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Proposal to Serve

West Virginia Office of the Insurance Commissioner

Health Benefit Exchange Assessment

RFP #INS12001

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April 10, 2012

West Virginia Department of Administration
Purchasing Division
Building 15
2019 Washington Street, East
Charleston, WV 25305-0130

Dear Sir or Madam,

On behalf of KPMG LLP (KPMG or Firm), I am pleased to submit the attached proposal in response to the Request for Proposal (RFP) dated February 9, 2012 for Advisory Services published by the West Virginia Department of Administration on behalf of the West Virginia Office of the Insurance Commissioner ("WVOIC") with the actuarial and economic modeling services associated with a Health Benefit Exchange ("HBX"). We are excited about the opportunity to serve the State of West Virginia ("West Virginia" or "State") by providing our industry leading public benefit program actuarial and economic services. We believe our Firm is well qualified to serve the State as its vendor as you seek to evaluate the impact and assumptions that influence policy decisions regarding the HBX and West Virginia's health insurance market more broadly. We believe KPMG is the right partner for the State because:

We have done this before – KPMG has significant experience with Healthcare Reform and has conducted a number of relevant projects for other states including the Commonwealth of Pennsylvania, the Commonwealth of Massachusetts, New Jersey, Rhode Island, Ohio, and more. KPMG has an outstanding record with State Departments of Health and Human Services in planning, developing, and facilitation projects. Additionally, KPMG is proposing an experienced, skilled, and professional project team that will provide rigorous, timely, and thorough services to the State.

KPMG is a large established Firm with the resources necessary for this initiative – KPMG has a significant number of healthcare and government advisory professionals in the northeast and mid-Atlantic regions with skills and experience relevant to this engagement such as HBX planning business process analysis, Federal program compliance, organizational design, economic modeling and actuarial services. Our professionals are leaders in their field with many holding advanced certifications. The State should consider the value of selecting a nationally-focused, large established Firm with the reputation and experience to provide advice and recommendations you can trust.

Our experience across various healthcare and insurance industry segments – KPMG has worked with numerous State human services agencies and Departments' of Insurance, as well as physician organizations/providers, payors and employers to develop and execute strategies reflecting healthcare reform-minded initiatives. KPMG has a deep knowledge base across all constituents in the healthcare delivery and financing paradigm. KPMG adds a 360-degree perspective that helps elevate the quality of analysis and assistance our team brings to the State, from data collection and analytic efforts to enabling and facilitating practical and efficient decision making and policy setting. We have helped other clients address the complexity of healthcare transformation and healthcare reform, and would be pleased to provide case studies of projects and references where we have assisted clients with these efforts.



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Division of Administration
State of West Virginia
April 10, 2012

I want to thank you for the opportunity to assist the State with this important project and stepping stone toward your HBX implementation efforts. Should you have any questions, please do not hesitate to contact me at LStark@kpmg.com or (212) 872-3396.

Please note that as is required by in the RFP, we are hereby noting that our proposal includes some confidential and proprietary information which should not be disclosed to any third parties. This includes our methodology and approach, all templates referenced in the proposal, the resumes of proposed team members, our Price Proposal, and all data included in the appendices.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lorna Stark", with a long, sweeping horizontal line extending to the right.

Lorna Stark
Partner

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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Executive Summary

In the pages following, your KPMG team has described a project approach that leverages our industry experience and Exchange planning experience to provide recommendations to the State of West Virginia for use in management's decisions around key governance, structure and market needs with respect to health insurance to be offered through an exchange. We understand healthcare. We understand the clinical and care delivery needs of populations. We have worked in the insurance industry and understand how to assess the market, the products, and the risk management issues they face. We understand the complex regulatory environment and complex partnership the State and the market have to form to provide the right level of care delivery and care financing support. In short, KPMG has the industry experience and qualified professionals to help West Virginia with its assessment of the healthcare consumer needs and the business and regulatory environment within which healthcare is financed and delivered. The framework we propose to develop in collaboration with the State considers the intersection of various drivers of consumer, firm, provider, and payer behavior. It also considers the Exchange specific business, governance, and system requirements, and identification of needs of the West Virginia population that will be critical for the State to consider as part of its Exchange launch. Understanding and working within the business, regulatory, and governance landscape, in addition to understanding the analytical approaches, is what the KPMG combined experience is uniquely positioned to deliver. We believe West Virginia would be strongly served by a provider that can also overlay an understanding of the practical business issues, governance issues and regulatory environment that impact Exchange operations and financing.

The KPMG approach is built around the following major project tasks:

- Background research and analysis into the nature and drivers of the healthcare insurance market place
- Exchange design evaluation and Exchange economic impact analysis
- Analyzing options regarding Exchange organization and governance
- High-level business model and process design, and gap assessments
- Exchange financial modeling and budgeting (based on State provided and/or approved assumptions and inputs)
- Impact analysis

We believe this approach will assist West Virginia make decisions that strike the right balance between analytic rigor, financial insight, and Exchange operations planning. Our recommendations and analysis will enable West Virginia to better understand and plan implementation next steps. We have been assisting other states in their completion of similar tasks and have developed our approach with the insights gained from these other efforts. KPMG is the market leader at helping States think through these issues and prepare for Exchange implementation, and as such, KPMG will undertake commercially reasonable efforts to satisfactorily meet the State's proposed schedule. We believe, therefore, that KPMG is the right firm for West Virginia's efforts at planning and implementing its health benefit Exchange.

Work Plan – Background Research

The following section describes KPMG's approach to the background research requested in the RFP. We understand the scope of the analysis to be the current market dynamics for uninsured, under-insured, and fully insured individuals, as well as an analysis into the small group market. Additional analysis is sought regarding the health insurance marketplace, including the relative affordability of healthcare insurance in West Virginia, and the competitive condition of the insurance marketplace. Actuarial evaluation and sensitivity testing of the economic and demographic drivers within the State are also requested.

Analysis of Current Market

We understand the State of West Virginia desires a clear and thorough understanding of the current state of health insurance coverage including identification and analysis of the demographics and needs of the uninsured, under-insured, and insured population and existing health insurance marketplace. Such information will assist in exchange design by better understanding the economic decision making, health care utilization drivers, and potential Exchange-related purchasing decisions. A similar analysis is also sought for the small group marketplace. We have completed this type of analysis before for other States considering Health Benefit Exchanges, as defined by the Reform legislation. Additionally, we understand and can anticipate the nuances of the data and data-related issues likely to be faced given the availability of data defining the West Virginia market. We have helped other State's manage through complex demographic and healthcare claims data issues, including the computation and analysis of Medicare and Medicaid data. We propose to work with the State of West Virginia to develop a similar but state-specific approach as well.

As the RFP recognizes, there are multiple dimensions to be analyzed, and the intersections of sub-populations can be quite complex. The study of the current marketplace involves consumer demographics such as age group, sex, family status, race, county, as well as socio-economic and financial data such as income levels. This is particularly important under the Affordable Care Act ("ACA" or "the Act") because of the sliding scale of subsidies offered by age and income level relative to the federal poverty level (FPL). To the extent available from internal sources, such as State Medicaid or other agency data, we propose to also analyze direct health related claims and care information to help the state develop a more robust resident profile (e.g. understanding the preventive needs of healthy patients as well as chronic patients.) which may influence essential benefits determinations. It is our intention to work collaboratively with the State to identify these potential sources of data and to identify appropriate data quality remediation, as needed.

