest cost silver plan cost relative to other lower cost options (as noted in the Phase Two approach section), an additional \$7,500 would need to be added to the total not to exceed amount above.

Conflict of Interest

Wakely Consulting Group and its employees and principals are free of any current or potential conflicts of interest pertaining to the services described in the RFP. Wakely is an independently owned, healthcare consulting firm. We do not have corporate parents, subsidiaries, or affiliates. We only receive project-based or hourly fees. We do not receive contingent compensation from our clients based on their financial performance.

Wakely would not allow any outside influence to affect the work we did for the NHID. This includes commercial companies who may have an interest in how government based reform programs perform. We believe this separates us from some of the larger firms who are either owned by large insurance companies, or whose client base includes the largest and most influential health insurance companies. Our clients are generally smaller, more regionally based HMOs or insurance companies, and/or our fees from any single insurance company do not comprise a large share of our revenue. If any potential conflicts of interest arose, Wakely would disclose those immediately and work to resolve them.

References

Below are references for a sample of the engagements similar to the scope of work requested by NHID (additional details are included in the Similar Projects section).

Rhode Island Office of the Health Insurance Commissioner (OHIC)

Wakely has assisted OHIC with many projects, including collecting data from RI health plans to perform risk adjustment and reinsurance simulations, EHB benchmark analysis, and the impact of ACA on RI health insurance premiums, including under the scenario in which RI merged its individual and small group markets.

Contact: Kim Paull, Director of Analytics

Kim.Paull@ohic.ri.gov

(732) 841-5684

Oregon Insurance Division

Wakely has been assisting the state of Oregon on various health reform projects including but not limited to risk adjustment and reinsurance simulations, analysis of the ACA impacts on current market premiums, essential health benefits and plan design. This work has involved stakeholder meetings as well as discussions on health reform topics with health insurer CEOs and the governor's staff.

Contact: Berry Leslie, Deputy Administrator

Berry.leslie@state.or.us

(503) 947-7226

Vermont Agency of Administration

Wakely has been assisting the state of Vermont with many areas of health reform. Specific projects under this contract include, but are not limited to:

- Exchange impact on outside market
- Actuarial analysis around EHBs
- Plan design development
- Reinsurance and risk adjustment recommendations and implementation planning
- Group migration analyses
- Model for performing financial analysis for VT single payer system under an ACA waiver

Contact: Robin J. Lunge, Director of Health Care Reform

Robin.lunge@state.vt.us

(802) 828-0566

Contract Provisions

Wakely has reviewed the form P-37, and requests a change to the comprehensive general liability insurance coverage requirements. Wakely's current general liability insurance is \$1,000,000 per occurrence and \$2,000,000 in aggregate.

Appendices

Appendix A: Data Requests

Request to Issuers / TPAs

Below is a description of the data Wakely would request from issuers to support both Phase One and Phase Two work. These are fairly robust requests, and can be scaled back as requested by NHID with the understanding that it could affect the accuracy of model. We understand that some of this data may be available through NHCHIS, though it would likely not be available for Phase One of the project.

Non-Group / Individual Market

Wakely recommends requesting member level data from the larger issuers in the non-group market to maximize the value of the analysis. The data would be collected in two files. A scaled down request could be sent to issuers with low enrollments.

File #1: to include all members covered during some portion of 2013.

- Member ID (de-identified)
- Family/Policy ID (to combine family members under the same policy)
- Policyholder indicator (Y/N)
- Plan ID (to align with rate filing and/or Supplemental Report)
- Grandfathered plan indicator (Y/N)
- Effective month of coverage (members may have multiple records, if for example they had a policy from 7/1/2012 – 6/30/2013 and then renewed on 7/1/2013)
- Year of Birth
- Gender
- Tobacco use (Y/N/U, where U = unknown)
- Member months during CY 2013
- Earned premium during CY 2013
- Allowed claims during CY 2013 (include IBNR estimate)
- Paid claims during CY 2013 (include IBNR estimate)

