



THE STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT

21 SOUTH FRUIT STREET SUITE 14
CONCORD, NEW HAMPSHIRE 03301

YOR
68A

Roger A. Seigny
Commissioner

Alexander K. Feldvebel
Deputy Commissioner

May 30, 2017

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the New Hampshire Insurance Department (NHID) to enter into a contract with Gorman Actuarial, Inc. (Vendor # 263768) of Marlborough, MA in the amount of \$186,040, for consulting services effective upon Governor & Council approval through September 30, 2017. 97% Federal Funds, 3% Department Funds.

The funding is available in accounts Health Insurance Premium Review Cycle III, Rate Review Cycle IV Grant and Department of Insurance Administration, as follows, for Fiscal Years 2017 and are anticipated to be available in the following account in Fiscal Year 2018 contingent upon the availability and continued appropriation of funds in the future operating budget, with the authority to adjust encumbrances in each of the State fiscal years through the Budget Office if needed and justified:

<u>Department of Insurance Administration</u>		<u>FY2017</u>	<u>FY2018</u>
02-24-24-240010-25200000-046-500464	Consultants	\$0	\$6,000
<u>Health Insurance Premium Review Cycle III</u>		<u>FY2017</u>	<u>FY2018</u>
02-24-24-240010-88870000-046-500464	Consultants	\$57,000	\$90,020
<u>Rate Review Cycle IV Grant</u>		<u>FY2017</u>	<u>FY2018</u>
02-24-24-240010-59300000-046-500464	Consultants	\$25,000	\$8,020

EXPLANATION

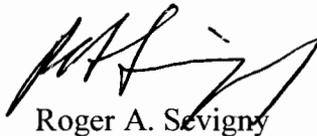
The New Hampshire Insurance Department has received a federal grant to improve the health insurance premium rate review process and transparency related to health insurance premiums and medical care costs in New Hampshire. Under the grant, the Insurance Department will improve the health insurance rate 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 NHID seeks assistance from this vendor relative to the development of macroeconomic models, consultation with respect to the possibility of requesting a Section 1332 waiver, and/or implementing currently permissible market stabilization mechanisms as well as assisting with rate review by reviewing small group and individual health insurance company rate filings for calendar year 2018 (plans effective January 1).

The Request for Proposal was posted on the NHID's website on May 5, 2017 and sent to past bidders for NHID contract work and companies doing work in this field. Three bids were received. The bid was evaluated by NHID staff familiar with the project goals using a scoring system included in the RFP. After reviewing the bid response, the Commissioner selected the Gorman Actuarial, Inc. as responsive to the RFP.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'RAS', is written over the printed name of Roger A. Sevigny.

Roger A. Sevigny

RRG-321 PROPOSALS EVALUATIONS

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

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

On May 24, 2017 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 Meets Specific Criteria (30% of points)	CONTRACTOR General Qualifications & Related Experience (25% of points)	PLAN OF WORK (25% of points)	Bid Price- BUDGET AMOUNT	COST (20% of points)	TOTAL SCORE (100% of Points)	Score without \$\$\$	NOTES
RFP 2017-RRG-321 Health Insurance Market Analysis Modeling								
Gorman Actuarial, Inc	28.00%	23.00%	23.00%	\$186,040	20.00%	94.00%	74.00%	
Wakely Consulting Group	28.00%	23.00%	23.00%	\$385,000	9.66%	83.66%	74.00%	
Navigant Consulting, Inc	28.00%	15.00%	20.00%	\$197,821	18.81%	81.81%	63.00%	

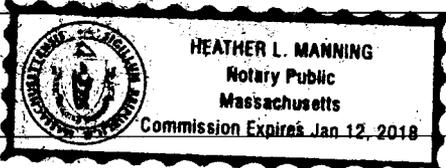
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

AGREEMENT

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

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name New Hampshire Insurance Department		1.2 State Agency Address 21 South Fruit Street, Suite 14, Concord, NH 03301	
1.3 Contractor Name Gorman Actuarial, Inc.		1.4 Contractor Address 210 Robert Road, Marlborough, MA 01752	
1.5 Contractor Phone Number 508-229-3525	1.6 Account Number 02-24-24-240010-12120000-046-500464	1.7 Completion Date September 30, 2017	1.8 Price Limitation \$186,040
1.9 Contracting Officer for State Agency Alexander Feldvebel, Deputy Commissioner		1.10 State Agency Telephone Number 603-271-2261	
1.11 Contractor Signature <i>Bela Gorman</i>		1.12 Name and Title of Contractor Signatory <i>Bela Gorman, President</i>	
1.13 Acknowledgement: State of <i>MA</i> , County of <i>Middlesex</i> On <i>May 26, 2017</i> , 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>Heather L Manning</i>			
1.13.2 Name and Title of Notary or Justice of the Peace <i>Heather L Manning</i>			
1.14 State Agency Signature <i>Alexander K Feldvebel</i> Date: <i>5/30/17</i>		1.15 Name and Title of State Agency Signatory <i>Alexander K. Feldvebel, Deputy Commissioner</i>	
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) (if applicable) By: <i>J Christopher Marshall</i> On: <i>5/30/17</i>			
1.18 Approval by the Governor and Executive Council (if applicable) 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, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.18, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.14 (“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. This may include the requirement to utilize auxiliary aids and services to ensure that persons with communication disabilities, including vision, hearing and speech, can communicate with, receive information from, and convey information to the Contractor. 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

Contractor Initials BJ
Date 5/26/17

Agreement. This provision shall survive termination of this Agreement.

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

8. EVENT OF DEFAULT/REMEDIES.

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

8.1.1 failure to perform the Services satisfactorily or on schedule;

8.1.2 failure to submit any report required hereunder; and/or

8.1.3 failure to perform any other covenant, term or condition of this Agreement.

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

8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or

8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

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

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

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

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

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

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS. The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written notice and consent of the State. None of the Services shall be subcontracted by the Contractor without the prior written notice and 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 \$1,000,000 per occurrence and \$2,000,000 aggregate ; and

14.1.2 special cause of loss coverage form 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 thirty (30) 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 provide the Contracting Officer identified in block 1.9, or his or her successor, no less than thirty (30) 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 unless no

such approval is required under the circumstances pursuant to State law, rule or policy.

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.

Gorman Actuarial, Inc.

**RFP 2017-RRG 321 Health Insurance Market Analysis,
Modeling and Consulting**

Exhibit A

Scope of services

Summary of Services to be provided:

1. Develop relevant macroeconomic models
 - a. Review and assess model inputs for materiality
 - b. Develop models for determining shifts among New Hampshire insurance markets especially focusing on the individual health insurance market to predict changes to market distributions and pricing changes
 - c. Prepare a report to NHID to summarize the findings of the model on the impacts to markets and premium rates; prepare an executive summary or report brief for policymakers and a Power Point slide deck to communicate the findings to other audiences
2. Recommend market interventions for the NHID to consider including requesting a Section 1332 waiver and/or implementing currently permissible market stabilization mechanisms.
3. Assist with the rate review by reviewing small group and individual health insurance company rate filings for calendar year 2018 (effective January 1). Advise the Department with recommendations for actions the NHID might take in response to possible developments that would affect its health insurance markets in 2018. Access filings via SERFF, and formulate objection responses and/or questions, and recommendations for final disposition
4. The consultant shall perform all other tasks as described in the RFP 2017-RRG 321 Health Insurance Market Analysis, Modeling and Consulting (attached) and the bid response (attached) which are incorporated by this reference.

**Health Insurance Market Analysis Modeling
and Consulting**

**Prepared for the New Hampshire Insurance
Department**

2017 RFP RRG-321

Gorman Actuarial, Inc.

May 19, 2017



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1. Introduction

The New Hampshire Insurance Department (NHID) is seeking consulting services to model the impact of possible changes to health policy and market developments to the health insurance markets with a focus on New Hampshire's individual health insurance market. In addition, the NHID is seeking guidance on the possibility of requesting a Section 1332 waiver, which may allow New Hampshire to opt out of some Patient Protection and Affordable Care Act (ACA) provisions. Finally, NHID seeks assistance from the consultant in reviewing 2018 small group and individual market health insurance rate filings.

Gorman Actuarial (GA) has a long-standing relationship with NHID performing a multitude of functions, including developing rate filing review forms and processes to producing reports and studies of the New Hampshire insurance markets. Over the past six years, GA has served as the actuarial consultant that collects annual hearing and supplemental data, aggregates the information, performs analyses, prepares a report, and presents its findings at New Hampshire's Annual Hearing on Health Insurance Premiums. In 2012, GA modeled the impact of ACA policies on New Hampshire's insured markets. That engagement, which is similar to some of the work requested in this Request for Proposals (RFP), included the development of a model accompanied by a report which was provided to NHID. In addition, from 2011 to 2013, GA assisted the NHID in revising the rate review process, which included creating a rate filing review template. This first-hand experience has allowed GA to become extremely familiar with NHID's rate review process.