KPMG will gather data and perform analyses to help characterize the demographics of West Virginia and aid the Office of the Insurance Commission (WVOIC) to better understand the current environment and estimated demand for health insurance. Collecting and analyzing this information is expected to also help the State determine what selection risks exist in the individual and in the small group sub-markets, and what exchange protocols and design features may help mitigate this risk. The KPMG team will work collaboratively with the State's designated team in the data collection phase to create a suitable set of data for this analysis. The data collected may include:

- Federal Data – including data sets from the Census Bureau and Agency for Health Research and Quality (AHRQ). Other federal data sets that address health insurance coverage and healthcare

access are the Census Bureau's Current Population Surveys (CPS) American Communities Survey (ACS) and AHRQ's Medical Expenditure Panel Survey (MEPS). The CPS is a monthly survey of about 50,000 households that collects data on individuals, such as labor force circumstances and demographic data. CPS includes questions on employment, unemployment, earnings, hours of work, and occupation. The survey collects a variety of demographic characteristics including age, sex, race, marital status, and educational attainment. MEPS provides very detailed individual level healthcare expenditure, insurance coverage, and healthcare access data.

- State of West Virginia Data – We will conduct a review of data available from State initiated projects. Our review will include documentation collection and interviews to identify the source data used for these studies.
- KPMG will survey insurers to assess and/or augment the collected data. Reconciling data across insurers will provide insight into reporting differences.
- Additional market information to be collected may include private insurance enrolment by size of group and type of coverage, including an analysis of union and non-union status and funding (e.g. public program(s), self-insured group, fully insured, etc.). The coverage trends observed from analyzing this information will be used to provide estimates of the market looking forward.
- Other Data – The available information may not provide adequate details on the most significant target demographic populations. Cluster analysis and other statistical sampling and evaluation techniques may be used to fill some of these information gaps, but some additional information may be needed as well. To this end, we may need to conduct additional research into new sources of available data.

The deliverable from this work effort is expected to be a document that summarizes:

- an analysis of the economic and demographic factors affecting the insured, under-insured and un-insured residents of West Virginia, identifying trends for the past 10 years that may impact estimated Exchange enrolment in subsequent years;
- a survey of stakeholders, as needed, regarding healthcare satisfaction, data / analysis validation, and expectations of the future; and
- an analysis of the existing insured market to evaluate coverage trends for the past 10 years, by type of market, geographic location, and household income, points of transition, and reliance on public programs. In addition, expectations for trends in coverage for the next 10 years will be provided.

Small Group Exchange (SHOP)

The State has also requested consideration of the small group population as part of the market analysis. Census information and data collected from WVOIC will be relied upon to complete this analysis, adjusted in consideration of the expected economic outlook for West Virginia and in coordination with WVOIC management insights. All assumptions used in such adjustments will be reviewed and pre-approved by the State.

KPMG will assist with design of marketplace analyses that reflect the dynamics of the market and demographic research completed above, and perform analysis of the impact on the West Virginia insurance market for an alternative definition of "small group." The sensitivity analysis will also enable variations of plan design and cost features, and estimate the impact of cross-border employment. The

cross-border considerations may be significant enough to warrant evaluating a regional exchange option, which would be considered as part of the Exchange governance and design work steps.

In our analysis of other state's demographic, economic and financial considerations regarding the benefits exchange, there is a substantial population of small group employers considering the exchange as an alternative to providing insurance to their employees directly. Evaluating the likelihood of this happening may be part of the survey mentioned above, as needed.

The expected deliverable associated with this work effort is a document summarizing:

- analysis of small group employer trends and health insurance preferences;
- impact analysis associated with regional "leakage" and cross-border employment as well as care delivery;
- analysis of the likelihood that small groups use the Exchange as the primary source of coverage for their employees; and
- an impact analysis associated with tax credits and small groups that integrates with the budget analysis and financial analysis discussed below.

Affordability

The State is requesting an analysis of affordability of health insurance in West Virginia as part of the background analysis. This includes an analysis of the points of funding transition, especially for low income individuals. Enrolment can be very volatile at the transition points as income increases above 133% of the FPL, or even above 200% of the FPL as the subsidy begins to phase out. Using various sources of data defining the income of the insured population, we will examine the ratio of health care expenditures as a percentage of income at varying levels of income. For example, we will work with the State to propose the income stratifications that give stable estimates of the number of individuals whose expenditures exceed one threshold when their income is high versus another threshold as their income levels decline. As the RFP indicates, this could be critical for the under-insured. The under-insured population base will have been identified and analyzed in the work steps mentioned above, using a combination of the data elements identified. We will work with the State to evaluate the appropriateness and robustness of the available data to create a practical cohort to analyze as we consider the issue of affordability.

Age, in addition to income, is another point of interest as the population ages, or as more people become dual eligibles, or other special needs populations emerge, such as veterans. The State specific economic condition, evaluated as part of the market analysis discussed above, is expected to be leveraged in this analysis as well. By identifying the industries that are experiencing growth or decline, KPMG expects to be able to assist the State in understanding future employment and income-based impacts on exchange enrolment, as well as enrolment in federal and state-funded programs like Medicaid or CHIP. This analysis will be coordinated with the assessment of the exchange interaction with other state programs, including the expanded Medicaid program, discussed below.

The expected deliverable associated with this work effort is a document summarizing:

- an analysis of the population movements at various points of funding transition;
- the analysis of likely insurance purchasing decisions;
- analysis of CHIP and Exchange subsidies and their economic impact on this sub-population;

- analysis of the cost of insurance relative to income at a state, regional and other socio-economic delineation as is credible;
- analysis and determination of premium as a percentage of income across various demographic cohorts for the individual, small and large group insurance markets;
- analysis of individuals and families at various income thresholds relative to the Federal Poverty Level (FPL); intervals required include below 139% of FPL, 140% to 200%, 201% to 300%, 301% to 400%, and 401% or more of FPL; and
- analysis of price elasticity and effect of price change and effect on premium and public subsidy.

Market Scan

An analysis of the health insurance market will be performed, specifically reviewing available information pertaining to the current West Virginia commercial insurance companies, including the number of companies, their enrolment and premiums by product, their product designs, and associated expense structure. KPMG proposes to perform this analysis by leveraging the information collected by the WVOIC, as well as supplemental data collected from neighboring states Departments' of Insurance. The information collected and analyzed will be benchmarked against population growth and economic growth statistics. The environmental factors will be important when estimating the impact of the Exchange on the market, including the evaluation of mandating participation in the Exchange. Additionally, benefit plan designs will be benchmarked at a high level to the essential benefits plan and the minimum actuarial value determinations for the various Exchange metal-tiered benefit plans. We will work with the State team to evaluate this data and determine its completeness and appropriateness to the analysis.