File #2: to include all members covered as of 4/1/2014

- Member ID (should match up to Member ID for file #1)
- Family/Policy ID
- Policyholder indicator (Y/N)
- Plan ID (to align with rate filing and/or Supplemental Report)
- Cost-sharing reduction variation (94% AV, 87% AV, 73% AV, zero cost sharing, standard, or N/A for non-compliant plan)

- Grandfathered plan indicator
- 2014 market reforms compliance indicator (Y/N)
- Exchange indicator (Y/N)
- Eligible for renewal (Y/N)
- Effective month of current coverage
- Year of birth
- Gender
- Tobacco use (Y/N/U, where U = unknown)
- Monthly premium, before subtracting APTC (family premiums may be assigned to the policyholder, with \$0 entered for other family members)
- Monthly APTC amount (family APTC amounts may be assigned to the policyholder, with \$0 entered for other family members)

Small Group and Groups with 51 – 100 employees

Wakely recommends requesting group level data from the larger issuers in the group market to maximize the value of the analysis. The data would be collected in two files. A scaled down request could be sent to issuers with low enrollments.

File #1 to include all groups with coverage during some portion of 2013.

- Group ID
- Group size - 1, 2, 3-4, 5-9, 10-25, 26- 50, 51 – 100 (to align with Gorman study)
- Plan ID (to align with the Supplemental Report, noting that a group would have a row for each plan)
- Effective month of coverage (groups may have multiple records, if for example they had a policy from 7/1/2012 – 6/30/2013 and then renewed on 7/1/2013)
- Insured vs. self-funded
- Grandfathered plan indicator
- Member months by age band and gender
- Earned premium during CY 2013
- Allowed claims during CY 2013 (include IBNR estimate)
- Paid claims during CY 2013 (include IBNR estimate)

File #2 to include all groups with coverage as of 4/1/2014

- Group ID
- Group size - 1, 2, 3-4, 5-9, 10-25, 26- 50, 51 – 100 (to align with Gorman study)
- Plan ID (to align with rate filing)
- Insured vs. self-funded
- Grandfathered plan indicator
- 2014 market reforms compliance indicator (Y/N, N/A for self-funded plans)
- SHOP indicator (Y/N)
- Eligible for renewal (Y/N)

- Effective month of current coverage
- Membership split by combinations of age band/gender and tobacco use
- Monthly premium

Large Group (over 100 employees)

- CY 2013 member months, allowed claims and earned premium by age band/gender and split by insured and self-funded groups.
- Membership as of 4/1/2014 by age/gender and split by insured and self-funded groups.

Note that the large group request could also include additional splits such as group size, geography and grandfathered vs. non-grandfathered policies should NHID want statistics broken out by those factors for large group.

New Hampshire Health Plan (High Risk Pool)

- CY 2013 member months and allowed claims by combination of age band, gender, and eligibility for low income subsidy
- Monthly membership for January – April 2014 by combination of age band, gender, and eligibility for Low Income Premium Subsidy (LIPS)

Appendix B: Sample Model Screen Shots

The following provides a screen shot of the menu screen for a forecasting tool that was developed for a state client.

Inputs

<u>Input Type</u>	<u>Description</u>	<u>Link</u>
Base Data		
Claims	Any claims data for all lines of business Note: There is a macro on this tab that may need to be run	Input_Claims
Administrative Costs	Any administrative costs for all lines of business Note: There is a macro on this tab that may need to be run	Input_Admin
Other Expenses	Any other expenses for all lines of business Note: There is a macro on this tab that may need to be run	Input_OthExp
Membership	Membership data by line of business and eligibility category Note: There is a macro on this tab that may need to be run	Input_Membership
Data Definitions & Lists		
Definitions & Lists	Define service categories, utilization type, and other lists Note: There is a macro on this tab that may need to be run	Input_Definitions_Lists
Data Mapping	Crosswalk values in the data to model defined values Note: There is a macro on this tab that may need to be run	Input_Data_Mapping
Trends, Savings, and Investments		
Trends	Enter time period descriptions and high level utilization & unit cost trends Note: There is a macro on this tab that may need to be run	Input_Trend
Trend Detail - Claims	Override overall trends by Service and Eligibility category	Input_TrendDetail
Savings	Input expected savings from initiatives	Input_Initiatives
Investment Costs	Input expected costs from investments	Input_Investments
Membership Shifts		
Membership Shifts	Enter any expected shifts in membership	Input_MembershipShifts
Actuarial Values		
Actuarial Values	Input paid to allowed ratios (actuarial values)	Input_Paid_to_Allowed
Warnings		
You have entered data with Allowed dollars, but no Utilization. These dollars are dropped by the model.		