We believe great efficiencies can be gained if GA is selected to provide the consulting services requested in this RFP. GA already works with the data that NHID collects for both the Annual Hearing process and the rate filing submissions. GA is currently in the process of collecting updated data for this year's Annual Hearing and was directly involved in making updates to the data request to reflect current market trends and areas of focus. Modeling and analysis for the Annual Hearing project can be done in conjunction with the model development and analyses required under this engagement. In addition, three members of this GA team are performing rate review functions in other states and have extensive experience reviewing rate filings both pre- and post-ACA. Members of the GA team are experienced users of SERFF and are very familiar and knowledgeable about the federal Unified Rate Review Templates (URRT) and federal reports related to risk adjustment and reinsurance.

Below, please find Gorman Actuarial's (GA) response to NHID's RFP 2017-RRG 321. In addition to GA principals, Bela Gorman and Don Gorman, GA will subcontract the services of Jennifer Smagula, FSA, MAAA, Linda Kiene, ASA, MAAA, Sujata Sanghvi FSA, MAAA and Robert Carey. Resumes of project team members can be found in the appendix.

2. Project Goals

- A. To develop a computer based model that will model the impact of various policy considerations. This model will allow NHID to make certain changes to input assumptions to allow for sensitivity analyses around policy considerations. The model will be supplemented by a summary report, which will include a description of model inputs, an executive summary highlighting the findings, and a recommendation section. A PowerPoint presentation for NHID to use to communicate to stakeholders will also be provided.
- B. To assist NHID in exploring options for a Section 1332 waiver under the ACA and exploring market stabilization mechanisms.
- C. To assist NHID in the 2018 individual and small group market rate review process.

3. Scope of Work

3.1. Policy Modeling

3.1.1. Kick off Meeting & Policy Considerations

GA will conduct a kick off meeting with NHID to understand which federal policy considerations are important to the State and whether the State is considering its own health reform policies. Prior to this meeting, we will canvass discussions happening nationally so that we can inform NHID of our findings as well as inform NHID on what other states are considering. We provide a sample list of these policy considerations below:

- 1. What is the impact to the individual market if one or more of the current insurers and exit the market, or a sub-section of the market?
- 2. What is the impact to the individual and small group markets if the age bands are modified, for example, if they are expanded to 5 to 1?
- 3. What is the individual market impact if the advance premium tax premium credits (APTC) are eliminated or materially changed?
- 4. What is the individual market impact if the ACA cost sharing reduction (CSR) subsidies are not funded or materially changed?
- 5. What is the individual market impact that results from removing the individual mandate or eliminating the enforcement of the individual mandate?
- 6. What is the market impact of introducing a reinsurance program or high-risk pool in the individual market?



7. What possible changes could occur to the New Hampshire Premium Assistance Program (NH PAP) and what is the impact to the individual market of policy changes to the population covered by this program?
8. What are the insurers assuming for medical trends and pharmacy trends in 2017 and beyond in their rate filings and how does this impact the overall risk pools of the individual and small group market?
9. What are the insurers assuming for morbidity changes in the individual market in their rate filings and how should we factor this into our modeling?

We will also discuss what it means by market impact and will consider the following study questions when analyzing these various policy considerations.

- a. What is the impact to overall premiums, the second lowest costing silver plan premium and the corresponding APTC?
- b. What kinds of disruptions (such as premium increases, network changes, insurer participation changes, and benefit changes) may individuals experience?
- c. What is the impact to overall enrollment in the individual market?
- d. What is the impact to the overall rating risk pool and risk adjustment program?

At this meeting, GA and NHID will collectively brainstorm on available data sources. GA will draw upon its knowledge of data that it collects and analyzes as part of the annual hearing and supplemental data request, as well as information from the NH rate filings, publicly available schedules such as MLR reports, Supplement Health Care Exhibits (SHCE), and population survey data. NHID may also be able to provide data from the all payer claims database (APCD), the New Hampshire Comprehensive Health Care Information System (NH CHIS). In addition, CMS risk adjustment reports will be made available from the insurers in the state to the NHID to be used in this project.

Once the GA team and NHID have reviewed the available data and policy considerations they will collectively agree upon the policies to be modeled. The final policy study questions will be dependent on the data available, the project plan timelines and the current state of federal policy. Given any data or timing issues identified, GA and NHID will work collaboratively to identify assumptions needed to be made in order to meet the timelines outlined in the proposed project plan.

3.1.2. Data Collection and Verification

GA is currently responsible for collecting and aggregating much of the data mentioned above for the Annual Hearing report project¹, therefore there are many efficiencies gained by GA working on this modeling project in conjunction with the Annual Hearing

¹ Annual Hearing data includes both data from the Annual Hearing Carrier Questionnaire and the Supplemental Data Request.

project. GA will supplement the information collected for the Annual Hearing with population survey data such as Current Population Survey. If it is determined that NH CHIS data is needed to address specific policy questions, GA will work with the NHID to request and collect the needed data in a summarized format from the NH CHIS. GA will perform high-level checks of the data for reasonableness compared to other available data sources, such as the Annual Hearing data.

3.1.3. Data Analysis

The GA team will rely primarily on data and analyses from the Annual Hearing engagement but will also perform independent analyses with the data to assist with the model development and assumptions. The Annual Hearing data is due to the NHID on June 30th with the 2016 MLR reports and CMS Risk Adjustment reports to be submitted by August 1st. Based on our experience working with the data in prior years, it will take six to eight weeks to review the Annual Hearing data for accuracy and reasonableness in addition to following up with questions to the insurers. Given the timing of the modeling project in this RFP, it is expected that the initial data to be used will be the Annual Hearing data from 2015, and as the Annual Hearing data from 2016 is scrubbed and finalized, that newer data can be used to update and supplement the 2015 data for purposes of modeling.

Examples of analyses include the following:

- Analyzing individual market membership growth and risk scores between 2015 and 2016 and early 2017 to understand the strength of the individual mandate.
- Analyzing historical APTC amounts and price sensitivity for the subsidized members in the individual market by reviewing the premium rate positions including that of the second lowest costing silver plans and the corresponding enrollment for 2016 and 2017.
- Understanding the impact of the exit of Community Health Options in 2016 on the individual market.
- Understanding the risk profile of the NH PAP program versus the remainder of the individual market and the impact to the individual market risk pool due to the inclusion of this population starting in 2016.
- Analyzing the impact to premiums to the subsidized populations if changes proposed in the current version of the American Health Care Act are implemented.
- Analyzing the impact to premiums if CSR payments are not funded and options available to the NHID as far as how to direct carriers to price for the lack of CSR funding.
- Analyzing the impact of a reinsurance program or high risk program for the individual market.



Much of the analyses listed above can be performed at the start of the engagement using existing publicly available information. These analyses include understanding premium rate positions over time in the individual market, the impact to premiums if CSR payments are not funded, and the impact to current premiums if the federal premium subsidies change.

3.1.4. Model Development

Due to time limitations and the diversity of the policy changes being contemplated, GA recommends several independent models to address the study questions. For example, GA envisions one “model” or spreadsheet that would model the impact of implementing a reinsurance or high risk pool program on the individual market. This model may require summarized claims data from the insurers or NH CHIS in the form of a continuance table. GA envisions being able to model different reinsurance or high risk pool parameters with the output being a premium impact to the individual market.

Another model could analyze the impact of a market participant exiting the market. This model could be analyzed for each insurer and would require understanding the premium market position and enrollment of each insurer. A third model could include what happens to the individual market if the PAP program is no longer part of it.

A purely dynamic model would consider these policy or market changes in conjunction with each other as they are interrelated and one policy change may influence the outcome of a different policy change. However, given the time limitations of this project, it will not be feasible to develop a dynamic model which considers the relationships and interdependencies of all of the policies and market changes together. GA recommends that each policy and market consideration be treated independently, however, GA will assess the reasonability of the outputs of each model. GA may be able to develop some “over the top” adjustments to the outputs to reflect the impact of multiple policies considered together. GA envisions the full model to be developed using Excel, with each tab representing a different model or policy issue. Much like the model produced in 2012 for NHID, GA will have one tab for inputs or assumptions and one tab for outputs or summaries.

3.1.5. Report/Executive Summary

GA will provide a summary report, which will include the following sections:

- **Executive Summary:** This will be a summary of the study questions, results of the model and recommendations.
- **Model Assumptions and Inputs:** This section will include a description of the assumptions and inputs used for each model including the data source and any limitations each model may have. This section may show results of any analyses that helped with assumption development.



- Model Output: This section will show the results and output of each model.

3.1.6. PowerPoint Presentation

GA will provide a PowerPoint presentation related to the modeling and results and be available to present to NHID by the contract end date.

3.1.7. Model Training

After NHID reviews the report, GA will provide a review or training on how to use the model. This will include walking through the model with key NHID staff.

3.2. Section 1332 Waiver & Market Stabilization Programs

Informed by the modeling and analysis work performed under Section 3.1 of this proposal, GA will work with NHID to explore market stabilization programs and State Innovation Waivers from CCIIO (Section 1332 Waivers) that may improve New Hampshire's individual market by promoting access to affordable health care, reducing premiums, and fostering competition among insurers. Particular consideration will be given to ensuring that any market stabilization program that may benefit New Hampshire's individual market does not adversely affect other market segments, in particular the small group market. Our review of market reforms in other states that are designed to support consumers in the individual market suggest that they may be eroding coverage in the small group market. We will want to evaluate spillover effects that may occur with any market stabilization program that New Hampshire considers.