Part of the market scan will also involve assessing the relative availability of producers or agents in the market, and to what extent the distribution of health insurance may be disrupted by Exchange operations and regulations. Completing this analysis will rely on State information collected in the review of marketing materials and other regulatory oversight on insurers operating within West Virginia, as well as being able to collect data from the producers directly. A sensitivity analysis of various compensation schemes will be performed to help the State understand the relative trade-off and cost impact to the Exchange budget of various forms of Navigator roles and responsibilities with regard to outreach and enrolment.

The expected deliverable associated with this work effort is a document summarizing:

- a profile and analysis of the insurance marketplace to understand the economics of membership and sustainability sensitivities related to expenses;
- a producer summary of available information including the number of insurance brokers and agents who sell, market or distribute insurance to groups and individuals in West Virginia; and
- an analysis of various producer compensation schemes and Exchange financial estimates, including estimating a range of commissions paid to producers by insurers in the individual, small, and large group markets.

Work Plan – Design Options

In this section, we have combined the State RFP sections for Economic - Modeling and Fiscal Analysis and the Design Options Analysis. KPMG will utilize a single model to analyze and evaluate the Exchange, its impact on the market, and the drivers of performance within the Exchange. In addition to actuarial and economic analysis, the State has requested additional testing and analysis on a sliding scale of Exchange involvement, ranging from market organizer to active purchaser of plan products in an exchange. The discussion below assumes that the actuarial and economic model has been developed in such a manner that it is being leveraged for this additional analysis as well as for sustainability and budget related questions.

Exchange Analysis

This task relates to the estimation of the financial impact associated with the implementation of the Exchange in West Virginia. Part of the analysis will be to perform a sensitivity test of the assumptions and various drivers that are being relied upon for the estimate of Exchange enrolment. This includes an analysis of the various selection issues that may impact the costs and experience of the health plans operating within the Exchange. ACA requires implementation of three risk-leveling programs to address selection bias: a temporary three-year reinsurance program, a permanent risk adjustment program, and a risk corridor program to be administered by HHS. We will work with the WVOIC and other project staff in the analysis of federal law and regulations to determine the requirements and limits of all three programs as relates to the West Virginia market. These requirements will then be analyzed against various design options, assessing potential financial impacts and pros and cons of each. Performance triggers and dashboard metrics will be recommended to monitor the emerging experience, along with options for remediation of any emerging selection bias.

The KPMG actuarial and economics team will work collaboratively with the various stakeholders within the State's team, as determined in the data collection phase, to create the appropriate scenarios and consumer behavior analytics to evaluate the impact of changes in assumptions that are fundamental to the creation of the exchange. One of our actuaries, Mark Jamilkowski, has written and presented on the application of game theory within a Benefits Exchange to evaluate product design and price trade-offs. These concepts may be appropriate to apply within the testing of options for the State as well.

We plan on building these scenarios through facilitated working sessions with State representatives, HHS staff, actuarial staff, and others. These sessions are expected to combine the perspectives and insights derived from the data gathered and market analysis performed.

KPMG's analysis will capture the expected behavior of individuals, households, employers, and insurers based on State provided and/or approved inputs and assumptions. Several models exist which have been used to estimate market behaviors, of each of the participants in the health insurance market such as employers' decision to offer or retract coverage, choice of coverage package by consumers, and amount of premium charged for packages. For example, RAND and the CBO both maintain a National version of such a health care policy model. KPMG analysis will include core demographic information such as fertility and mortality to properly estimate population demand for health care services. Changes in social and economic conditions will be evaluated, historically and looking forward, to estimate the impact on health status and therefore demand for insurance. Other factors relevant to the West Virginia market include the propensity to live in West Virginia but travel to work in other States. Among

the data sources to be considered include the current population survey (CPS), Medical expenditure panel survey (MEPS, and National Health Accounts (NHA). Available data and survey data may be useful starting points in the aggregate, but a significant degree of flexibility would be needed in constructing the simulation cells in order to incorporate other, potentially more recent, potentially more detailed data. Where State specific data was inadequate, external aggregates may need to be relied upon.

The analysis is also expected to estimate the impact of the essential benefits package relative to current State mandated benefits. The relative cost of these basic benefit considerations is part of the larger strategic decision making process West Virginia will be undertaking. The various policy questions raised by implementing an Exchange, such as which sub-populations are targeted, or how much of the State population will be covered, and what role the Exchange plays in a competitive market are other aspects that need to be tested and evaluated. We will be working very closely with the State to determine the appropriate assumptions and options to evaluate, reflecting management decisions and guidance. As a result, we do not see the economic and actuarial testing as a standalone effort, but rather an integrated analysis supporting the various decisions the State will need to make. KPMG believes its analysis must take into account the variable nature of these parameters and assumptions in order to serve the strategic decision making of the State. Scenario testing is required to evaluate the impact of program changes, coverage changes, and economic conditions, as well as varying degrees of risk adjustments or other morbidity-based modifiers deemed appropriate.

The deliverable associated with the economic and actuarial modeling will be a document summarizing:

- The analysis of the impact of the Exchange on the West Virginia insurance market, including premium rate, cost shifting, adverse selection and consumer behavior;
- Analysis of various plan design options associated with the ACA risk-leveling programs and pricing methodologies for various benefit tiers and mandated benefits;
- Analysis and sensitivity testing of various demand drivers and Exchange participation assumptions, including various risk-pool definitions, Navigator fee structure, plan design and enrolment strategies;
- Analysis of small group definitions and estimated number of enrolments resulting from those definitions; and
- Documentation of work steps needed for development of risk adjustment and reinsurance programs and their administration protocol/process design.

KPMG has a broad healthcare practice with a substantial number of relationships in the provider and payer community. We expect to be able to leverage these relationships to gain insights locally on how the market will react to various policy and other exchange-related design decisions. Bringing the market into the process upfront, gaining the insight and potentially building a more collaborative market are another way KPMG expects to add value to the State's decision-making efforts. We are already working with several national and regional companies on their strategies and options post-reform. These efforts include but are not limited to consideration of various alternative provider reimbursement methodologies, creating accountable care organizations, and evaluating risk adjustment and rating pool/reinsurance issues. We believe that involvement in these projects across the entire spectrum of market constituents gives KPMG unique insights and access. This can be leveraged for the State to better evaluate what will influence consumer, provider and payer behaviors and what strategic exchange design options resonate, whether as part of the small group SHOP or individual exchange.

We look forward to the opportunity to work with the State and its team members to evaluate the various design options, including fundamental questions such as whether to merge market segments to create wider risk pools, and what impact this may have on the marketplace.