Summary Exhibits

<u>Exhibit Type</u>	<u>Description</u>	<u>Link</u>
Tables		
Review	Summary of data totals by various categories so user can ensure quality	Summary_Review
High Level	Summarizes historic and forecast results for all data combined	Summary_All
Detail	Summarizes historic and forecast results based on user selections	Summary_ClaimsDetail

Response to Request for Proposal: Market Analysis Modeling

The following are screen shots of an inputs page including instructions:

Claims

Instructions:

1. This tab is intended to hold the claims data. Do not enter capitation data, administrative costs or other expenses.
2. Only the fields shown highlighted in green are expected by the model. Your original data may not be in the layout/format expected in this model. If that is the case, you will need to manipulate it so it fits. That manipulation will need to be done outside of this model.
3. Do not include a header row with field names. Do not override the field names entered in the green highlighted range.
4. Please be sure the data you enter meets the specified requirements below:

<u>FIELD</u>	<u>REQUIREMENT NOTES</u>
<i>LOB</i>	Should only contain the values "Commerical", "Medicaid", and "Medicare"
<i>Data Source Note</i>	No requirement - enter as needed for your own documentation purposes
<i>YYYYQQ</i>	This should be the incurred date of the claims entered in YYYYQQ format, such as 2013Q1
<i>Service Category</i>	No requirement - categories can be condensed in the 'Data Mapping' tab
<i>Eligibility Type</i>	No requirement - categories can be condensed in the 'Data Mapping' tab
<i>Visits</i>	No requirement - this may contain scripts, rides, etc.
<i>Admits</i>	No requirement
<i>Days</i>	No requirement
<i>Plan Paid</i>	No requirement
<i>Member Paid</i>	No requirement
<i>Allowed</i>	This amount should equal the sum of the Plan and Member Paid amounts
5. The fields highlighted orange are not to be altered.
6. Do not leave blank cells between any two entries.
7. There must be an entry in every cell of the "Eligibility Type" field, even if the value is "NULL". There should be no blanks.
8. There must be an entry in every cell of the "Service Category" field, even if the value is "NULL". There should be no blanks.
9. After entering ALL the data, you will need to run the macro below. If you append any data, the macro will need to be rerun.

Data Source Name	YYYYQQ	Service Category	Eligibility Type	Visits	Admits	Days	Plan Paid	Member Paid	Allowed
FileName.xls	2009Q1	Inpatient Facility	Individual	100	100	300	\$1,000,000	\$150,000	\$1,150,000
FileName.xls	2009Q1	Outpatient Facility	Individual	3,000	0	0	\$1,500,000	\$225,000	\$1,725,000
FileName.xls	2009Q1	Other Facility	Individual	50	0	0	\$10,000	\$1,500	\$11,500
FileName.xls	2009Q1	Professional	Individual	11,000	0	0	\$10,000,000	\$1,500,000	\$11,500,000
FileName.xls	2009Q1	Home/Amb/DME	Individual	150	0	0	\$80,000	\$12,000	\$92,000
FileName.xls	2009Q1	Drug	Individual	150	0	0	\$20,000	\$3,000	\$23,000
FileName.xls	2009Q1	Other Unclassified	Individual	0	0	0	\$0	\$0	\$0
FileName.xls	2009Q1	Unknown	Individual	20	0	0	\$10,000	\$1,500	\$11,500
FileName.xls	2009Q1	Inpatient Facility	Small Group	100	100	300	\$1,000,000	\$150,000	\$1,150,000
FileName.xls	2009Q1	Outpatient Facility	Small Group	3,000	0	0	\$1,500,000	\$225,000	\$1,725,000
FileName.xls	2009Q1	Other Facility	Small Group	50	0	0	\$10,000	\$1,500	\$11,500
FileName.xls	2009Q1	Professional	Small Group	11,000	0	0	\$10,000,000	\$1,500,000	\$11,500,000
FileName.xls	2009Q1	Home/Amb/DME	Small Group	150	0	0	\$80,000	\$12,000	\$92,000
FileName.xls	2009Q1	Drug	Small Group	150	0	0	\$20,000	\$3,000	\$23,000
FileName.xls	2009Q1	Other Unclassified	Small Group	0	0	0	\$0	\$0	\$0
FileName.xls	2009Q1	Unknown	Small Group	20	0	0	\$10,000	\$1,500	\$11,500

