



STATE OF NEW HAMPSHIRE  
 DEPARTMENT OF HEALTH AND HUMAN SERVICES  
 DIVISION OF COMMUNITY BASED SERVICES

Nicholas A. Toumpas  
 Commissioner

Nancy L. Rollins  
 Associate Commissioner

129 PLEASANT STREET, CONCORD, NH 03301-3857  
 603-271-4680 1-800-351-1888  
 Fax: 603-271-4643 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

July 30, 2013

*Sole Source*  
*100% Federal*

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

**Requested Action**

Authorize the Department of Health and Human Services, Division of Community Based Care Services to enter into a **sole source** amendment with Milliman, Inc., 15800 Bluemound Rd, Suite 100, Brookfield, Wisconsin by increasing the price limitation by \$446,750 from \$2,701,560 to \$3,148,310 to provide Actuarial Services related to the State Innovation Model (SIM) project, effective date of Governor and Council approval.

Funds to support this request are anticipated to be available in the following account in State Fiscal Year 2014 upon availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts within the price limitation and amend the related terms of the contract without further approval from Governor and Executive Council:

**05-95-95-958010-1225 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS, HHS: COMMISSIONER-COMMUNITY BASED CARE SERVICES, STATE INNOVATION MODELS GRANT**

Fiscal Year	Class/Object	Class Title	Amounts
2014	102-500731	Contracts for Program Services	\$446,750.00

**Explanation**

The purpose of this **sole source** agreement is to purchase Actuarial services for the State Innovation Model (SIM) project. To support the State Innovation Model Project, the State received a grant funded from the Centers for Medicare and Medicaid Services. The Department will use the grant funds to design a new State Health Care Innovation Model. It is intended that this new model will support the establishment of Phase II of the Medicaid managed care program, which will cover foster care children, dual eligible beneficiaries and long-term care for people with chronic conditions. This request is sole source because the contractor has successfully provided and is currently providing similar services for Medicaid Care Management. Splitting these activities over two contractors would increase cost and reduce efficiencies.

The Department will focus its model design on individuals who are either in need of or at-risk for needing long-term support services. This population was chosen because:

1. This population has complex health needs that are served by multiple service delivery systems that struggle to coordinate care across those systems;
2. Multiple payers access these delivery systems with little commonality in their approach to care management, the role of consumers and measurement of outcomes; and
3. There is no current mechanism to look across the delivery systems and across the payers to measure the cost effectiveness of the provided services or to measure their performance in improving the health status and quality of life for the consumers they serve.

The broad goal of this project is to transform the current service payment model into a system that:

1. Empowers consumers to access services across the service delivery system "silos" and improves care and service coordination across those systems;
2. Aligns the payers for long term care support services around a common goals and outcomes; and
3. Employs a payment system that creates global accountability for cost effectiveness and outcomes.

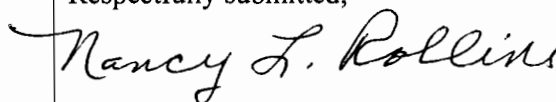
Should the Governor and Executive Council determine to not authorize this contract, Actuarial Services activities needed, as part of the SIM project, would not be performed. Actuarial Services is a requirement of the terms and conditions of the SIM grant.

The Department has detailed specific core activities in the contract from which the effectiveness of the contractor will be measured.

Sources of Funds: 100% Federal State Innovation Model Grant from Centers for Medicare and Medicaid Services.

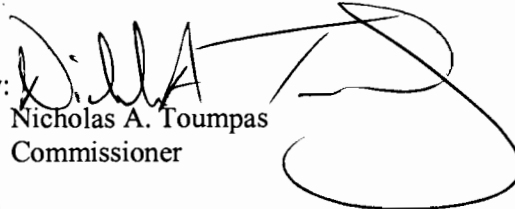
In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Nancy L. Rollins  
Associate Commissioner

Approved by:



Nicholas A. Toumpas  
Commissioner



**State of New Hampshire  
Department of Health and Human Services  
Amendment #1 to the Milliman Inc. Actuarial Consultant Service Contract**

This first Amendment to the Milliman Inc. Actuarial Consultant Service contract (hereinafter referred to as "Amendment #1") dated this July 19<sup>th</sup> day of 2013, is by and between the State of New Hampshire, Department of Health and Human Services (hereinafter referred to as the "State" or "Department") and Milliman Inc. (hereinafter referred to as "the Contractor"), a Washington corporation with a place of business at 15800 Bluemound Rd., Suite 100, Brookfield, Wisconsin.