Assumptions

- The State has completed initial strategic visioning for the Exchange. The results of that activity will be made available to our team to assist with our delivery efforts.
- The State will identify a governance group that will provide guidance and decisions on strategic and tactical points which would set the direction of the exchange when more than one obvious choice exists.
- Changes to the project timeline resulting from West Virginia's business decisions that shift the delivery of KPMG services beyond the agreed-upon project scope may affect the project schedule and fees.
- West Virginia will provide certain support to KPMG in order to successfully execute the work plan. The support expected includes:
 - Designate a qualified management-level individual to be responsible and accountable for overseeing the engagement.
 - Establish and monitor the performance of the engagement to ensure that it meets management's objectives.
 - Make any decisions that involve management functions related to the engagement and accept full responsibility for such decisions.
 - Evaluate the adequacy of the services performed and any findings that result
- KPMG's services as outlined in this proposal constitute an advisory engagement conducted under the American Institute of Certified Public Accountants ("AICPA") Standards for Consulting Services. Such services are not intended to be an audit, examination, attestation, special report or agreed-upon procedures engagements as those services are defined in AICPA literature applicable to such engagements conducted by independent auditors. Accordingly, these services shall not result in the issuance of a written communication to third parties by KPMG directly reporting on financial data or internal control or expressing a conclusion or any other form of assurance.
- This engagement will be performed in accordance with applicable Actuarial Standards of Practice promulgated by the Actuarial Standards Board.
- Any estimates or values determined are subject to change based upon the natural variability associated with the data used and the assumptions applied in the scenario-based analysis.
- In the conduct of this engagement, KPMG may make certain suggestions and recommendations to management related to its processes. West Virginia's management will retain sole responsibility for evaluating the quality of those suggestions and recommendations and will independently decide whether to implement them. KPMG is not responsible for and does not assume management's role in making any strategic, policy, or accounting decisions in connection with the conduct of this engagement.
- West Virginia agrees that KPMG may list West Virginia as a customer in its marketing materials and internal presentations.
- West Virginia will identify and make available the required key personnel necessary to jointly work with our team to approve assumptions and other data inputs used in our economic analysis.

Work Plan – Exchange Organization

The analysis and assessments performed for this work stream are intended to assist the State in understanding the resource requirements associated with Exchange operations, what the implications are for various Exchange structure and policy decisions, and to lay the ground work and road map for Exchange implementation. The work in this section is expected to leverage the analytic work of the previous sections that management has signed off on to provide the State with a consistent and holistic understanding of what the Exchange will mean for West Virginia.

As we considered the scope of analysis and review requested in the RFP, it is KPMG's perspective that the State of West Virginia would benefit by including a review of potential governance structures and the associated information technology requirements associated with that governance structure. The inter-relationships between State agencies has a direct impact on the number and skill set of people required to fulfill the various mandated functions of the Exchange. Further, the degree of inter-operability available from existing systems and data architecture will also be directly impacted by the design and structure of Exchange oversight and ownership. Therefore, while not explicitly asked for in the RFP, the KPMG response includes a review of governance models and a technology gap assessment in order to more fully appreciate and understand the financial implications to the Exchange budget.

We have structured our approach to first define alternative governance models and structures for the State Exchange for management to consider, and then consider the business model and functional support that design as stipulated by the State will need. The perspectives and design considerations of these efforts will then be analyzed for budget and sustainability impact, and vetted with the State for comprehensiveness and clarity. Lastly, we propose an approach to help the State analyze the impact of the Exchange implementation on existing State programs.

Determine Exchange Governance Structure

- **Gather Data** – Fundamental to our approach to this task is a focus on what governance structure option may effectively fit to the needs of the State, and help allow efficient delivery of services to the State's targeted population and insurance market. As part of this or associated tasks, we will work with the State project team to determine and document key aspects of the current business and technology environments and assess the gap between existing process and technology due to key changes required by the Act. To facilitate this, we anticipate consulting governance structures as options to consider such as the current National Association of Insurance Commissioners / Health and Human Services NAIC/HHS framework.
- **Identify Exchange Governance Options** – We will assist the State to chart options for a potential Exchange. Current options include but are not limited to direct management by a division within an existing State agency, or formulation of a new, stand-alone agency, a quasi-government entity, or a non-government, not-for-profit organization
- **Gather Data to Assess Governance Options** – We will seek out and gather information of the following attributes to help better understand the options outlined above and the key characteristic of each in the context of the current (and anticipated future) environment of the State. Namely:
 - Understand the state's overall strategic direction imperatives for an exchange,

- How aggressively it plans to market the exchange to subsidized and to unsubsidized target populations,
 - How it currently works (or plans to work) with stakeholders and constituency groups to understand and respond to their needs,
 - Understand provisions for state and federal reporting,
 - How tightly it plans to oversee if not operate eligibility determination processes, judge appeals of eligibility decisions, and other very sensitive determinations.
- We will also seek information or an understanding of
- Potential requirements, functions and systems that the exchange will need to operate effectively and to comply with the federal ACA legislation.
 - ACA legislative requirements capacity to effectively operate the Exchange,
 - Assess resources supporting the existing business and IT systems to help identify opportunities that would support improved service and operating efficiencies with the Exchange to better organizations that are closely integrated with such programs as Medicaid and CHIP.
 - Develop potential implications related to the various HIE requirements on the organization, operations, and technologies.
 - Identify potential compliance considerations and risks
 - Understand the key tenets of the legislation governing the establishment of the Exchange as well as the relevant State and Federal Insurance Laws and Medicaid policies
 - Identify potential areas for new or revised policy based upon legislative awareness.
 - Understand mechanisms for management's approval to prioritize and monitor the resolution of potential compliance related matters and remediation plans in conjunction with Exchange development.
 - Identify new requirements or changes to requirements by monitoring emerging policies and clarifications published by the federal government and from clarifications provided back to the State as a result of clarification requests to the federal government.

Evaluate Potential Options and Select Preferred Alternative

Using the Governance alternatives discussed above as the key baseline driver for our comparison, we will outline potential governance options for the State considering all of the foregoing analysis. Working closely with key state staff, KPMG will prepare an analysis of the pros and cons of the various governance options, using the data and analysis from the tasks above.

To assess the desirability of all the options, we propose to:

- Develop a Key Milestone timeline identifying the provisions each option must address regardless of other criteria considered.
- Develop a full list of evaluation criteria for management approval for assessing the options based on our knowledge of the Healthcare Reform legislation and knowledge of the experience and issues considered by other states and input from State staff. We will leverage what we know about the State's unique circumstances including lessons learned from recent health care reform efforts. Included in this set of criteria will be the key attributes resulting from the data-gathering and analysis

of the other key business areas discussed above such as exchange business options, and the cost analyses resulting from our financial modeling efforts.

- Determine the advantages and practical challenges of each exchange option, as measured against the above management approved criteria, including quantitative analysis where feasible.

We will detail our analytical observations as well as the characteristics that make them either more suited to be managed for example directly by a division within an existing State agency, as a new, stand-alone agency, as a quasi-government entity, or as a non-government not-for-profit organization and the potential benefits /risks associated with each.

Exchange Business Model and Functional Support

In this section, we describe KPMG's proposed approach to assist West Virginia estimate the budget implications of the Exchange and more fully understand the timing and effort implications associated with the implementation of the Exchange. Our proposed approach begins with drafting a business context target operating model to understand the intended governance structure and Exchange design. We then evaluate the information technology and business processes that currently exist to better understand what additional resources may be needed. This culminates with a business plan that structures the budget and finance/sustainability analysis.

Process and Structure Models

A high-level business context or target operating model for the Exchange provides a visual representation of a generic Health Insurance Exchange within the context of its four stakeholder groups: governors and regulators, customers, collaborators and suppliers. The model sets the strategic level scope of the HBX and shows some of the information and other inputs and outputs between the HBX and its stakeholders. Because the HBX is to be highly automated, many of the inputs and outputs on the diagram, particularly between the HBX and its customers and collaborators will be supported by an IT solution which will include both user self-service (e.g., a HBX portal) as well as automated data exchange between the HBX and stakeholders (e.g., a business-to-business gateway).