The following is a screen shot from one of the output tabs:

Year	Per Member Per Month					
	2009	2010	2011	2013	2014	2015
Total Member Months	20,000	20,000	20,000	20,000	20,000	20,000
Average Members	1,667	1,667	1,667	1,667	1,667	1,667
Baseline Projection						
Allowed Claims	\$150.00	\$160.00	\$165.00	\$170.00	\$180.00	\$190.00
<i>Paid Claims</i>	135.00	144.00	148.50	153.00	162.00	171.00
<i>Member Liability</i>	15.00	16.00	16.50	17.00	18.00	19.00
Non-Claim Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Administrative Exper	30.00	30.00	30.00	30.00	30.00	30.00
Investment Costs				0.00	0.00	0.00
Total	\$180.00	\$190.00	\$195.00	\$200.00	\$210.00	\$220.00
Savings Projection						
Allowed Claims	\$150.00	\$160.00	\$165.00	\$170.00	\$180.00	\$190.00
<i>Paid Claims</i>	135.00	144.00	148.50	153.00	162.00	171.00
<i>Member Liability</i>	15.00	16.00	16.50	17.00	18.00	19.00
Non-Claim Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Administrative Exper	30.00	30.00	30.00	30.00	30.00	30.00
Investment Costs				0.00	0.00	0.00
Total	\$180.00	\$190.00	\$195.00	\$200.00	\$210.00	\$220.00
Savings - By Category						
Allowed Claims				\$0.00	\$0.00	\$0.00
<i>Paid Claims</i>				0.00	0.00	0.00
<i>Member Liability</i>				0.00	0.00	0.00
Non-Claim Expenses				0.00	0.00	0.00
Administrative Expenses				0.00	0.00	0.00
Investment Costs				0.00	0.00	0.00
Total				\$0.00	\$0.00	\$0.00
Savings - By Initiative						
ACA Impacts				\$0.00	\$0.00	\$0.00
ACOs				0.00	0.00	0.00
Dual Demo				0.00	0.00	0.00
Invest1				0.00	0.00	0.00
Invest2				0.00	0.00	0.00
Total				\$0.00	\$0.00	\$0.00

Agreement with Wakely Consulting Group Market Analysis Modeling² – Cycle III Rate Review

Exhibit B

Contract Price, Price Limitations and Payment

The services will be billed at the rates set forth in the Contractors Proposal, dated January 13, 2014, not to exceed the total contract price of \$104,930. The services shall be billed at least monthly and the invoice for the services shall identify the person or persons providing the service. Payment shall be made within 30 days of the date the service is invoiced

Agreement with Wakely Consulting Group Market Analysis Modeling² – Cycle III Rate Review

Exhibit C

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

The New Hampshire Insurance Department and Wakely Consulting Group hereby agree to modify Form P-37 as follows:

1. Modify Section 1.14.1.1 of the General Provisions to read “comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$1,000,000 per occurrence and \$2,000,000 in aggregate; and”

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 Wakely Consulting Group, Inc. a(n) Florida corporation, is authorized to transact business in New Hampshire and qualified on January 5, 2011. I further certify that all fees and annual reports required by the Secretary of State's office have been received.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 24th day of February, A.D. 2014