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on December 5, 2012, the Contractor agreed to perform certain services based upon the terms and conditions specified in the Contract as amended and in consideration of certain sums specified; and

WHEREAS, the State and the Contractor have agreed to make changes to the scope of work, payment schedules and terms and conditions of the contract; and

WHEREAS, pursuant to the General Provisions, Paragraph 18, the State may at its sole discretion, adjust the scope of services by written agreement of the parties;

WHEREAS Contractor is engaged in actuarial work for the New Hampshire Medicaid program, including long term care services, and the State requires actuarial services as part of the State Innovation Model (SIM) project, the parties agreed to a certain scope of services detailed in this amendment;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained in the Contract and set forth herein, the parties hereto agree as follows:

**1) Amendment and modification of P-37 "Agreement";**

- a) Change Price Limitation in Block 1.8 to read \$3,148,310.00

**Add Exhibit A-1**

**Add Exhibit B-1**

New Hampshire Department of Health and Human Services  
Actuarial Consultant Service

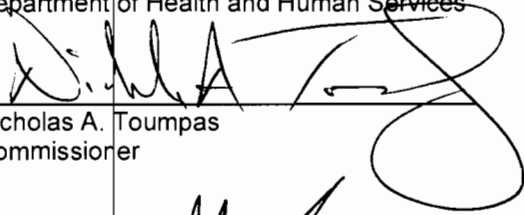


This amendment shall be effective upon the date of Governor and Executive Council approval.

IN WITNESS WHEREOF, the parties have set their hands as of the date written below,


8/1/13  
Date

State of New Hampshire  
Department of Health and Human Services

  
Nicholas A. Toumpas  
Commissioner

July 29, 2013  
Date

Milliman, Inc.

  
Name: John D. Meerschaeft  
Title: Principal and Consulting Actuary

Acknowledgement:

State of WISCONSIN, County of WAUKESHA on JULY 29, 2013 before the undersigned officer, personally appeared the person identified above, or satisfactorily proven to be the person whose name is signed above, and acknowledged that s/he executed this document in the capacity indicated above.

Signature of Notary Public or Justice of the Peace

  
Name and Title of Notary or Justice of the Peace

**MISTY MUNZINGER  
Notary Public  
State of Wisconsin**



The preceding Amendment, having been reviewed by this office, is approved as to form, substance, and execution.

OFFICE OF THE ATTORNEY GENERAL

30 JUL 2013  
Date

Jeanne P. Henick  
Name: Jeanne P. Henick  
Title: Attorney

I hereby certify that the foregoing Amendment was approved by the Governor and Executive Council of the State of New Hampshire at the Meeting on: \_\_\_\_\_ (date of meeting)

OFFICE OF THE SECRETARY OF STATE

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name:  
Title:



Scope of Services

**Task 1 – Develop baseline model of current LTC system**

Contractor will develop a baseline population and financial model of the current LTC system in New Hampshire. Contractor will work with the SIM project team to define the model parameters, which are to include the following items:

- 1) The Medicaid population currently receiving long term support services
  - Nursing home residents
  - Home and community based service (HCBS) waiver enrollees
  - Other populations as defined by DHHS
- 2) Populations receiving long-term support services from other payers
  - Medicare
  - Veterans Administration
  - Commercial health insurance
  - Private long-term care insurance
  - The level of detail included for these populations is subject to data availability and timing constraints
- 3) Populations “at risk” for needing long-term support services
  - Definition to be determined by DHHS
- 4) Summary of utilization and service cost
  - Payer (Medicaid, Medicare, etc.)
  - Service delivery system (Medicaid, Bureau of Developmental Services, Bureau of Behavioral Health, etc.)
  - Type of service (including acute care and long-term support services)
  - The level of detail included for non-Medicaid populations is subject to data availability and timing constraints
- 5) Funding sources
  - Medicaid
  - Other state funding
  - County funding
  - Federal funding
  - Private funding

The baseline model will be a flexible Excel-based model that will be used in Tasks 2 and 3 to model various system changes proposed by the SIM project team as described below.

