

30 YAR



**THE STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT**

21 SOUTH FRUIT STREET SUITE 14
CONCORD, NEW HAMPSHIRE 03301

Roger A. Seigny
Commissioner

Alexander K. Feldvebel
Deputy Commissioner

February 5, 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 **sole source** contract with Gorman Actuarial, Inc, of Marlborough, Mass. (Vendor # 263768) in the amount of \$95,000, to provide actuarial and policy support to better understand New Hampshire's insured markets. This contract is to be effective upon Governor & Council approval through September 30, 2018. 100% Federal Funds.

Funding is available in account titled Rate Review Cycle IV Grant. This contract is contingent on fiscal committee approval of acceptance of the funds.

<u>Rate Review Cycle IV Grant</u>		<u>FY2018</u>	<u>FY2019</u>
02-24-24-240010-59300000-046-500464	Consultants	\$85,000	\$10,000

EXPLANATION

This agreement is being submitted as **sole source** because, due to the time-sensitive nature of the project, it is essential to use a contractor with both a deep familiarity with existing data sources and market rules, and an understanding of the current status of New Hampshire markets. Due to previous engagements with the State as well as ongoing work under other existing agreements, Gorman has the relevant qualifications and will be able to integrate the analysis in a cost-effective manner.

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.

This agreement will provide actuarial and policy support to better understand the implications of the federal proposed Association Health Plan (AHP) regulations on New Hampshire's insured markets, and to explore policy options that could mitigate any adverse effects stemming from the proposed regulation.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'RAS', with a stylized flourish extending to the right.

Roger A. Sevigny
Commissioner

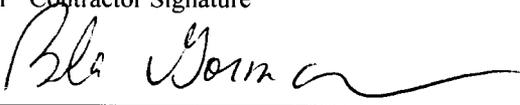
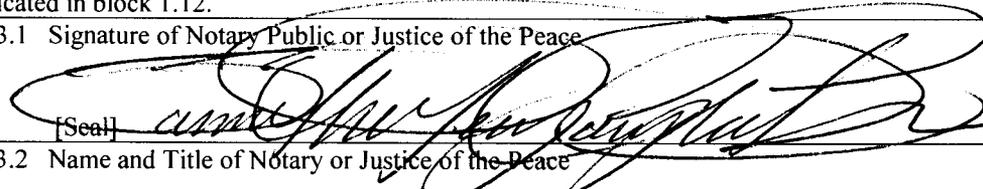
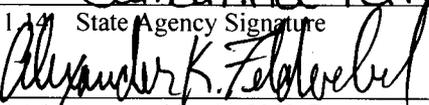
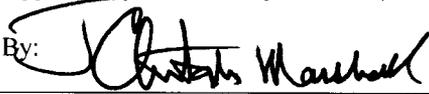
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

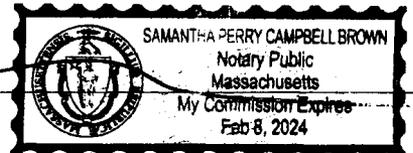
AGREEMENT

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 S. Fruit Street, 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 02-24-24-240010-59300000-046-500464	1.7 Completion Date September 30, 2018	1.8 Price Limitation \$95,000
1.9 Contracting Officer for State Agency Alexander Feldvebel, Deputy Commissioner		1.10 State Agency Telephone Number 603-271-2261	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory Bela Gorman, President	
1.13 Acknowledgement: State of Massachusetts County of Middlesex On February 5, 2018, 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 			
1.13.2 Name and Title of Notary or Justice of the Peace Samantha Perry Campbell Brown			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory Alexander K. Feldvebel, Deputy Commissioner	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) (if applicable) By:  On: 2/14/18			
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 B.G.
Date 2/5/18

Agreement. This provision shall survive termination of this Agreement.

7.3 The Contracting Officer specified in block I.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.

Contractor Initials BJ
Date 2/5/18

Agreement with Gorman Actuarial, Inc.
2018-RRG-415- Association Health Plan
Exhibit A

Scope of Services

The consultant's primary responsibility will be:

1. Association Health Plans (AHP)
 - a. *Policy Options and Study Design*--Gorman Actuarial (GA) will conduct a series of meetings with NHID to brainstorm the potential impact to the insured markets as well as discuss potential policy options and study design including:
 - i. Small group market rating pool changes
 - ii. Individual market rating pool changes
 - iii. AHPs as self-insured including risks involved with a self-insured arrangement
 - iv. AHPs including groups from different states
 - v. Current regulatory authority applicable to AHPs or Multiple Employer Welfare Arrangements (MEWA) under the Employee Retirement Income Security Act (ERISA) and potential changes to this regulatory authority as a result of the proposed AHP regulations
 - vi. New Hampshire's ability to regulate AHPs in the same manner it regulates the insured market and any recommended statutory or regulatory changes recommended to appropriately oversee this emerging market (e.g., licensing, reserve requirements, financial solvency standards, marketing and consumer disclosures, rating factors, benefits and coverage)
 - vii. Investigate stabilizing the risk pool by exploring policies such as merging markets or establishing a reinsurance program
 - viii. Research potential policy approaches in other states to the proposed regulation.
 - ix. Prepare a study document by May 31 2018 to describe possible policies to analyze and the modeling approach.
 - b. *Analysis and Modeling*
 - i. Develop a baseline model in Excel to understand the impact of the proposed AHP regulations on the insured markets including a range of estimates on membership, and overall impact to premiums.
 - ii. Model the impact of various policy options to understand how these policies may impact the baseline.
 - c. *Communications*
 - i. Produce and deliver a power point presentation describing the results of the analysis and modeling.
 - ii. Present results to key stakeholders
 - iii. Provide a summary report that describes the issues, policy options, and modeling results.

2. Individual Market Analysis
 - a. *Data Gathering and Analysis*
 - i. Design a brief information request to collect individual market membership data for two points in time-as of December 31, 2017 and as of March 31, 2018.
 - ii. Perform analyses to understand the impact on enrollment from rate changes and the changes in the individual mandate.
 - iii. Assess whether the risk pool of the individual market is changing.
 - b. *Communications*
 - i. Communicate findings to stakeholders through a slide deck
 - ii. Produce a summary of findings.
3. Work set out in the February 5, 2018 proposed scope of work document (attached).

Bela Gorman FSA, MAAA
Actuarial Consultant
Gorman Actuarial, Inc.
February 5, 2018

Gorman Actuarial, Inc.
210 Robert Road
Marlborough, MA 01752
Office: (508) 229-3525
Cell:(508) 904-8732
FAX:(508) 682-0870
Email: Bela@GormanActuarial.com

David Sky
Life, Accident and Health Actuary
New Hampshire Insurance Department
21 S Fruit Street #14
Concord, New Hampshire 03301

Dear David,

As discussed, the New Hampshire Insurance Department (NHID) is seeking actuarial and policy support to better understand the implications of the federal proposed Association Health Plan (AHP) regulations on New Hampshire's insured markets. In addition to understanding the impact, NHID would also like to explore policy options that could mitigate any adverse effects stemming from the proposed regulation. In tandem with this work, NHID would also like to understand the current status of the individual market by analyzing some early indicators. Please find below Gorman Actuarial's (GA) proposed scope of work, estimated budget, and timeline. The work has been separated into two sections, AHP and Individual Market Analysis.

Scope of Work

AHP

The scope of work can be separated into three distinct categories of work: Policy Options & Study Design, Analysis & Modeling, and Communications.

I. Policy Options & Study Design

At the beginning of the project, GA will conduct a series of meetings with NHID to brainstorm the potential impact to the insured markets as well as discuss potential policy options. We will begin with the following questions:

1. How will the small group market rating pool change if healthier small groups (those with better risk) exit the market and form AHPs?
2. How will the individual market rating pool change if healthier sole proprietors join AHPs?
3. How likely are AHPs to be self-insured? What are the risks involved with a self-insured arrangement?
4. Will AHPs be able to attract groups from different states?
5. What regulatory authority does New Hampshire currently have that applies to AHPs or Multiple Employer Welfare Arrangements (MEWA) under the Employee Retirement Income Security Act (ERISA)? And what are the potential changes to this regulatory authority as a result of the proposed AHP regulations?
6. Can New Hampshire regulate AHPs in the same manner it regulates the insured market? If not, are there statutory or regulatory changes that may allow NHID to appropriately oversee this

emerging market (e.g., licensing, reserve requirements, financial solvency standards, marketing and consumer disclosures, rating factors, benefits and coverage)?

7. Should New Hampshire investigate stabilizing the risk pool by exploring policies such as merging markets or establishing a reinsurance program?

GA will also research potential policy approaches and reach out to its contacts in other states to understand what these states' responses have been to the proposed regulation. After this initial work, GA will put together a study document that will describe the possible policies to analyze and the modeling approach. GA will review this document with NHID to solicit feedback and modify the approach accordingly. It is GA's understanding that the timeframe for this work is short and recommendations need to be finalized in the spring of 2018. Due to this short timeline, GA recommends utilizing publicly available data and data already available to GA through the Annual Hearing process or CHIS.

II. Analysis & Modeling

Once the approach has been finalized, GA will develop a model in Excel to understand the impact of the proposed AHP regulations on the insured markets. This will include a range of estimates on membership, and overall impact to premiums. These results will be known as the "baseline". Then, GA will model the impact of various policy options to understand how these policies may impact the baseline. Since the timeline is short, GA recommends creating a simple model that produces estimated results.