Figure 1. HBX Business Context Model

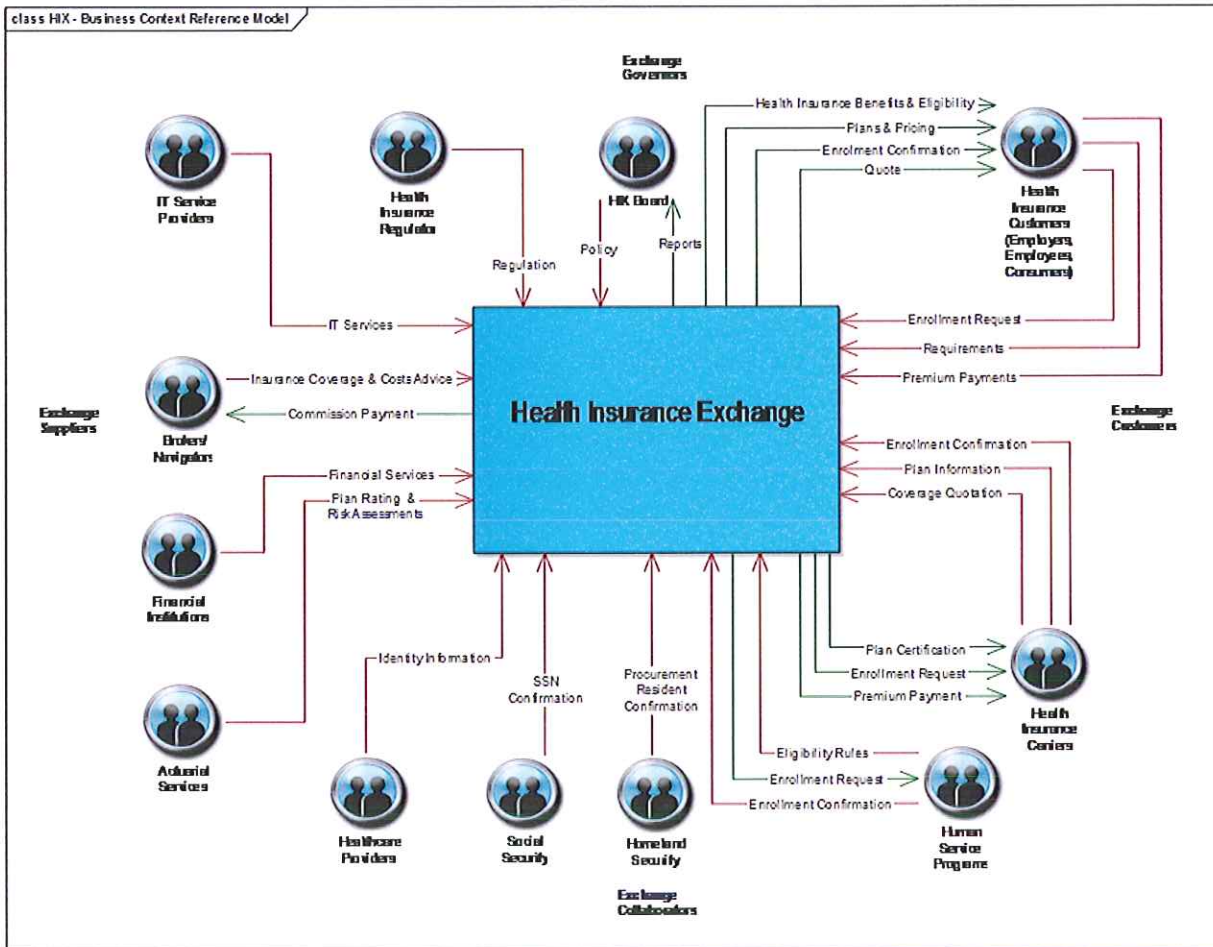


Figure 2 illustrates possible core processes, services and direct outcomes of a HBX. The direct outcomes describe the immediate value proposition of HBX services to its customers. The diagram shown below is for the HBX Reference Model and would be customized, with specific detail provided for the HBX options contemplated by West Virginia.

Figure 2. HBX Core Processes and Services

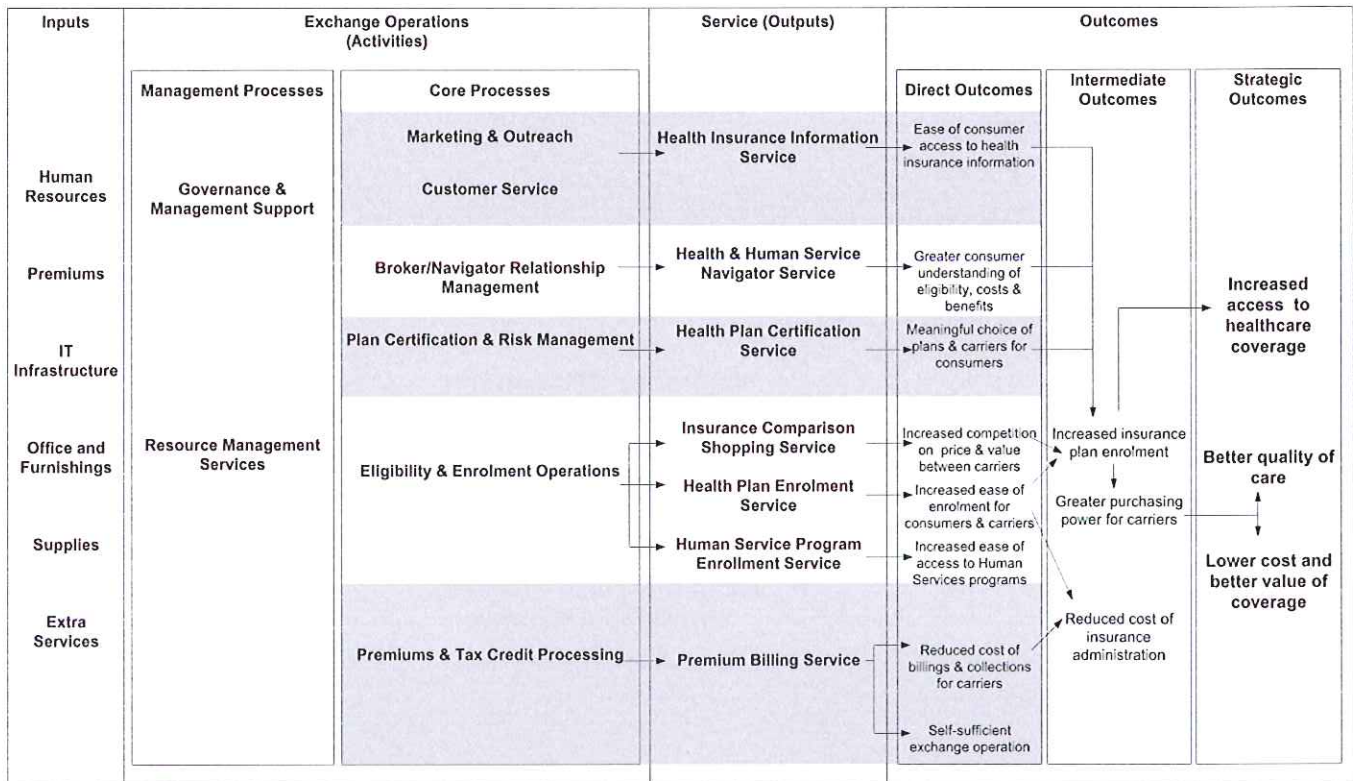
Core Processes	Service (Outputs)	Direct Outcomes
Marketing & Outreach Customer Service	Health Insurance Information Service	Ease of consumer access to health insurance information
Broker/Navigator Relationship Management	Health & Human Service Navigator Service	Greater consumer understanding of eligibility, costs & benefits
Plan Certification & Risk Management	Health Plan Certification Service	Meaningful choice of plans & carriers for consumers
Eligibility & Enrolment Operations	Insurance Comparison Shopping Service	Increased competition on price & value between carriers
	Health Plan Enrolment Service	Increased ease of enrolment for consumers & carriers
	Human Service Program Enrollment Service	Increased ease of access to Human Services programs
Premiums & Tax Credit Processing	Premium Billing Service	Reduced cost of billings & collections for carriers Self-sufficient exchange operation