The scope of Task 1 is to include the following on-site meetings and / or conference calls:

- Kick off meeting with SIM project leadership and stakeholder workgroup (2 days)
- Working meetings with DHHS bureau leadership and technical experts to obtain data on current populations, services, and service expenditures that fall outside the MMIS data (3 days)
- Ongoing communication regarding baseline model parameters
- Presentation of baseline model to SIM project team (1 day)

**Task 2 – Support SIM project team and workgroups to identify system changes and obtain input on modeling assumptions**

The SIM project team will identify potential system changes it would like to study, potentially including changes to eligibility, service offerings, provider reimbursement structures, and other system components. Contractor will be involved in the following workgroups (defined on Page 13 of New Hampshire’s SIM model design grant application) in order to identify and understand the desired system changes:



- 1) Delivery system redesign
- 2) Payment reform design, including the consideration of blended and global multi-payer payment strategies
- 3) How existing initiatives will be incorporated into the Model

Contractor will engage the SIM project team to develop and gain consensus on modeling assumptions for the expected impact of system changes. For example, if a new service is added, Contractor would work with the SIM project team to define projected utilization, unit reimbursement, expected services replaced by the new service, etc.

The scope of Task 2 is to include the following on-site meetings and / or conference calls:

- Participation in workgroup meetings and stakeholder sessions
- Ongoing communication with SIM project team via conference calls

***Task 3 – Adjust baseline model and provide interim financial projections for SIM project team review***

Contractor will use the Task 1 baseline model to project population and financial changes that result from the system changes. Contractor will present the results of the model to the SIM project team in written reports and / or presentation format. Contractor will develop a mutually agreeable format with DHHS so that results can be produced on a timely basis. Where possible, Contractor will show the uncertainty of the projections in a sensitivity analysis.

Contractor anticipate the SIM project team will identify further changes after reviewing the modeling results, moving back to Task 2.

The scope of Task 3 is expected to include the following on-site meetings and / or conference calls:

- Presentation of three sets of interim financial projections (three days)
- Ongoing communication with SIM project team via conference calls

***Task 4 – Develop final financial projections for grant report***

After the SIM project team approves the final model design, Contractor will produce the final financial projections for the grant report. Contractor will develop a mutually agreeable format with DHHS for the final report.

- Presentation of final financial projections (two days)
- Ongoing communication with SIM project team via conference calls



**Method and Conditions Precedent to Payment**

The State shall pay the Contractor an amount not to exceed the Price Limitation, block 1.8, for the services provided by the Contractor pursuant to Exhibit A-1, Scope of Services.

**BUDGET AND TIMING**

The grant report is required to be submitted no later than six months after grant award. The following schedule is set for the scope of actuarial services. Actual timing will be determined by the number of iterations of Tasks 2 and 3 and the complexity of the system changes to be modeled. Contractor will work with DHHS to stay within all required timelines.

- > Task 1: 1.5 – 2 months
- > Tasks 2 and 3 (iterative): 3 – 4 months (overlaps Task 1)
- > Tasks 4: 0.5 – 1 month

**Budget**

	Task 1	Task 2	Task 3	Task 4	Total
<b>Off-site work</b>					
Hours	400	80	240	100	820
Average hourly billing rate <sup>1</sup>	\$275	\$275	\$275	\$275	\$275
Total time cost	\$110,000	\$22,000	\$66,000	\$27,500	\$225,500
<b>On-site work</b>					
Meeting days	6	20	3	2	31
Consultant days	14	30	9	6	59
Consultant hours (8 hours per day)	112	240	72	48	472
Average hourly billing rate <sup>1</sup>	\$375	\$375	\$375	\$375	\$375
Total time cost	\$42,000	\$90,000	\$27,000	\$18,000	\$177,000
<b>Estimated travel expenses<sup>2</sup></b>					
	\$10,500	\$22,500	\$6,750	\$4,500	\$44,250
<b>Total</b>	<b>\$162,500</b>	<b>\$134,500</b>	<b>\$99,750</b>	<b>\$50,000</b>	<b>\$446,750</b>

Payment for said services shall be made as follows:

The Contractor will submit an invoice by the tenth working day of each month, which identifies and requests reimbursement for authorized expenses incurred in the prior month. The State shall make payment to the Contractor within thirty (30) days of receipt of each invoice for Contractor services provided pursuant to this Agreement.