Working with NHID, GA will identify options, including an overview of Section 1332 waivers utilized by other states that may be relevant to New Hampshire. GA will develop a summary document highlighting waivers utilized in other states. Of particular interest may be Alaska's 1332 waiver that redirects APTC funds to the state's reinsurance program, thereby lowering premiums for all purchasers in the individual market without affecting the post-APTC premiums paid by lower income Alaskans.

GA proposes that a set of criteria be established against which each market stabilization option is measured. GA will work with NHID to develop these metrics, which may include the following:

- Direct cost of the program (both State and federal funds);
- Administrative resources necessary to implement the program;
- Number of individuals impacted;
- Long-term sustainability of the program;
- Effect on the commercial insurance market and competition in the market; and
- Potential effect on other health insurance market segments.



These metrics can then be used to evaluate various options available through a Section 1332 waiver.

In addition to market stabilization mechanisms that may require development of a Section 1332 waiver, the GA team will also work with NHID to assess State-based interventions that may not require waiving federal standards. Part of our assessment will include a review of New Hampshire's current 1115 waiver programs, which includes the NH PAP program, with a particular focus on the potential impact on the commercial health insurance market.

3.3. Rate Review

One of the GA team members currently has access to SERFF in NH for the Annual Hearing project and GA will work with the NHID to gain access for other team members as needed. GA team members also have access to SERFF for Massachusetts and Rhode Island rate filings, and are very familiar with SERFF applications. GA has reviewed rate filings in the past for the NHID for several projects including developing a rate filing template in 2012 and subsequent revisions in 2013, reviewing rate filings for purposes of supporting the Annual Hearing process since 2012, and providing rate review support to the NHID in 2013. The rate filing template developed by GA for the NHID is still in use today. Through all this work and past experience, GA is very familiar with the individual and small group markets in New Hampshire, the rate filing templates and regulations, along with all the carriers participating in this market.

GA has already performed a high-level review of last year's filings for purposes of last year's Annual Hearing project and will be able to leverage this work to start the rate review process for 2018. GA will conduct a kick off meeting with NHID staff to discuss the 2018 rate filing review process, review the project plan, and discuss final deliverables. Since the NHID staff will also be reviewing the rate filings, GA and the NHID staff will finalize a process and general approach to the review of the rate filings to ensure consistency and avoid redundancy. The NHID will have several credentialed actuaries available through GA and its sub-contractors to assist with the rate filing review. Our actuaries have extensive experience in both developing and submitting rate filings on behalf of carriers and reviewing rate filings on behalf of state insurance departments.

Additional topics and questions that will be discussed at the kick-off meeting for the 2018 rate review process include the following:

- Are there certain parts of the rate filing that the NHID would like the GA team to focus on?
- Can we contact the insurers directly and discuss the filings over the phone?
- Would NHID like the GA Team to review certain SERFF fields (e.g. R2D2) to ensure they are accurate?
- What is the NHID desired timeline for rate review?



- How do we expect risk adjustment to look in 2018 and what is NHID's policy on risk adjustment assumptions?
- How should we address CSR assumptions?

Once the details around the rate filing process are documented, GA can conduct weekly or bi-weekly calls with NHID to discuss any issues and findings. These calls can be combined with status updates on the modeling project and even possibly the Annual Hearing project to ensure efficiencies are gained.

GA will produce an actuarial memorandum for each rate filing, detailing the results of our review. We have assumed there are approximately eight filings that require review by the GA team. The actuarial memorandum will focus on the following:

- **Trend Assumptions by Service Category:** One of the most important assumptions in projecting future medical claims costs are the trend assumptions. GA will review cost and utilization trends by service category. The individual market has undergone many changes over the past few years, which may significantly impact utilization trends. In addition, pharmacy trends have been escalating recently, which may drive up rate increases in 2018.
- **Risk Adjustment and Morbidity Assumptions:** The individual market has experienced many changes over the past few years, and is in a state of uncertainty due to the potential statutory and regulatory changes at the federal level. As a result, insurers will make assumptions on the expected morbidity changes that may occur. Given the uncertainty on what is happening at the federal level, insurers may make assumptions on the impact due to the weakening of the individual mandate, which may result in certain individuals exiting the market.
- **Retention Assumptions:**
 - Administrative charges including general administrative costs, marketing costs, and commissions
 - Taxes, which may include exchange user fees, premium taxes, Health Insurer Tax, and other federal and state taxes
 - Contribution to Reserves/Surplus. Many states review this in conjunction with an insurer's risk based capital levels to understand the level of necessity
- **Elimination of CSRs:** With the possible elimination of these subsidies there is a potential for insurers to significantly increase their rates to make up for the shortfall
- **Projected MLR**
- **Membership for Experience Period and Projection Period**
- **Incurred but Not Reported (IBNR) Assumptions**
- **Components of Rate Change**

4. Experience

We have provided additional information on our relevant experience for this engagement.

Rate Review and Rate Filing Enhancements

Massachusetts Division of Insurance

CY 2010 to Present: Rate Review

Since February 2010, GA has been on the merged market rate filing review team for the Massachusetts Division of Insurance. This rate filing process began in 2010 for the Merged Market (Small Group and Individual). GA reviews rate filings on a quarterly basis. Functions include reviewing the content of the rate filings to understand methodologies and components of the premium rate increase, following up with the insurance carriers on questions, site visits with insurance carriers on their rate development methodologies, and issuing a memo to the Massachusetts Division of Insurance on the findings.

CY 2010: Rate Filing Review Process

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

New Hampshire Insurance Department

CY 2011 to CY 2013: Rate Review Process and Rate Template

In CY 2011, Gorman Actuarial developed recommendations for the NHID, which included creating rate filing review exhibits and a corresponding instruction manual. These recommendations were developed after thoroughly reviewing best practices of other states as well as reviewing current practices in New Hampshire. Interviews with key stakeholders were conducted to better inform the recommendations. GA continued this effort in CY 2013 and CY 2014 by incorporating information from the federal URRT into the rate filing templates, GA developed a system that aggregated rate filing data into a database and created standard reports.

Rhode Island Office of the Health Insurance Commissioner

CY 2012 to Present: Rate Review Process and Rate Template

Gorman Actuarial reviews individual, small group, and large group rate filings for the State of Rhode Island. This includes developing new rate filing templates and instructions for medical plans. GA also developed dental rate filing instructions and templates. Each year, GA summarizes information from these templates to assist the State in discussions with insurers. In addition, GA makes recommendations to the State on certain assumptions that insurers use to support their rate requests.

Montana Commissioner of Securities & Insurance

CY 2016: Rate Review Process and Rate Template

Gorman Actuarial reviewed individual and small group rate filings for the State of Montana. This included developing new rate filing templates and instructions for medical plans. GA summarized information from these templates to assist the State in discussions with insurers. In addition, GA made recommendations to the State on certain assumptions that insurers used to support their rate requests. GA also presented preliminary rate filing data at a rate hearing in Montana.

Select Market Studies

Massachusetts Division of Insurance:

January 2013 – January 2014 and June 2016 to present: Rating Examination of the Individual and Small Group Market

Gorman Actuarial led a team of actuaries to examine rates and rating practices for all insurance carriers in the individual and small group merged market. The project included collecting data from insurers; sampling accounts to perform a detailed review of the rate development and auditing of final rates; onsite visits with insurance carriers; and preparing a summary report for the Massachusetts Division of Insurance.

CY 2012 Rate Examination and 51 to 100 Market Study

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

September 2006 – December 2006 Merged Market Study

Gorman Actuarial was the lead consultant for the Commonwealth of Massachusetts regarding the study of the merger of the Small Group and Non-Group health insurance markets. GA was responsible for interpreting MA Health Reform, which was enacted in May 2006. Along with merging the markets, the consultants projected the number of uninsured that would join the insured pool due to the individual mandate and their corresponding health status. This project required the consultants to obtain insurer data on the small group and non-group markets and allowed GA to have a deep understanding



of products offered to the markets in Massachusetts. GA was also required to report progress and findings to a Special Commission on a weekly basis in a public forum. The report for this project was finalized in December 2006 and can be found on the MA Division of Insurance website:

http://www.mass.gov/Eoca/docs/doi/Legal_Hearings/NonGrp_SmallGrp/FinalReport_12_26.pdf

CY 2009 to Present: Massachusetts Attorney General's Office

GA has provided ongoing actuarial consultation to the Massachusetts Attorney General's Office (AGO) in its review of health care cost trend drivers since October 2009. There have been five reports released since 2009, and GA is currently working with the AGO on exploring topics for a sixth report. The reports focus on various trend drivers in the market including provider reimbursement, tiered and select network products, and health status adjusted total medical expenses by region.