Figure 3 is an initial program logic model produced for the West Virginia Exchange. As such, it functions as an executive level view of the exchange business on a page. It includes:

- The goals or "outcomes" of the exchange
- Its services which provide the outputs to generate these outcomes
- The activities including the core processes required to deliver these services and the management processes required to oversee the exchange and manage its resources
- The key inputs to the exchange business model.

This generic logic model will be updated in discussion with West Virginia staff help ensure that the potential services of the West Virginia exchange options contribute to the strategic policy objectives of the State for access to health insurance and affordable care. The model illustrated below and in Figure 2 above will need to be updated in coordination with the State's Exchange Architecture Team and maintained for the reference architecture going forward.

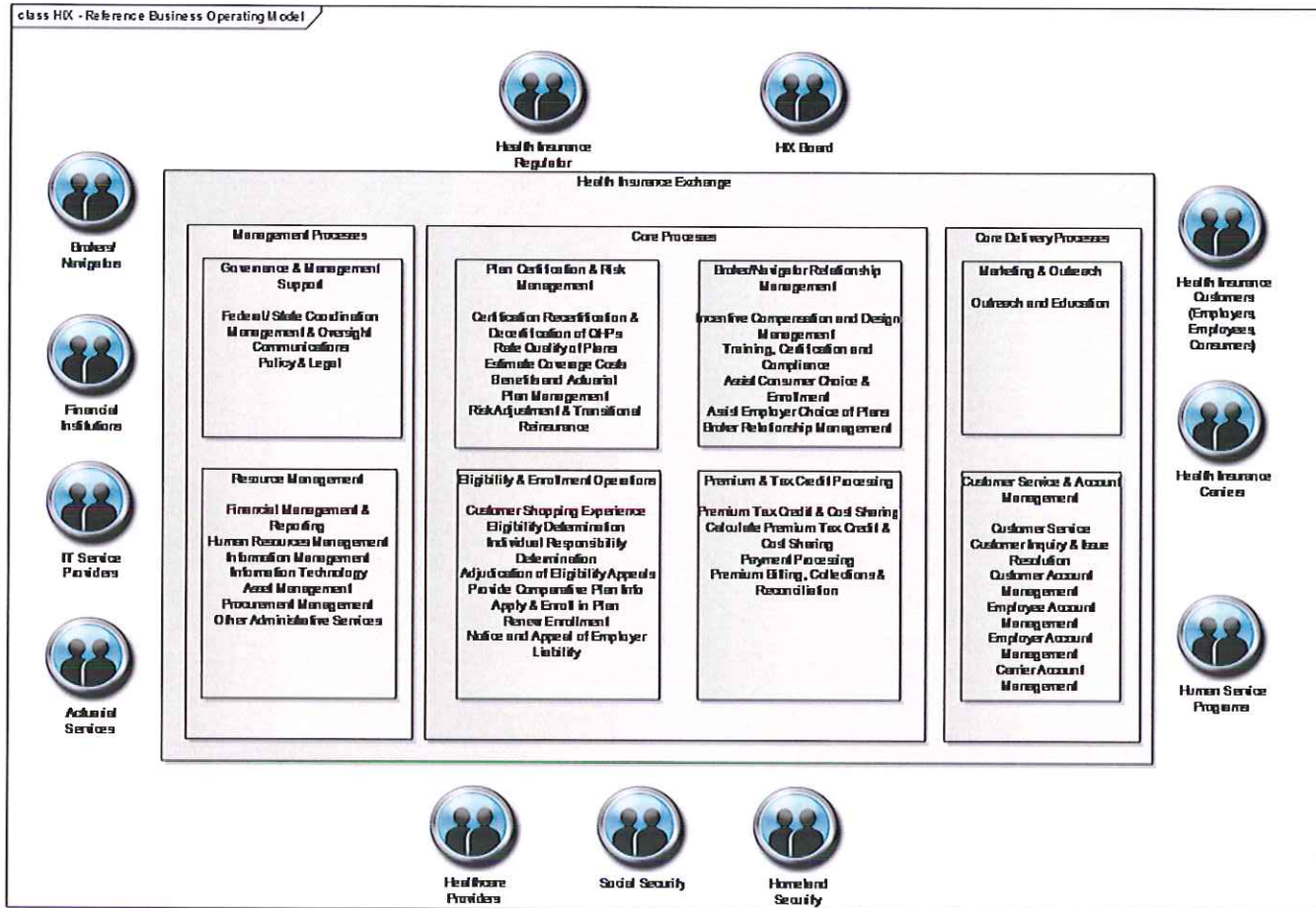
Figure 3. HBX Reference Program Logic Model



The business operating model shows the relationship between the health insurance exchange and its stakeholders. This model illustrates how each of the management, core, and core delivery processes manage and deliver the services of an exchange. Management and core processes define the business functions of an exchange. These functions will help define the organizational design of an exchange and the functional requirements for IT solutions for an exchange.

The diagram shown below is a sample Exchange architecture used for a vendor assessment. It will be updated with West Virginia staff for completeness and for unique functions that may be required for the Virginia exchange. It will also be aligned with the CMS exchange reference architecture. Finally, it may be extended for the full range of Medicaid modernization processes.