The invoice must be submitted to:  
Financial Director DCBCS  
Department of Health and Human Services  
129 Pleasant Street  
Concord, NH 03301

Contractor Initials JOM  
Date 7/22/13





**Certification of Corporate Secretary**

State of Washington)

ss.

County of King )

Brian S. Pollack, being first duly sworn upon oath, deposes and says:

- 1. I am the duly qualified and acting Corporate Secretary of Milliman, Inc.
- 2. On December 3, 2002, the following resolution was duly adopted by the Board of Directors of the corporation and remains in effect.

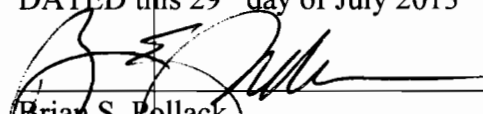
BE IT HEREBY RESOLVED, that each Principal of the firm and any consultant meeting requirements established by the Board of Directors are hereby granted the authority to individually negotiate and enter into proposals, engagement letters, contracts, letters of intent, and other documents on behalf of the corporation for the purpose of providing consulting, actuarial, and other professional services.

3. John Meerschaert

is a duly elected and acting Principal of the firm


is a consultant of the firm who meets the requirements established by the Board of Directors

DATED this 29<sup>th</sup> day of July 2013

  
\_\_\_\_\_  
Brian S. Pollack  
Corporate Secretary



SUBSCRIBED AND SWORN to before me this 29<sup>th</sup> day of July 2013

  
\_\_\_\_\_  
Notary Public in and for the State of Washington,  
residing at Shoreline, Washington.  
My commission expires 9 February 2015.



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 MILLIMAN, INC. a(n) Washington corporation, is authorized to transact business in New Hampshire and qualified on September 15, 1988. 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 30<sup>th</sup> day of July, A.D. 2013

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

William M. Gardner  
Secretary of State



# CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)  
06/25/2013

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

If this certificate is being prepared for a party who has an insurable interest in the property, do not use this form. Use ACORD 27 or ACORD 28.

PRODUCER Parker, Smith & Feek, Inc. 2233 112th Avenue NE Bellevue, WA 98004	CONTACT NAME:		
	PHONE (A/C, No, Ext):	425-709-3600	FAX (A/C, No): 425-709-7460
E-MAIL ADDRESS:			
PRODUCER CUSTOMER ID #:			
INSURED Milliman, Inc. 1301 Fifth Ave., Suite 3800 Seattle, WA 98101	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A:	Affiliated FM Insurance Co.	
	INSURER B:		
	INSURER C:		
	INSURER D:		
	INSURER E:		
INSURER F:			


COVERAGES                                      CERTIFICATE NUMBER:                                      REVISION NUMBER:

LOCATION OF PREMISES / DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
Exhibit of Insurance.

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

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	<input checked="" type="checkbox"/> PROPERTY CAUSES OF LOSS DEDUCTIBLES	SE683	6/30/2013	6/30/2014	BUILDING	\$
	<input type="checkbox"/> BASIC BUILDING				PERSONAL PROPERTY	\$
	<input type="checkbox"/> BROAD CONTENTS				<input checked="" type="checkbox"/> BUSINESS INCOME	\$ Included
	<input checked="" type="checkbox"/> SPECIAL 10,000				EXTRA EXPENSE	\$
	<input checked="" type="checkbox"/> EARTHQUAKE 3%/\$100,000				RENTAL VALUE	\$
	<input checked="" type="checkbox"/> WIND 100,000				BLANKET BUILDING	\$
	<input checked="" type="checkbox"/> FLOOD 100,000				BLANKET PERS PROP	\$
	<input checked="" type="checkbox"/> Earthquake-C/A 5%/\$100,000				BLANKET BLDG & PP	\$
	<input checked="" type="checkbox"/> Wind-TX, FL 5%/\$100,000				<input checked="" type="checkbox"/> Loss Limit	\$ 100,000,000
					<input checked="" type="checkbox"/> Earthmovement	\$ \$14,000,000 Agg
	<input type="checkbox"/> INLAND MARINE CAUSES OF LOSS NAMED PERILS	TYPE OF POLICY  POLICY NUMBER				\$ \$ \$ \$
	<input type="checkbox"/> CRIME TYPE OF POLICY					\$ \$ \$
	<input type="checkbox"/> BOILER & MACHINERY / EQUIPMENT BREAKDOWN					\$ \$
						\$ \$