GA has worked collaboratively with the Massachusetts AGO to develop data requests, including price relativities for hospitals and physician groups, total medical expenses for provider groups, hospital payor distributions, and data on tiered and select networks. GA is responsible for maintaining, analyzing and summarizing a vast amount of health care data and providing actuarially-driven findings and recommendations derived from the data.

Each year, GA also provides testimony at the annual Massachusetts cost trend hearing. In addition to working closely with staff from the AGO, GA works closely with other consultants under contract with the AGO and representatives from the Centers for Health Informatics and Analysis (CHIA) in Massachusetts. Publications of the AGO Examination of Health Care Cost Trends and Cost Drivers and can be found at the following:

<http://www.mass.gov/ago/docs/healthcare/2010-hcctd-full.pdf>

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

<http://www.mass.gov/ago/docs/healthcare/2013-hcctd.pdf>

<http://www.mass.gov/ago/docs/healthcare/hc-ct-cd-06-2015.pdf>

<http://www.mass.gov/ago/docs/healthcare/cctcd5.pdf>

New Hampshire Insurance Department:

CY 2012 to Present: Annual Public Hearings and Analysis

Gorman Actuarial is currently working with the NHID to assist with public hearings regarding premium rates in the health insurance market. GA has performed this annual function for the past five years and is in the middle of work for the sixth hearing this fall. This work requires collecting data from multiple sources and insurers, aggregating the



data, and then creating reports and analyses, which are presented in an annual report and in a presentation at the annual hearing.

<https://www.nh.gov/insurance/media/events/2016-annual-hearing.htm>

CY 2012 Market Analysis Modeling

In CY 2012, Gorman Actuarial delivered a model developed for the NHID to assist in modeling the impacts of policy changes stemming from federal health reform. The model allows the user to vary inputs and see the impacts on membership and premium rates for different market segments, such as the individual, small group and uninsured populations.

New York State Department of Financial Services (NYDFS) & New York State Health Foundation

July 2014 to December 2016: Hospital Price Variation

Gorman Actuarial led a study team that analyzed hospital prices and variation in hospital prices in New York. The study required collecting insurer data and carrier-provider contracts, as well as analyzing publicly available data. GA issued an information request to nine insurance carriers in New York covering up to 115 hospitals. The study team developed a methodology to calculate hospital prices and analyzed why prices vary, reviewing hospital attributes such as quality metrics, market share, intensity of cases, and hospital profitability.

State of Tennessee Department of Finance and Administration, Benefits Administration

April 2011 – March 2013

GA worked with the State of Tennessee to provide actuarial and benefits consulting. GA analyzed the existing health insurance markets in Tennessee and performed modeling and analysis to help understand whether the State should combine the individual and small group markets. GA also provided analysis and expert opinion regarding the implementation of the ACA and the design and implementation of a health insurance exchange.

Maine Bureau of Insurance (BOI)

September 2010 – July 2011 ACA and PL 90 analysis

GA worked with the Maine BOI to understand the impact of the ACA and the passing of State law PL 90 on their insured markets. This study included collecting data from the



insurance carriers, analyzing the markets, and assessing the impact of the rating and product limitations that were schedule to take place in CY 2014.

http://www.maine.gov/pfr/insurance/publications_reports/archived_reports/pdf/gorman_actuarial_report.pdf

February 2007 – May 2007 Merged Market Analysis

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

<http://muskie.usm.maine.edu/Publications/ihp/ReformOptions.pdf>.

Department of Health and Family Services, Wisconsin

July 2010 – February 2011 Impact of ACA

GA completed a study for the state of Wisconsin that included collecting data from insurance carriers in the Wisconsin market. GA performed a market study on the individual, small group and large group (51 to 100) markets. In addition, GA modeled impacts of national health reform on the Wisconsin insured markets.

January 2008 – January 2009 WI Small Group Market

GA also worked on a study for Wisconsin that analyzed the small employer market and to how various market reforms could impact the market. This study required gathering data from the various health insurance carriers that do business in the small group market, analyses of the data, and data modeling.

United Hospital Fund

July 2007 – July 2008

GA performed a study for the United Hospital Fund that analyzed the impact of merging the small employer market, the direct pay market, and possibly the Healthy New York market in the State of New York. The study analyzed claims costs, plan designs, and



morbidity of the various market segments. This report was completed in the summer of 2008 and can be found at: <http://www.uhfnyc.org/publications/711071>

5. References

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

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

Mr. John Powell
Director, Rate Review
Health Bureau, New York Department of Financial Services
One Commerce Plaza
99 Washington Ave.
Albany, NY 12257
(518) 486-3103
John.Powell@dfs.ny.gov

Ms. Karen Tseng
Assistant Attorney General, Health Care Division
Office of Attorney General Maura Healey
100 Cambridge St., 10th floor
Boston, MA 02108
(617) 963-2123
Karen.Tseng@state.ma.us

Eric Cioppa, Superintendent of the Maine Bureau of Insurance
34 State House Station
Augusta, Maine 04333-0034
Phone: 207.624.8426
Eric.A.Cioppa@maine.gov

6. Project Team

Bela Gorman FSA, MAAA. Project Manager & Lead Actuary: Bela will oversee this engagement and will focus on rate filing review, analyzing data, developing models, report writing, and communicating results.

Bela has over 25 years of actuarial experience and has extensive experience in analyzing the impacts of various health insurance policies on the commercial insured markets. Bela was the lead actuary and project manager for the study on Massachusetts' groundbreaking health reform legislation. In addition, since then, she has lead studies in eight different states leading to multiple state studies analyzing the impact of various health policies on the health insurance markets. In addition, Bela has worked for the two largest health insurance carriers in Massachusetts.

Jennifer Smagula FSA, MAAA. Actuary: Jennifer's primary responsibilities will include rate filing review, analyzing data, developing models, and report writing.

Jennifer has close to 20 years of actuarial experience and also has extensive experience in analyzing the impacts of various health insurance policies on the commercial insured markets. She has assisted GA in many of the state studies performed. In addition, she has been the lead actuary for the Annual Hearing analyses and report in New Hampshire for the past three years. Jennifer has also worked for the two largest health insurance carriers in Massachusetts.

Linda Kiene ASA, MAAA. Actuarial Data Analyst: Linda will assist the team in aggregating data into usable formats. Her primary focus will be in the aggregating of information and performing analyses.

Linda has extensive excel experience and over 20 years of actuarial experience. Linda has assisted GA in many of its client work including aggregating insurance carrier data for the New Hampshire Insurance Department.

Sujata Sanghvi FSA, MAAA. Actuary: Sujata's primary responsibilities will include rate review and data analyses.

Sujata has over 30 years of actuarial experience and has extensive experience in premium rate development and rate review. Sujata has worked for several health insurers in Massachusetts, New York and Oregon. Her latest roles have been in the capacity of Chief Actuary and Chief Operating Officer. Sujata has recently assisted GA in performing a rating examination of the individual and small group markets for the state of Massachusetts.

Robert Carey, Senior Policy Analyst: Bob's primary role will include canvassing policy actions being considered in other states as well as keeping tabs on what is going on



nationally. He will assist the NHID in finalizing policy study questions and will provide guidance to the rest of the team on assumptions.

Over the past nine years, Bob has assisted several states on a range of health reform efforts, including establishment of health insurance marketplaces, Medicaid expansion, transparency initiatives, and state employee health benefits. He has also assisted GA in previous state studies. Prior to becoming a consultant, Bob was Director of Planning and Development at the Commonwealth Health Insurance Connector Authority (Massachusetts' health insurance exchange) where he was responsible for implementing MA landmark health reform law, and Director of Policy and Program Management at the Massachusetts Group Insurance Commission (the State's employee benefits agency).

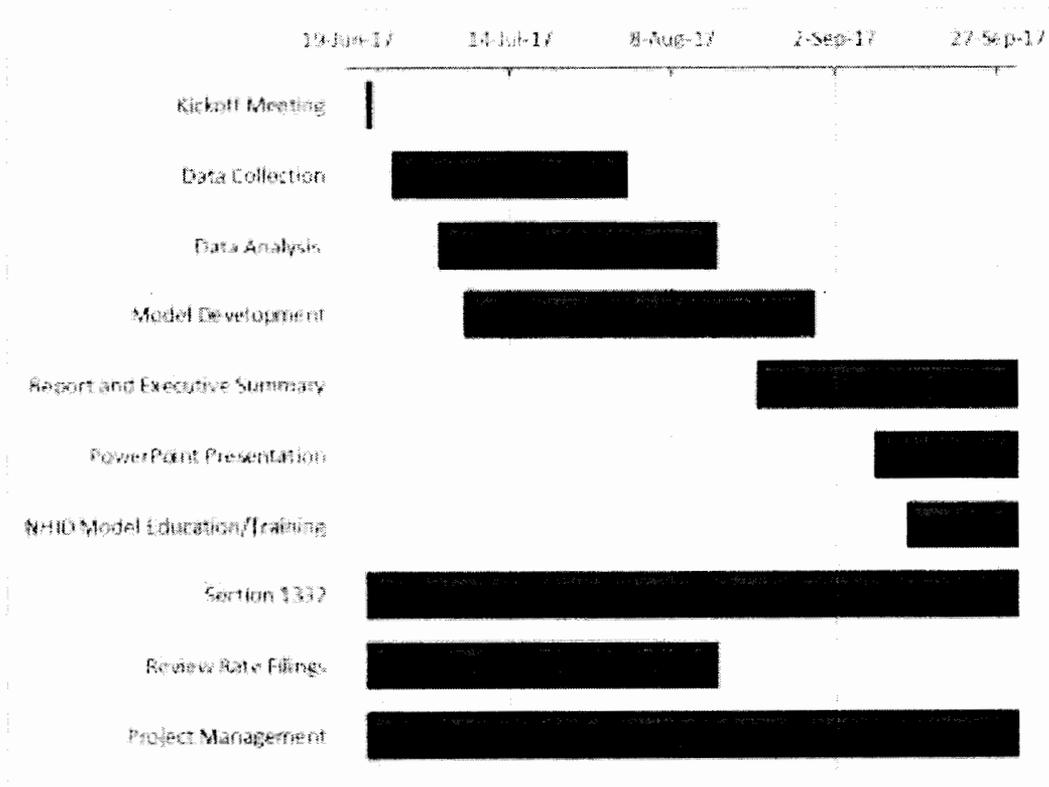
Don Gorman MSEE, Data Analysis and Model Development: Don will assist the team in aggregating data into usable formats. He will also assist in model development and analyses.