Figure 4. Exchange Operating Model

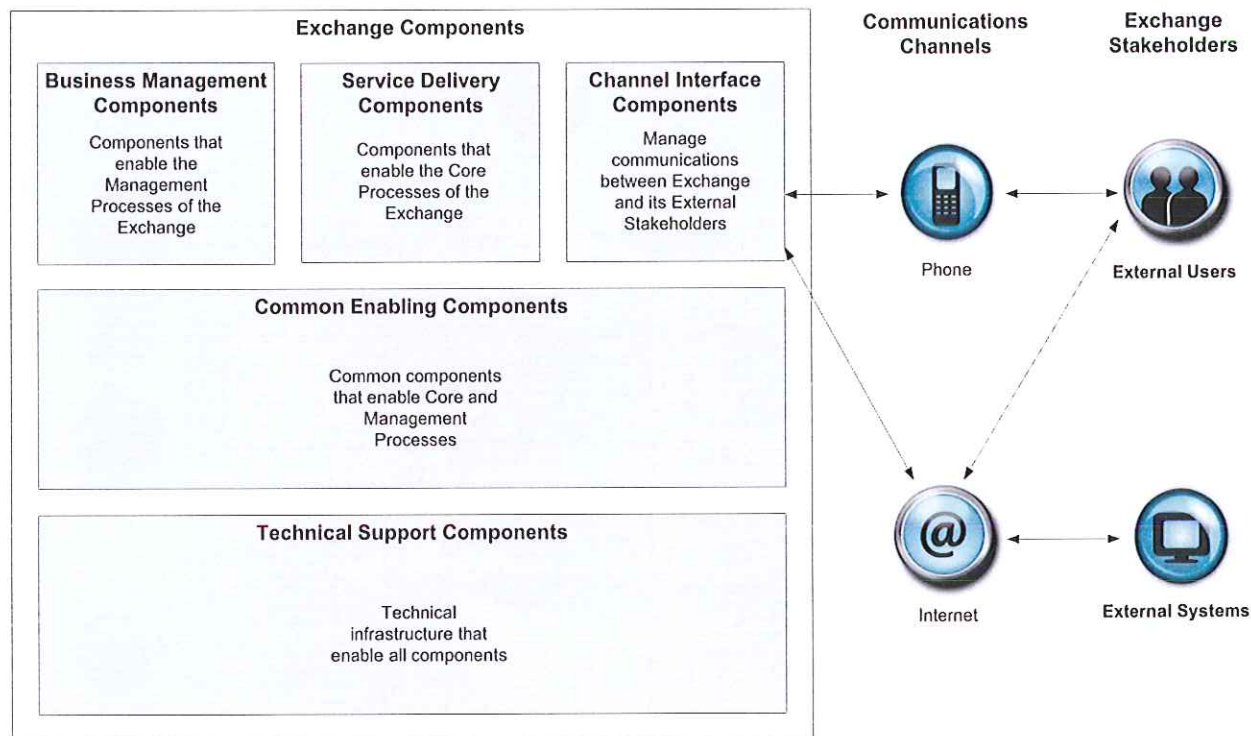


Information Model

The information model shows, at a high level, the information managed by a generic HBX. This model can be extended to support information gap analysis and the development of information requirements for HBX databases and canonical messaging, between the health information exchange and its stakeholders. Figure 5 is a reference model and would be customized, with more detail provided, for West Virginia.

We believe a thorough understanding of these components is required in order to apply appropriate assumptions to the budget and financial analysis. The nature of the Exchange governance structure will also impact the scope to be analyzed. The scope and depth of infrastructure investments and software required to enable the communications and external stakeholder levels of support will have an impact on timing and cost.

Figure 5. Structure of the Exchange Component Model



Eligibility and Enrolment Functions

The objective of this task is to perform an assessment of the inventory of current operational procedures and supporting technology capabilities used by the State to perform eligibility screening and verification and enrolment of participants in various subsidized programs, primarily Medicaid.

The specific actions KPMG will take to perform this assessment include:

- Hold an introductory meeting with key project stakeholders,
- Through interviews and review of pertinent operational policies and procedures, determine key business process points in the agencies' processes for screening for eligibility, verification and enrolment of participants in various subsidized programs.
- Gain an understanding of West Virginia State IT system and develop an inventory
- Identify functionality and performance goals, objectives, and prioritization
- Existing and potential sources of data and information with emphasis on data integrity and quality, integration of tabular data with spatial data within a Geographic Information System environment, data use by management and flow of data throughout the department
- Task delegation processes and allocation of resources and personnel
- Work assignments, better work practices, equipment and outsourcing with the goal of creating a more efficient and effective program
- Communication means and methods – both vertical and horizontal
- Performance and quality assurance measures and processes

- Methods of distributing and collecting applications, organizing the completed applications once received, tracking their status and detecting and preventing fraud in the program
- Based on the information gathered in the steps above, prepare a thorough listing of all pertinent legacy software and hardware systems currently in use for eligibility screening and verification of enrolment.
- Review better practices and benchmarking surveys for similar agencies, and prepare a risk management plan in evaluating the current IT systems environment vis-à-vis proposed changes to the operations resulting in expanded eligibility requirements
- Using risk management methodology, add a time constraint to assess the impact and probability for keeping existing legacy system capabilities in order to meet the requirement to successfully enroll and integrate additional participants into Medicaid and potential private insurance users of the Exchange.

Gap Analysis and Budget Overview

The overall objective of the work described below is to perform a detailed analysis of operational issues related to the implementation and maintenance of a self-sustaining Exchange program, and present several alternative scenarios for successful business operations of the Exchange in the State of West Virginia. The analysis will include areas such as customer service capabilities, staffing needs, projected expenses and revenue options, Exchange utilization scenarios, and proposed information technology solutions.

Based on the Exchange model selected by the State, we will outline and discuss the set of proposed evaluation criteria against which to assess to relative advantages and disadvantages of each alternative. These general criteria will include those outlined in your solicitation but other considerations resulting from our team's experience, especially our recent efforts assisting other states with Exchange planning endeavors.

We will document a draft business and operations plan for management's consideration discussing the options identified and agreed upon by the State. The draft business plan will contain several scenarios based on the following criteria:

- Organizational structure/ entity (a governmental agency, as an independent public authority, or non-profit entity)
- High, medium, low utilization scenarios and overall plans and budgets,
- Financial, accounting and federal/state reporting (including cost of reconciling tax credits and cost-sharing subsidies for employers and individuals in partnership with the federal government)
- Applicable federal and state taxes, if any;
- Number of new staff that must be hired,
- Office space, human resources, administrative support, and other necessary office equipment, services, and supplies
- A calendar quarter-by-quarter expenditure plan for the proposed budget beginning with Calendar Year 2012 thru 2015.
- An ongoing projected annual budget associated with support of the expanded infrastructure beginning January 1, 2014.

- Recommended staff organizational charts, including the title and qualifications of the staff that accompany the suggested salary ranges, including degrees, certifications, required qualifications.

In developing a draft business and operational plan, KPMG will focus on evaluating critical Exchange Operations options and various scenarios for financing activities. The draft business and operational plan resulting from our analyses will include estimates and assumptions used to determine the costs of each of the items specified below for an Exchange and be presented to management for their consideration.

The key requirements of exchange operations are divided up among the State and other participants applicable to the selected governance structure, the structure of the decision making body including associated authorities and requirements for the selection/appointment of members, the organizational chart for the Exchange entity, staffing levels and responsibilities, the plan to recruit and maintain human resources necessary to implement and operate the Exchange, and the plan for the office space, equipment, IT, and other business services needed by the Exchange. We expect the business and operating plan decided upon by management will also identify which functions of the Exchange will be outsourced and which will be kept in house. These key requirements will be used in this task to complete planning for implementing the business operations.