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

William M. Gardner
Secretary of State

RECEIVED BY
NH INSURANCE DEPT
FEB 21 2014

CERTIFICATE OF VOTE
(Corporation with Seal)

I, Julia Lambert President of the
(Corporation Representative Name) (Corporation Representative Title)
Wakely Consulting Group, Inc.
do hereby certify that:
(Corporation Name)

(1) I am the duly elected and acting President of the
(Corporation Representative Title)
Wakely Consulting Group, Inc., a Florida corporation (the "Corporation");
(Corporation Name) (State of Incorporation)

(2) I maintain and have custody of and am familiar with the Seal and minute books of the Corporation;

(3) I am duly authorized to issue certificates;

(4) the following are true, accurate and complete copies of the resolutions adopted by the Board of Directors of the Corporation at a meeting of the said Board of Directors held on the
20 day of February, 2014, which meeting was duly held in accordance with
Florida law and the by-laws of the Corporation:
(State of Incorporation)

RESOLVED: That this Corporation enter into a contract with the State of New Hampshire Insurance Department, providing for the performance by the Corporation of certain actuarial services, and that the President (any Vice President or Director) (and the Treasurer) (or any of them acting singly) be and hereby (is) (are) authorized and directed for and on behalf of this Corporation to enter into the said contract with the State and to take any and all such actions and to execute, seal, acknowledge and deliver for and on behalf of this Corporation any and all documents, agreements and other instruments (and any amendments, revisions or modifications thereto) as (she) (he) (any of them) may deem necessary, desirable or appropriate to accomplish the same;

RESOLVED: That the signature of any officer of this Corporation affixed to any instrument or document described in or contemplated by these resolutions shall be conclusive evidence of the authority of said officer to bind this Corporation thereby;

The forgoing resolutions have not been revoked, annulled or amended in any manner whatsoever, and remain in full force and effect as of the date hereof; and the following person(s) (has) (have) been duly elected and now occupy the office(s) indicated below

Julia Lambert President Name

Brian Weible Vice President Name

Julia Lambert Treasurer Name

IN WITNESS WHEREOF, I have hereunto set my hand as the President
(Title)

of the Corporation and have affixed its corporate seal this 20th day of Feb, 2014.

Julia Lambert
(Title) Julia Lambert, President

(Seal)

STATE OF Florida

COUNTY OF Pinellas

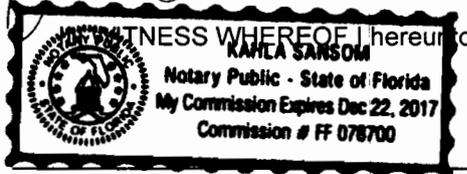
On this the 20th day of Feb, 2014, before me, Julia Lambert, the undersigned officer, personally appeared _____, who acknowledge her/himself to be the

President, of Wakely Consulting Group, Inc, a corporation, and that she/he, as
(Title) (Name of Corporation)

such President being authorized to do so, executed the foregoing instrument for the
(Title)

purposes therein contained, by signing the name of the corporation by her/himself as

Julia Lambert



Notary Public/Justice of the Peace

My Commission expires: 12/22/17

STANDARD EXHIBIT I

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

BUSINESS ASSOCIATE AGREEMENT

(1) Definitions.

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

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

(2) Use and Disclosure of Protected Health Information.

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

(3) Obligations and Activities of Business Associate.

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

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

(4) Obligations of Covered Entity

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

(5) Termination for Cause

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

(6) Miscellaneous

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

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

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

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

NH Insurance Department
The State

Alexander R. Feldvebel
Signature of Authorized Representative

Alexander Feldvebel
Name of Authorized Representative

Deputy Commissioner
Title of Authorized Representative

2/20/14
Date

Wakely Consulting Group, Inc.
Name of the Contractor

Julie Peper
Signature of Authorized Representative

Julie Peper
Name of Authorized Representative

Director and Sr. Consulting Actuary
Title of Authorized Representative

February 20, 2014
Date