Don has extensive experience in managing large amounts of data from insurers and developing databases to use for modeling purposes. For the state of Maine, Don developed a reinsurance model that allowed the user to model various program structures. In all the state studies that GA has performed, Don has created, maintained, and enhanced databases so that reports can be produced easily.

Resumes for the project team are included at the end of this proposal.

7. Project Work Plan

We have provided a project plan with an assumed project start date of June 22, 2017² and the required completion date of September 30, 2017.



² Gorman Actuarial is available to start earlier than June 22, 2017. We assume June 22nd as a start date to take into account the state approval process, including the Governor and Executive Council meeting schedule.

8. Proposed Budget and Hourly Rates

We have estimated the time it will take to complete this project. The total estimated labor cost for this effort is \$186,040. A summary of hours allotted by task and team member is shown below. Hours are billed only for time worked, and to the extent hours worked are lower than estimated, the costs will be proportionately lower.

Task Number	Task Description	Total Hours	Budget
1	Kickoff Meeting	16	\$ 5,200
2	Data Collection	54	\$ 13,880
3	Data Analysis	134	\$ 34,260
4	Model Development	149	\$ 39,260
5	Report and Executive Summary	79	\$ 22,900
6	PowerPoint Presentation	24	\$ 7,080
7	NHID Model Education/Training	18	\$ 4,560
8	Section 1332	75	\$ 21,100
9	Review Rate Filings	101	\$ 29,100
10	Project Management	30	\$ 8,700
Total		680	\$ 186,040

We have also provided the hourly rate and number of hours for each member of our team.

Consultant	Hourly Rate	Total Number of Hours
Bela Gorman	\$350	190
Jennifer Smagula	\$300	140
Linda Kiene	\$200	110
Sujata Sanghvi	\$250	48
Robert Carey	\$240	65
Don Gorman	\$220	127
Total		680



9. Conclusion

GA is excited for the opportunity to build upon our strong relationship with the NHID and to leverage our industry experience and our New Hampshire specific experience by working with the department on this project. We believe our team provides the skills and expertise to quickly and efficiently assist the department with rate review, modeling and analysis that will allow the NHID to make informed and impactful health care policy decisions for the State. We look forward to working with you on this project.

10. Resumes

This section contains resumes for each individual expected to perform work under the proposal:

- **Bela Gorman, FSA, MAAA**
- **Jennifer Smagula, FSA, MAAA**
- **Linda Kiene, ASA, MAAA**
- **Sujata Sanghvi, FSA, MAAA**
- **Robert Carey**
- **Don Gorman**

Bela Gorman, FSA, MAAA

Professional Experience

Principal, [Gorman Actuarial Inc.](#), Marlborough, MA 2005 – Present
Providing actuarial consulting expertise to state government agencies and health insurers.

Policy Analysis: Private Insured Markets

- Project Team Lead for several state studies to study the impact of the Affordable Care Act (ACA) on existing insured markets.
 - Developed insurance requests, interfaced with insurers, collected data and aggregated and analyzed collected and publicly available data
 - Developed models to understand the impact of various policies: Policies include but not limited to merging markets, reinsurance programs and changing small group size definition,
 - Prepared a written report and presented findings to key stakeholders
 - Clients include: Massachusetts, Maine, New Hampshire, Nevada, Wisconsin, Nevada, Minnesota, and Tennessee
- Project Team Lead to study the impact of various individual market policies – pre ACA
 - Convened insurance carrier stakeholder group, developed information requests, collected and analyzed data from insurers and publicly available
 - Developed models to understand the impact of various policies: merging markets, reinsurance, and high risk pool
 - Prepared a written report and presented findings to key stakeholders such as the Maine’s Joint Standing Committee on Insurance and Financial Services
 - Clients include: Massachusetts, Maine, and New York Hospital Fund

Policy Analysis: Public Sector

- Provided modeling and consulting support for the following public sector programs
 - Maine’s Dirigo Health Program for the Dirigo Health
 - New York’s Family Health Plus Employer Buy in Program for Community Service Society (CSS)
 - Basic Health Program for CSS
 - Expanding New York’s programs for the immigrant population for CSS

Rate Filing Review

- Developed rate review templates and rolled them out to insurers
- Interface with insurance departments and insurance commissioners
- Interface with insurer actuaries
- Clients include: Massachusetts (ongoing), Rhode Island (ongoing), New Hampshire, and Montana

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

Cost Containment

- Analyzed provider price variation and assisted with annual cost containment reports (since 2009) for the Massachusetts attorney general's office (MA AGO)
- Ongoing support to Massachusetts Health Policy Commission on provider prices, provider consolidation, and provider price policies
- Studied New York Hospital Price Variation and released report December 2016 for New York Health Foundation

Director Actuarial Services, Harvard Pilgrim Health Care, Wellesley, MA 1999-2004

- Responsible for product pricing and revenue forecasting – approximately \$11.5B in revenue
- Responsible for Underwriting pricing models, rating formulae, and rate filings
- Participated in corporate cross functional teams (product development and trend)

Actuarial Consultant, PricewaterhouseCoopers, San Francisco, CA 1996-1998

Senior Actuarial Analyst, Harvard Pilgrim Health Care, Wellesley, MA 1995-1996

Senior Actuarial Analyst, BCBSMA, Boston, MA 1993-1995

Underwriter, BCBSMA, Boston, MA 1991-1993

Education

Boston University

Bachelor of Arts in Math and Economics, cum laude 1991

Fellow of the Society of Actuaries

Member of the Academy of Actuaries

Select Publications and Presentations

<http://nyshealthfoundation.org/uploads/resources/an-examination-of-new-york-hospital-reimbursement-dec-2016.pdf>

<http://www.mass.gov/ocabr/docs/doi/massachusettsdoi-1-100-marketstudy.pdf>

<http://www.mass.gov/ocabr/docs/doi/legal-hearings/nongrp-smallgrp/finalreport-12-26.pdf>

https://www.nh.gov/insurance/reports/documents/gorman_nh_mktstdy_kf.pdf

<http://nyshealthfoundation.org/uploads/resources/merging-markets-combining-october-2008.pdf>

<http://muskie.usm.maine.edu/Publications/ihp/ReformOptions.pdf>

Jennifer Smagula

Jenn@GormanActuarial.com

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

Independent consulting actuary with the following experience:

- Analyzing the impact of the ACA for several state agencies to help inform policy decisions and understand the financial impact to their various markets.
- Leading team, conducting analysis and presenting results of health care costs and trend drivers.
- Actuarial review of health insurance rate filings.
- Conducting research on rate review practices and regulations by state with goal of developing best practices.
- Detailed provider payment financial analysis for state agency including analysis of differences in payments by carrier and provider groups and correlation between provider payments and quality metrics.
- Other actuarial support including financial forecasting for carriers and large employer groups, benefit pricing and trend management analysis.
- Volunteer with American Academy of Actuaries to develop practice notes for Rate Review and Actuarial Value & Minimal Value.

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

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

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

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

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

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

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

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

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

PROFESSIONAL CREDENTIALS:

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

EDUCATION: Tufts University

Bachelor of Science in Mathematics with a Minor in Economics
Graduated *Cum Laude*; Dean's List

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

Linda M. Kiene, ASA

42 John Carver Road, Reading, MA 01867 • 781-942-9344(h) • 617-966-1977(c) • LMKiene@verizon.net

Summary:

Non-traditional career ASA with over 20 years of experience in the US insurance industry and a strong focus on product development and product management of insurance products. Participative leadership style with excellent communication skills and extensive experience working with cross-functional teams.