III. Communications

Once the modeling is complete, GA will produce and deliver a power point presentation describing the results of the analysis and modeling. GA is available to present results to key stakeholders. In addition, GA will provide a summary report that describes the issues, policy options, and modeling results. Throughout the project, GA will communicate with NHID and provide updates on research and analysis.

Individual Market Analysis

The scope of this work can be separated into two categories of work: Data Gathering & Analysis and Communications.

I. Data Gathering & Analysis

Gorman Actuarial will design a brief information request to collect individual market membership data for the insurers. This membership will be for two points in time – as of December 31, 2017 and as of March 31, 2018 – and will be requested by income category, age category, and PAP vs. Non PAP. This membership data will supplement the QHP monthly membership reports. Based on these reports, GA will perform analyses to understand whether the high rate changes and the weakening individual mandate had any impact on enrollment. In addition, GA will assess whether the risk pool of the individual market is changing.

II. Communications

GA will communicate findings to key stakeholders through power point slides. In addition, GA will also produce a short memo summarizing its findings. These findings may influence the modeling results performed in the AHP analysis.

GA Team & Hourly Rate

Bela Gorman, FSA, MAAA – Project Lead.....\$350
 Jenn Smagula, FSA, MAAA – Actuary.....\$300
 Edith Calvao, FSA, MAAA – Actuary.....\$250
 Robert Carey – Senior Policy Analyst.....\$240
 Don Gorman – Actuarial Analyst.....\$220
 Linda, Kiene, ASA, MAAA – Actuarial Analyst.....\$200

Budget & Timeline

	Beg Date	End Date	Total Estimated Hours
Policy Options & Study Design	Late Feb	Mid March	55
Individual Market Data Collection	Mid April	Mid May	60
Modeling & Analysis	Mid March	Early Apr	100
Presentation and Report		Mid May	65
Ongoing PM			40
Total			320

We estimate that the total costs for this project will be \$95,000. As discussed, due to the dynamic nature of this engagement, GA will track costs to budget and reevaluate with NHID the scope and budget needs periodically. Charges are billed only for actual time worked. Rates include all normal and reasonable business expenses including copying, printing, and local travel. Fees are billed on a monthly basis.

Closing

We believe we can be of great assistance to the NHID with this study because we are currently participating in conversations with a few other states on the impact of the AHP regulation. In addition, Bob Carey has already performed policy research on behalf of the BCBSMA Association from which a paper will be published. We look forward to working with you on this project. Please let me know if you need additional information or have any questions regarding the scope of work or budget.

Sincerely,

Bela Gorman

Bela Gorman FSA, MAAA
Actuarial Consultant

Agreement with Gorman Actuarial, Inc.
2018-RRG-415- Association Health Plan
Exhibit B

Contract Price, Price Limitations and Payment

The services will be billed at the rates set forth below, not to exceed the total contract price of \$95,000.

Bela Gorman, FSA, MAAA – Project Lead.....	\$350
Robert Carey – Senior Policy Analyst.....	\$240
Jenn Smagula, FSA, MAAA – Actuary.....	\$300
Don Gorman – Actuarial Analyst.....	\$220
Linda, Kiene, ASA, MAAA – Actuarial Analyst.....	\$200
Edith Calvao, FSA, MAAA – Actuary.....	\$250

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.

**Agreement with Gorman Actuarial, Inc.
2018-RRG-415- Association Health Plan
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.

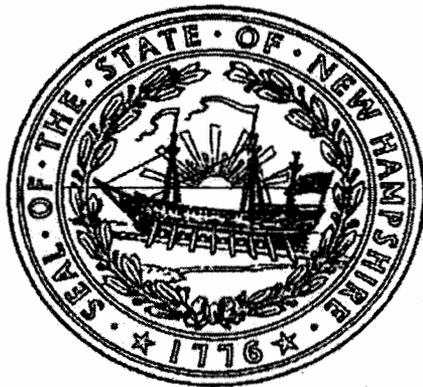
State of New Hampshire

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 black ink, appearing to read "William M. 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
Secretary (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 3/5/2018:
(Date)

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

AHP analysis 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 5th day of February, 2018
(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

The forgoing instrument was acknowledged before me this 5th day of February, 2018

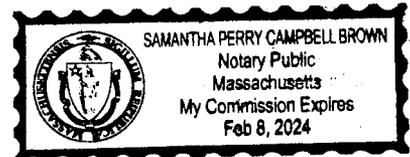
By Donald Gorman
(Name of Clerk of the Corporation)

(NOTARY SEAL) SPCB

Donald Gorman
(Signature of Clerk of the Corporation)
Secretary

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

Commission Expires: Feb 8, 2024



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.

The NH Insurance Dept
The State

Alexander K. Feldvebel
Signature of Authorized Representative

Alexander K. Feldvebel
Name of Authorized Representative

Deputy Commissioner
Title of Authorized Representative

2/5/18
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

2/5/18
Date