SPECIAL CONDITIONS / OTHER COVERAGES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

<b>CERTIFICATE HOLDER</b> New Hampshire Dept of Health and Human Services Office of Medicaid Business and Policy Attn: Valerie J. Brown, Senior Medicaid Policy Analyst 129 Pleasant Street Concord, NH 03301	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

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ACORD 24 (2009/09)

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# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
06/25/2013

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

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

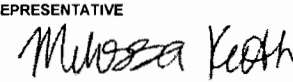
PRODUCER Parker, Smith & Feek, Inc. 2233 112th Avenue NE Bellevue, WA 98004	CONTACT NAME:		
	PHONE (A/C, No., Ext):	425-709-3600	FAX (A/C, No.): 425-709-7460
	E-MAIL ADDRESS:		
	INSURER(S) AFFORDING COVERAGE		NAIC #
INSURED Milliman, Inc. 1301 Fifth Ave., Suite 3800 Seattle, WA 98101	INSURER A:	Federal Insurance Company	
	INSURER B:		
	INSURER C:		
	INSURER D:		
	INSURER E:		
	INSURER F:		

**COVERAGES**                      **CERTIFICATE NUMBER:**                      **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC			35825959	6/30/2013	6/30/2014	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/OP AGG \$ Included \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ None			79838227	6/30/2013	6/30/2014	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y / <input checked="" type="checkbox"/> N If yes, describe under DESCRIPTION OF OPERATIONS below						WC STATUTORY LIMITS    OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
 Notice of Cancellation applies per attached Endorsement 07-02-2366 11-11 (GL) and 07-02-2366 11-11 (Excess).

<b>CERTIFICATE HOLDER</b>	<b>CANCELLATION</b>
New Hampshire Dept of Health and Human Services Office of Medicaid Business and Policy Attn: Valerie J. Brown, Senior Medicaid Policy Analyst 129 Pleasant Street Concord, NH 03301	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 

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STATE OF NEW HAMPSHIRE  
 DEPARTMENT OF HEALTH AND HUMAN SERVICES  
 OFFICE OF MEDICAID BUSINESS AND POLICY

129 PLEASANT STREET, CONCORD, NH 03301-3857  
 603-271-9422 1-800-852-3345 Ext. 9422  
 Fax: 603-271-8431 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

Nicholas A. Toumpas  
 Commissioner

Kathleen A. Dunn  
 Associate Commissioner

November 20, 2012

His Excellency, Governor John H. Lynch  
 and the Honorable Executive Council  
 State House  
 Concord, New Hampshire 03301

APPROVED BY \_\_\_\_\_

DATE 12/5/12

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ITEM # 33

Authorize the Department of Health and Human Services, Office of Medicaid Business and Policy to enter into a sole source contract with Milliman, Inc. 15800 Bluemound Road, Suite 100, Brookfield, WI 53005, Vendor Code 173344, to provide all actuarial services and technical support relative to Medicaid Care Management in an amount not to exceed \$2,701,560 effective December 1, 2012, or date of Governor and Executive Council approval, whichever is later, through June 30, 2015. Funds are available in the following account in State Fiscal Year 2013 and anticipated to be available in State Fiscal Years 2014 and 2015 upon the availability and continued appropriation of funds in the future operating budgets, with authority to adjust amounts if needed and justified between State Fiscal Years:

05-95-95-9560010-6147 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SVCS,  
 HHS:COMMISSIONER, OFF MEDICAID & BUSINESS POLICY, PROVIDER PAYMENTS

<u>State Fiscal Year</u>	<u>Class/Object</u>	<u>Class Title</u>	<u>Budget Amount</u>
SFY 2013	101-500729	Medical Payments to Providers	\$957,740.00
		Sub Total	\$957,740.00

05-00095-047-470010-7940 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS:  
 OFC OF MEDICAID & BUS PLCY, OFF. OF MEDICAID & BUS. POLICY, PROVIDER PAYMENTS

<u>State Fiscal Year</u>	<u>Class/Object</u>	<u>Class Title</u>	<u>Budget Amount</u>
SFY 2014	101-500729	Medical Payments to Providers	\$853,970.00
SFY 2015	101-500729	Medical Payments to Providers	\$889,850.00
		Sub Total	\$1,743,820.00
		Total	\$2,701,560.00

**EXPLANATION**

The purpose of this contract is secure actuarial services and technical support in the operation of a Medicaid Care Management program as required by both the State and Federal governments. The contract is identified as sole source because the agreement was not competitively bid. Milliman, Inc. has provided the Department with all actuarial services in the development of the Medicaid Care Management program to date.