Professional Experience

2008 to 2012 | Sharper Financial Group LLC

Executive Vice President and COO

- Consulted on marketing and development of retirement products and programs, including advisor and consumer education tools.
- Conducted a detailed review of fixed annuity product and business specifications of a major industry provider identifying and addressing any administrative or design issues.
- Provided a detailed review of a major industry provider fixed annuity product filing package.
- Completed a comprehensive technical review of major industry provider's existing retirement income product allocation including evaluating tools, methodology and assumptions used, as well as the positioning with the sales process.

2002 to 2008 | MetLife

2004 to 2008: Assistant Vice President and Actuary, Annuity Product Management

- Responsible for the development, line management and broad implementation support of fixed accumulation annuities and income annuities across MetLife's Individual Annuity distribution franchises.
- Laid the groundwork for the launch of new innovative income products and features that aligned with corporate strategic initiatives.
- Provided proactive management of existing products including implementing a common enterprise platform, establishing process improvements and eliminating pricing inconsistencies.
- Supported exceptions, large case sales, and product questions from the field and internal customers
- Maintained and respond to corporate requirements for pricing of Income Products
- Led the integration of an acquired block of business
- Directed the development of two Directors, two Actuarial Consultants and a Product Manager.
- Maintained effective relationships with multiple distribution franchises

2002 to 2004: Product Management Actuary, Annuity Product Management

- Oversaw the pricing of fixed annuity products
- Responsible for state filings and development of product specifications
- Reviewed system specifications, marketing materials, client statements and correspondences, and administrative process and procedures of annuity products
- Mentored, developed and managed two Actuarial Consultants and a Product Manager

1995 to 2002 | Keyport Life Insurance Company

1999 to 2002: Director of Life Products, Product Management

- Developed a complete business strategy for a new variable life insurance product line including distribution, operational, financial, and marketing components.
- Negotiated, implemented, and maintain a joint venture with a major insurance company to manufacture Keyport annuity products for their captive distribution.
- Mentor, develop and manage one Product Manager.

1995 to 1999: Assistant Actuary, Product Development

- Researched, priced and designed variable, fixed and equity indexed annuities including innovative riders.
- Developed and validated pricing models (static and stochastic) for all products and guaranteed benefits using PTS, TAS and Excel.
- Evaluated reinsurance alternatives.
- Conducted competitor and market research via tools and field interviews.
- Developed and priced a variety of compensation structures for all products.
- Provided support and training to implementation teams, Administration and Sales.
- Negotiated and monitored contract exceptions with distribution firm and brokers.
- Created and implemented internal exchange guidelines to facilitate asset retention.
- Responsible for mentoring and managing one actuarial student.

1991 to 1995 | New England Financial

Actuarial Assistant

- Designed workflows and procedures for the administration and financial reporting of a second-to-die variable life insurance product.
- Worked with the Audit Department on policyholder complaints and state insurance department inquiries.
- Served as a home office product specialist for agents.
- Coordinated the rollout of additional fund offerings for variable life products.
- Prepared periodic financial reports for the Group Life and Health products.

- Analyzed competitive information and recommended rate actions consistent with the competitive position and emerging experience.
- Reviewed various states' insurance reform legislation, implemented any mandatory changes, responded to state reinsurance pools, and responded to questions from the insurance departments.

Professional Affiliations

- Served on several LOMA and LIMRA Annuity Committees.
- Associate of the Society of Actuaries

Education

Tufts University | B.A. in Quantitative Economics

American University of Paris

Community Leadership

- Treasurer of the Birch Meadow Elementary School Parent/Teacher Organization
- Director of the "Parent Guild" of the Reading Montessori School

Sujata Sanghvi, FSA, MAAA

2520 Woodland Drive, Eugene, OR 97403 | 541-228-8923 | sanghvis80@gmail.com

EXPERIENCE

Owner, S² Actuarial, LLC Eugene, Oregon

April 2016 to Present

Providing actuarial consulting grounded in strong strategic and operational health plan knowledge. Current and past engagements include providing actuarial support and mentoring for a new Chief Actuary, supporting a health plan/hospital coalition working on Medicaid reform, and auditing individual and small group rating and underwriting practices in an East Coast market.

PacificSource Health Plan, Springfield, Oregon

September 2002 to March 2015

Chief Operating Officer and Executive Vice President, May 2004 – March 2015

Vice President and Chief Actuary, September 2002 – April 2004

During tenure, membership more than doubled from 120,000 to 260,000 through acquisition and organic growth. Expanded geographic reach from Oregon into Montana and Idaho, and from commercial only into Medicaid and Medicare. Responsibilities varied over time including sales and marketing, actuarial, underwriting, provider contracting, claims, customer service, membership and billing, and information technology. Lead development of strategic plans and enterprise risk assessment. Retained responsibility for actuarial, underwriting and analytic functions, including financial reserving and claims and premium forecasting, for all but two years. Reassumed responsibility after a period of financial losses.

- Led implementation of ACA for health plan including a new “ACO”-based network products with extensive educational material for individuals and groups, and product and rate filings.
- Championed Lean process improvement methods across operations to increase staff engagement with strategic and operational goals.
- Worked closely with health services, pharmacy and provider contracting areas to identify medical and pharmacy trend drivers and implement cost containment strategies for all lines of business.
- Participated on Medicare Steering Committee in development and implementation of product and network changes, as well as revenue optimization activities.
- Successfully transitioned legacy operating systems to Facets, in 22 months.
- Developed actuarial student program to attract talented recent graduates to company to develop a fully functional department responsible for commercial, Medicare, and Medicaid pricing, reserving, and premium and claims projections.
- Created a data analytics function that includes employer and provider network support, corporate reporting, and support for medical management.
- Introduced actuarially based pricing models for alternate funding arrangements including retrospective experience rating and minimum premium, eliminating losses.

Harvard Pilgrim Health Plan, Wellesley, Massachusetts

September 2002 to March 2015

Senior Vice President and Chief Actuary, August 1999 – June 2002

Served as Acting Chief Financial Officer, June 2001 – January 2002

Hired as company’s first actuary as part of Charlie Baker’s turnaround team which returned plan to profitability. Responsible for Actuarial Services, Underwriting, and Employer Reporting functions. Increased collaboration across functions to achieve results and energize staff. Served as acting Chief Financial Officer during search for new CFO, providing stability and leadership during the implementation of a new financial management system to enable consolidated financials.

- Revised all pricing methodologies and developed a training program for sales and underwriting.
- Consolidated all reserving functions and introduced industry-standard practices to ensure reserve adequacy and restore confidence in financial statements and projections.

- Presented high level and detailed pricing, underwriting, and financial analysis and results to regulators and investors contributing to release of HPHC from state receivership and securing bond financing for sale-leaseback of properties. Board member of Neighborhood Health Plan, an Medicaid plan owned by HPHC.
- Negotiated with network hospitals to resolve outstanding claims liabilities due to prior claims payment failures.

Prudential Health Care Roseland, New Jersey
Vice President and Pricing Actuary

June 1997 to July 1999

Responsible for creating a unified pricing and underwriting approach across 35 markets and five regional offices. Traveled to and communicated extensively with regional offices to understand needs, create buy-in, and develop common methodologies foster collaboration across disparate organizations. Oversaw pricing models and trend assumptions for medical fully insured, administrative services only, and stop loss products.

- Designed, developed and implemented single rating engine for proposal and mid-market renewal business for all medical products with a common data warehouse.
- Developed management reporting for small group portfolio including measurement of historical loss ratios and projection of future revenues and claims. Reporting lead to identification of reserving and inventory issues in large regional office.

Coopers and Lybrand, LLP, Boston, Massachusetts
Senior Consultant

April 1995 to May 1997

Managed care consultant with engagements ranging from employee benefits consulting, provider contracting, and strategic planning. Representative projects include development of a unified employee benefits strategy and vendor selection for large retail client merging with a competitor; in-depth risk adjustment analysis across carriers for large public employer with 100,000 members; and analysis of existing and proposed managed care contracts for physician-hospital organization, with proposed changes worth up to \$2 million.

Blue Cross Blue Shield of Massachusetts, Boston, Massachusetts

October 1988 to March 1995

Progressed from entry-level actuarial analyst to Director of Actuarial Services, Managed Care programs in less than five years, while taking actuarial exams. In final position, managed staff of twelve to create management reporting, pricing, rate filings, reserving, and financial planning for all managed care products, including HMO Blue, Bay State, and Blue Choice.

EDUCATION & PROFESSIONAL DESIGNATIONS

Harvard College, Cambridge, Massachusetts. Bachelor of Arts in Mathematics and Religion, 1988.

Fellow in the Society of Actuaries and Member of the American Academy of Actuaries.

Certificate, Conflict Resolution, Southern Oregon University

VOLUNTEER ACTIVITIES

Board Chair, United Way of Lane County, 2015-2016. Board member since 2008.

Robert L. Carey
RLCarey Consulting
300 Commercial Street
Boston, Massachusetts 02109
(617) 470-3614
r.l.carey@comcast.net
www.rlcareyconsulting.com

PROFESSIONAL EXPERIENCE

Principal, RLCarey Consulting, Boston, MA

October 2008 - Present

Providing health care policy, strategy, technical and business operations assistance to the public and private sectors.

Public Sector

Health Insurance Marketplaces

Assignments include:

- Assessment of the costs and benefits of establishing a state-based marketplace vis-à-vis opting for federally-facilitated marketplace;
- Developing budgets for implementation and ongoing operations;
- Preparing business plans for the individual and small group marketplaces;
- Plan management operations and oversight; and
- Monitoring regulations and bulletins to ensure compliance with state and federal rules.

Integrated Eligibility Systems

Work with state agency staff to document eligibility requirements for range of health and human services programs in order to develop single, streamlined eligibility system. Prepared multi-year strategy, business requirements, and drafted request for proposals for IT vendor; drafted Advance Planning Documents (APD) and multi-year implementation and operations budget for submission to federal government; and established transition plan to incorporate multiple health and human services programs into a single, integrated eligibility system.

Massachusetts Division of Insurance

Review commercial health insurance rate requests for the individual and small group market.

Responsibilities include assembling summary information on the quarterly rate filings from all carriers and analyzing the rate filings to identify issues of concern.

Research and Analyses

Author of research papers and analyses on a broad range of health insurance and health reform topics, including:

- A series of reports that identified savings opportunities for Massachusetts municipal employees' and retirees' health benefits that has resulted in over \$500 million in savings to employees, retirees and public employers
- A report that resulted in over \$50 million in annual savings by restructuring health insurance benefits for employees and retirees of the Massachusetts Bay Transportation Authority (MBTA)

Private Sector

HealthyCT CO-OP Health Plan, Wallingford, CT

Assisting start-up health plan in Connecticut in the following areas:

- Product development and plan design
- Preparing rate filings, certificate of coverage, policy forms, summaries of benefits and coverage, and schedules of benefits for submission to state and federal regulators
- Compliance with federal reporting requirements and completion of federal data templates

Director of Planning and Development

August 2006 – October 2008

Commonwealth Health Insurance Connector Authority, Boston

State authority responsible for implementing Massachusetts' landmark health reform law

- Member of senior team and one of the first employees at the Connector Authority
- Responsible for development of strategic plan that laid the groundwork for implementation of Massachusetts' health reform law
- Brokered compromises on critical issues with Connector Board members, including establishment of minimum creditable coverage and health insurance affordability schedule

Director of Policy and Program Management

August 2002 – August 2006

Group Insurance Commission, Boston

State agency responsible for administering health and welfare benefits for over 400,000 members

- Established plan designs, conducted procurements, negotiated rates and contracts with vendors, and oversaw management of health and welfare benefits for state employees and retirees
- Managed provider profiling initiative that measured cost-effectiveness and quality of care
- Designed health plans that incented members to use low-cost/high-quality providers

Senior Policy Associate

November 2000 – August 2002

Massachusetts Taxpayers Foundation, Boston

Independent, non-partisan public policy research, education and advocacy organization

EDUCATION

Carnegie Mellon University

Master of Science, Public Management and Policy, magna cum laude, 1994

University of Maine at Fort Kent

Bachelor of Arts, English, cum laude, 1986

Donald F. Gorman

Accomplishments

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

Professional Experience

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Computer and Software Skills

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

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

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

Education

Duke University, Box 90754 Durham, NC 27708-0754

Master of Science in Electrical Engineering

Boston University, 881 Commonwealth Ave. Boston, MA 02215

Bachelor of Science in Electrical Engineering

STATE OF NEW HAMPSHIRE
2017-RRG 321
REQUEST FOR PROPOSALS –HEALTH INSURANCE MARKET ANALYSIS,
MODELING and CONSULTING

INTRODUCTION

The New Hampshire Insurance Department (NHID) is requesting proposals for a contractor to develop relevant macroeconomic models for the NHID. The NHID is endeavoring to estimate the probable impact of a number of possible developments or actions that would affect its health insurance markets, especially focusing on New Hampshire's individual health insurance market. These developments or actions include CSR funding, possible market participant withdrawal, changes in the NH Premium Assistance Program (PAP), carrier pricing strategies, medical trend developments, and the like. The modeling must predict changes to market distributions and predict pricing changes to market segments in response to shifts in covered populations. The NHID also seeks assistance in predicting the most likely market developments within the New Hampshire insurance marketplace for the purpose of understanding the impact on premium rates.

In conjunction with this modeling, the NHID also seeks consultation with respect to the possibility of requesting a Section 1332 waiver under the federal Patient Protection and Affordable Care Act (ACA) and/or implementing currently permissible market stabilization mechanisms. This would include modeling the potential impact implementing a permissible market stabilization mechanism would have. Permissible market stabilization mechanisms include reinsurance mechanisms, risk subsidy mechanisms, and high risk pools. This contract will continue through September 30, 2017.

Further, the consultant would assist with rate review by reviewing small group and individual health insurance company rate filings for calendar year 2018 (plans effective January 1) via SERFF. This assistance would involve the formulation of objection responses and/or questions, and recommendations for final disposition. The Department would take these recommendations and be responsible for all correspondence and disposition decisions.

GENERAL INFORMATION/INSTRUCTIONS

The Contractor shall review and assess possible model inputs for materiality. Consideration of model inputs shall be documented in a report that accompanies the delivered model. The primary audience is actuarial and policy staff at the NHID, but in addition to the report, an executive summary or report brief shall be developed and provided by the Contractor for legislators and other policymakers.

The Contractor shall develop models 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 and premium rates. Additionally, the Contractor shall present the findings to the NHID in PowerPoint format and provide the slides in a format so that the NHID staff can communicate the findings to other audiences. In collaboration with staff of the NHID, data on current markets will be identified and the NHID will provide these data to the Contractor. The NHID will provide assistance on an as-needed basis to the Contractor in order to understand the current premium rate review process and

the NHID's interpretation of insurance laws, but ultimately it will be the Contractor's responsibility to interpret how provisions of the ACA or other federal laws, and NH state laws will impact the markets and premiums.

The Contractor shall provide recommendations for the Department for market interventions. Recommendations to be considered shall include pursuing a Section 1332 waiver, reconstituting a mechanism utilizing the broad assessment authority provided by RSA 404-G, other mechanisms being implemented in other States and/or other Contractor recommendations. The Contractor should be able to demonstrate familiarity with New Hampshire's current 1115 waiver and the PAP as it has been implemented to date and as it has affected the individual health insurance market.

In assisting with rate review, the Contractor should be able to demonstrate familiarity with SERFF, NH's rate filing requirements and ACA's rate filing requirements.

Email your proposal as a PDF attachment to alain.couture@ins.nh.gov. E-mailed proposals will be received until 4 pm local time, May 19, 2017.

Proposals should be prepared simply and economically, providing a straightforward, concise description of bidder capabilities and approach to modeling. Emphasis should be on completeness and clarity of content.

Evaluation of the submitted proposals will be accomplished as follows:

- (A) General. An evaluation team will judge the potential contractor capabilities and appropriateness for the services to the NHID.

Officials responsible for the selection of a contractor shall insure that the selection process accords equal opportunity and appropriate consideration to all who are capable of meeting the specifications.

Failure of the applicant to provide in its proposal all information requested in this request for proposal may result in disqualification of the proposal.

- (B) Specific. A comparative scoring process will measure the degree to which each proposal meets the following criteria:

- (1) Specific skills needed:

Quantitative model development skills typically obtained through actuarial certification or similar training. The ability to predict changes to insurance markets, demographics, risk selection, premium rates, coverage erosion, and purchaser behavior. Familiarity with SERFF, NH rate filing requirements and ACA rate filing requirements. If the contractor anticipates specific tasks which the contractor is responsible for that will need to be performed by staff of the NHID or an external vendor, those tasks should be clearly specified in the proposal.

30 percent

- (2) General qualifications and related experience of the contractor. Knowledge of developing health insurance premiums, the NHID rate review processes, New Hampshire insurance laws, the ACA, Section 1332 waivers, risk adjustment, insurance markets, NH's PAP program, data collected by the NHID, health insurance benefit designs, medical trends, and externally available data sources. The proposal should identify any data needs, i.e. a data call, that the Contractor would need to supplement existing data. Preference will generally be given to proposals that rely on available data.

25 percent

- (3) Derivation of cost for the Contractor time. The proposal should include the hourly or daily rate for the Contractor, and the time line for the work. The proposal must include amounts for any material expenses related to performing the work (e.g. specialized computer hardware or software) and any expected out-of-pocket or travel expenses. The proposal must include not-to-exceed limits, through contract termination. No benefits in addition to payment for services other than those specifically identified above or included in the proposal shall be provided by the NHID under the contract.

25 percent

- (4) Description and Anticipated Timing of Work Product – A description of the anticipated final product, including written reports, computer models that the Department will be able to use after the contract has expired, etc. Anticipated dates for deliverables shall be specified. Preference will be given to earlier deliverable dates.

20 percent

(C) Conflict of Interest. The applicant shall disclose any actual or potential conflicts of interest.

(D) Other Information.

The proposal must include a listing of references of recent engagements of the Contractor that reflect the skills appropriate for work on this project, including telephone numbers and specific persons to contact.

Potential contractors may be interviewed by staff of the NHID.