The services were provided through a subcontractor agreement through the Department's contract with the University of New Hampshire Institute of Health Policy and Practice. Specifically, Milliman:

- Developed the preliminary savings assumptions that led the Legislature to approve a Medicaid Care Management initiative;
- Provided technical assistance in the development of the Medicaid Care Management Request For Proposals;
- Developed the databook for potential vendors; and
- Provided the federally required certification of the managed care rates.

Prior to executing this sole source contract, the staffing rates proposed by Milliman, Inc. were carefully researched to ensure they are competitive within the industry. Two thousand and twelve through two thousand and fourteen staffing level rates for Price Waterhouse Coopers for actuarial and consulting services were: Senior Principle, \$510 per hour; Project Manager, \$475 per hour; and Actuarial Lead \$475 per hour. Milliman's rates under this agreement include Senior Principle, \$500 per hour; Project Manager, \$255 per hour; and Actuarial Lead, \$440 per hour. Milliman, Inc. is familiar with the State's Medicaid program, data and utilization trends. It is critical that the Department contract with Milliman for ongoing actuarial services to assure continuity of service.

In June 2011 the New Hampshire State Legislature passed SB 147 (Chapter 125, Laws of New Hampshire 2011), that required the Department of Health and Human Services to develop a comprehensive statewide Medicaid Care Management program for all New Hampshire Medicaid beneficiaries. On May 9, 2012, the Governor and Executive Council approved the request for three companies to implement Medicaid Care Management for the Medicaid program. The Centers for Medicaid and Medicare Services has since approved New Hampshire's plan for statewide implementation. Milliman has provided all actuarial services to date to the Medicaid Care Management Program. Actuarial services will be required going forward to establish annual capitation rates paid to managed care providers, to perform risk adjustment of those rates and to conduct financial analysis of care management and fee-for-service Medicaid programs.

#### Deliverables

- Provide all actuarial services and technical support relative to Medicaid Care Management
  - Updated Year 1 Step 1 Databook, Rate Ranges, and Cap Rate Certification.
  - Annual Rate Adjustment
- Define and analyze the impact of Medicaid Expansion on Medicaid Care Management Program
  - Medicaid Expansion Report
- Support the Department of Health and Human Services budget process through development of a quarterly budget forecast model for fee-for-service and care management enrollment and expenditures
  - Cost/Benefit Analysis Report.
  - Quarterly Budget Forecast Report
- Develop options to implement State Plan Amendment, 1115 waivers, and the 1915 (b) waivers.

#### Performance Measures

- Timely delivery of reports and all other work products.

- Timely delivery of quarterly Managed Care Organization encounter data validation process.
- Timely delivery of budget forecast model for fee-for-service and Medicaid Care Management.
- Onsite visits for purposes of presentation of key reports to the Department of Health and Human Services leadership and stakeholders at least annually.

Should the Governor and Executive Council not approve this request, the Department of Health and Human Services would not be able to complete the actuarial tasks required to implement revised rates, necessary due to new guidance from the Centers for Medicaid and Medicare Services, as well as program financial analysis under its Medicaid Care Management Program in a timely manner; thereby exposing the Department and State to ongoing delays in implementation and an increased risk of federal funds being withheld.

The terms of the agreement provide for a two-year period extension at the discretion of the Department upon a determination of satisfactory execution of services by the vendor, the availability of funds, and approval of Governor and Executive Council.

Area Served: statewide.

Source of Funds: 50 % General funds and 50 % Federal funds.

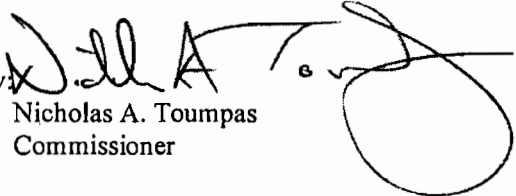
In the event Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



for: Kathleen A. Dunn, MPH  
Associate Commissioner and Medicaid Director

Approved by



Nicholas A. Toumpas  
Commissioner