The New Hampshire Insurance Department will accept written questions related to this RFP from prospective bidders with the deadline being May 11, 2017. Questions should be directed to Al Couture via email at Alain.Couture@ins.nh.gov. Please include "RFP for Market Analysis" in the subject line.

A consolidated written response to all questions will be posted on the New Hampshire Insurance Department's website www.nh.gov/insurance, by May 15, 2017.

The successful bidder or bidders will be required to execute a state of New Hampshire Contract. A form P-37 contains the general conditions as required by state of New Hampshire purchasing policies and the Department of Administrative Services. Although this standard contract can be modified slightly by mutual agreement between the successful bidder and the New Hampshire Insurance Department, all bidders are expected to accept the terms as presented in this RFP. If the bidder requires any changes to the P-37, those changes need to be identified in the proposal.

The selection of the winning proposal is anticipated by May 26, 2017, and the NHID will seek to obtain all state approvals by late June. Please be aware that the winning bidder will need to provide all signed paperwork to the NHID by June 2, 2017 in order for deadlines to be met.

Proposals received after the above date and time will not be considered. The state reserves the right to reject any or all proposals.

Bidders should be aware that New Hampshire's transparency law, RSA 9-F, requires that state contracts entered into as a result of requests for proposal such as this be accessible to the public online. Caution should be used when submitting a response that trade secrets, social security numbers, home addresses and other personal information are not included.

Gorman Actuarial, Inc.

**RFP 2017-RRG 321 Health Insurance Market Analysis, Modeling and
Consulting**

Exhibit B

Contract Price, Price Limitations and Payment

The services will be billed at the rates set forth in the Contractors Proposal, dated May 19, 2017, not to exceed the total contract price of \$186,040. The services shall be billed at least monthly and the invoice for the services shall identify the person or person providing the service. Payment shall be made within 30 days of the date the service is invoiced.

Gorman Actuarial, Inc.

RFP 2017-RRG 321 Health Insurance Market Analysis, Modeling and Consulting

Exhibit C

**New Hampshire Insurance Department
Contractor Confidentiality Agreement**

As a contractor for the New Hampshire Insurance Department (Department) you may be provided with information and/or documents that are expressly or impliedly confidential. All contractors are required to maintain such information and documents in strict confidence at all times. Disclosure, either written or verbal, of any confidential information and documents to any entity or person, who is not in a confidential relationship to the particular information or documents will result in termination of your firm's services

The undersigned acknowledges she or he understands the foregoing and agrees to maintain all confidential information in strict confidence at all times. The undersigned further acknowledges that if she or he is unsure of whether or not particular information or documents are confidential, it is the undersigned's responsibility to consult with the appropriate Department personnel prior to any disclosure of any information or document.

Bela Gorman

Printed Name of Contractor

5/25/17

Date

Bela Gorman

Contractor Signature

Gorman Actuarial, Inc.

**RFP 2017-RRG 321 Health Insurance Market Analysis, Modeling and
Consulting**

Exhibit C-2

Special Provisions -- Modifications, Additions, and/or

Deletions to Form P-37

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

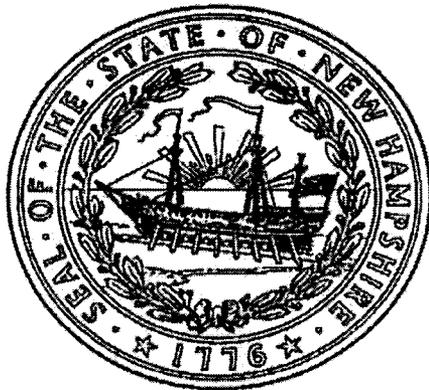
State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that GORMAN ACTUARIAL, INC. is a Massachusetts Profit Corporation registered to do business in New Hampshire as GORMAN ACTUARIAL NH on December 12, 2014. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: 718720



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 17th day of May A.D. 2017.

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

William M. Gardner
Secretary of State

CERTIFICATE OF VOTE
(Corporation without Seal)

1. Donald Gorman, do hereby certify that:
(Name of ~~Clerk~~ of the Corporation; cannot be contract signatory)
1. I am a duly elected ~~Clerk~~ ^{Secretary} of Gorman Actuarial, Inc.
(Corporation Name)
2. The following are true copies of two resolutions duly adopted at a meeting of the Board of Directors of the Corporation duly held on 2/25/17:
(Date)

RESOLVED: That this Corporation enter into a contract with the State of New Hampshire Insurance Department, for the provision of

actuarial modeling services.

RESOLVED: That the President
(Title of Contract Signatory)

is hereby authorized on behalf of this Corporation to enter into the said contract with the State and to execute any and all documents, agreements and other instruments, and any amendments, revisions, or modifications thereto, as he/she may deem necessary, desirable or appropriate.

3. The forgoing resolutions have not been amended or revoked, and remain in full force and effect as of the 26th day of May, 2017
(Date Contract Signed)

4. Bela Gorman is the duly elected President.
(Name of Contract Signatory) (Title of Contract Signatory)

of the Corporation.

Massachusetts
STATE OF ~~NEW HAMPSHIRE~~
County of Middlesex

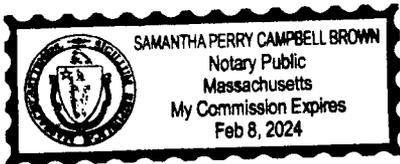
Donald Gorman
(Signature of ~~Clerk~~ of the Corporation)
Secretary

The forgoing instrument was acknowledged before me this 26 day of May, 2017.

By Donald Gorman
(Name of Clerk of the Corporation)

[Signature]
(Notary Public Justice of the Peace)
Commission Expires: Feb 8 2024

(NOTARY SEAL)





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
01/30/2017

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).

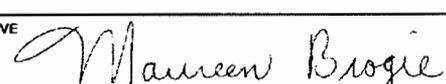
PRODUCER InsuranceBee Inc 2 Mill and Main Place Suite 425 Maynard, MA 01754	CONTACT NAME: Maureen Brogie PHONE (A/C, No, Ext): 978.344.4200 E-MAIL ADDRESS: contactus@insurancebee.com FAX (A/C, No): 1.888.217.5785
	INSURER(S) AFFORDING COVERAGE INSURER A: Admiral Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:
INSURED Gorman Actuarial Inc 210 Robert Rd Marlborough MA 01752	

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 INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	AUTOMOBILE LIABILITY <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) \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Professional Liability / Errors and Omissions			EO00003086902	10/16/2016	10/16/2017	\$ 1,000,000 Each claim \$ 2,000,000 Aggregate

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Evidence of coverage

CERTIFICATE HOLDER New Hampshire Insurance Department Tyler Brannen 21 South Fruit Street, Suite 14 Concord NH 03301	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
1/30/2017

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

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

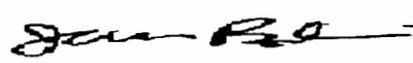
PRODUCER BERLINER-GELFAND & CO INC 188 Main Street - Suite A Monroe CT 06468	CONTACT NAME: James Berliner PHONE (A/C, No, Ext): (203) 367-7704 E-MAIL ADDRESS: Jim@BerlinerInsurance.com FAX (A/C, No): (203) 333-0710																				
	<table border="1"> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A:</td> <td>Sentinel Insurance Co</td> <td>11000</td> </tr> <tr> <td>INSURER B:</td> <td></td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A:	Sentinel Insurance Co	11000	INSURER B:			INSURER C:			INSURER D:			INSURER E:			INSURER F:	
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INSURER B:																					
INSURER C:																					
INSURER D:																					
INSURER E:																					
INSURER F:																					
INSURED Gorman Actuarial Inc. 210 Robert Rd Marlborough MA 01752																					

COVERAGES **CERTIFICATE NUMBER:** 2017-18 Certs **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			31SBAZN8964	1/20/2017	1/20/2018	EACH OCCURRENCE \$ 2,000,000	
							DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000	
							MED EXP (Any one person) \$ 10,000	
							PERSONAL & ADV INJURY \$ 2,000,000	
							GENERAL AGGREGATE \$ 4,000,000	
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			31SBAZN8964	1/20/2017	1/20/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000	
							BODILY INJURY (Per person) \$	
							BODILY INJURY (Per accident) \$	
							PROPERTY DAMAGE (Per accident) \$	
							\$	
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$	
							AGGREGATE \$	
							\$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below							<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

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

STANDARD EXHIBIT I

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

BUSINESS ASSOCIATE AGREEMENT

(1) Definitions.

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

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

(2) Use and Disclosure of Protected Health Information.

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

(3) Obligations and Activities of Business Associate.

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

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

(4) Obligations of Covered Entity

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

(5) Termination for Cause

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

(6) Miscellaneous

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

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

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

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

MA Insurance Dept.

The State

Alexander K. Feldvebel

Signature of Authorized Representative

Alexander K. Feldvebel

Name of Authorized Representative

Deputy Commissioner

Title of Authorized Representative

5/30/17

Date

Gorman Actuarial, Inc.

Name of the Contractor

Bela Gorman

Signature of Authorized Representative

Bela Gorman

Name of Authorized Representative

President

Title of Authorized Representative

5/25/17

Date