This task is set to develop the plans to implement the business operations of the Exchange and involves staffing, use of external resources, procurement processes to obtain the materials, equipment, and services needed, and the associated operating procedures. Especially in the area of policies and procedures, the amount of work to be planned here will vary based on the governance model chosen. For example, if the Exchange is to be operated by a Division within an existing agency, many of the policies and procedures already in place will most likely be used. Examples include procurement procedures and human resource policies and procedures related to staffing. If another option is chosen, more work will need to be done to establish these for the new entity. The list of tasks below was created to envision the work required in the more extreme case of creating a new entity.

Using this timeline as the target within which the State will work, we will recommend the tasks related to business operations to meet those milestones. The tasks will follow guidance included in the Exchange business and operating plan management has decided upon and may include tasks:

- Associated with creating the policies and procedures related to staffing the Exchange
- Related to creating the position descriptions to be used in recruiting in-house positions and those positions that may be filled with temporary resources provided by contractors.
- For developing evaluation criteria that may be leveraged during the hiring process to measure candidates' skills and capabilities to support the management of the exchange.
- For recruiting, interviewing, selecting, and hiring resources for each internal position on the Exchange's organizational chart.
- For recruiting, interviewing, selecting, and confirming resources for positions to be filled by contractor personnel.
- Associated with establishing procurement policies and procedures.
- Related to procuring material, equipment, and services required by the Exchange as well as any lease or purchase of a facility.
- Associated with establishing policies and procedures related to soliciting health insurance plans from carriers to be offered through the exchange, including minimum criteria or thresholds to

participate as a Qualified Health Plan and standards and measurements of cost, quality, network, and customer satisfaction that ACA requires.

- Related to soliciting health insurance plans from carriers to be offered through the exchange and selecting and establishing those plans in the exchange.
- Associated with creating the range of operational policies and procedures for use by the Exchange staff, including, for example:
 - Eligibility determination and subsidy calculation (which would be enforced by the system and documented to answer questions and resolve issues that occur). This process will include eligibility determination to screen applicants for programs offered by the Exchange, including Medicaid and other State insurance programs
 - Qualifying and certifying insurance provider plans

This task's objective is to identify options and recommendation as to how the Exchange may operate. We will work with the State team and key designated stakeholders to identify how operational responsibilities should be divided up among the State and other participants including associated authorities and requirements for the selection/appointment of members, the organizational chart for the Exchange entity, staffing levels and responsibilities, the plan to recruit and maintain human resources necessary to implement and operate the Exchange, and the plan for the office space, equipment, IT, and other business services needed by the Exchange. We will also recommend which functions of the Exchange could potentially be outsourced and which would be kept in-house.

The actual activities needed to develop recommendations for the business operations of the Exchange, will depend greatly on the Administrative and Governance models selected. An Exchange, for example, would rely on existing policies and procedures to a greater extent than an Exchange operated outside of a State agency. Accordingly, the amount of work to be planned will vary based on the governance model chosen.

Working with the State Team, KPMG will:

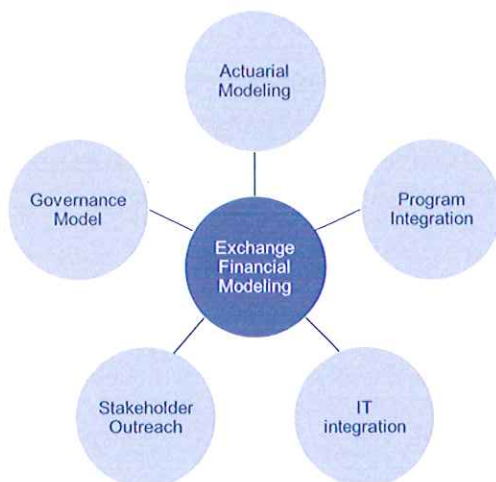
- Propose a master list of operational responsibilities based on the Administration and Governance models selected
 - Propose draft division of responsibilities
 - Propose which responsibilities should be handled by State staff and which by contractors
- Propose staffing to manage and operate the Exchange
- Develop a draft organization chart of the Exchange entity
- Develop draft policies and procedures related to staffing the Exchange
- Develop draft evaluation criteria to use during the hiring process to measure candidates' skills and capabilities to support the management of the E exchange.
- Develop the draft procurement needs of the Exchange
- Assess and document the impact of the State's procurement policies on Exchange procurements.
- Develop a draft procurement strategy based on anticipated needs of the Exchange, both short term and long term

- Document draft policies and procedures needed to solicit health insurance plans from carriers to be offered through the exchange, including minimum criteria or thresholds to participate as a Qualified Health Plan and standards and measurements of cost, quality, network, and customer satisfaction
- Estimate the space, equipment, IT and business services needs of the Exchange
- Plan for implementation of reporting dashboards to monitor key performance indicators and operating metrics
- Develop draft call center procedures and metrics

Exchange Financial Modeling

The discussion below is focused on program sustainability.

The ACA mandates that the Exchange be financially viable as an Exchange as a whole and self-sustainable by January of 2015, and the State shall determine the best way to meet this requirement. KPMG will present written options for long-term financing, such as industry assessments, including a review of different bases over which to assess. KPMG will present a set of steps and procedures to help ensure the financial integrity of the Exchange, including meeting the requirements set forth in Section 1313 of ACA, tracking expenditures, annual audits, and requirements on preventing fraud and abuse.

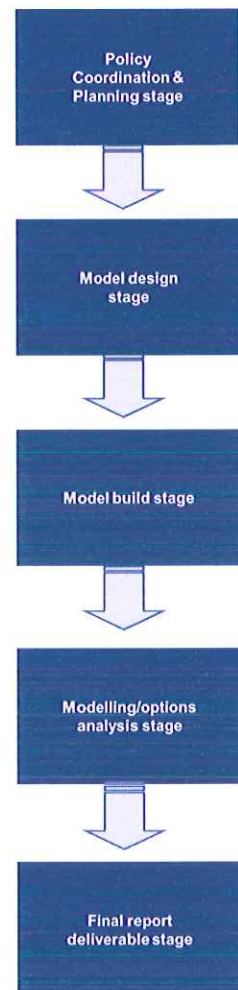


The objective of this task is to help the State determine the financial viability of the Exchange, initially during the first five years of operations and going forward. KPMG will assist the State to understand their funding requirements and financial sustainability options for the three phases of the Exchange project (pre-launch, launch and post-launch).

In order to undertake this subtask, KPMG will rely on close collaboration and coordination with the State for inputs and decisions relating to a

variety of assumptions that will be required to perform the appropriate level of financial modeling. For this portion of the work scope, KPMG will also be drawing heavily from the output of the prior or parallel work streams undertaken on this project, including the actuarial modeling (for revenue estimates, capital and operational cost estimates, enrolment counts, and premium estimates, etc.), in order to appropriately tailor the budget analysis to the anticipated metrics and demographics specific to the State of West Virginia.

KPMG has a demonstrated track record with performing financial exercises of similar scope to this project and has significant experience coordinating multiple work streams, project teams, and stakeholder input for purposes of designing and operating a thorough financial analysis for our clients.



The output of our financial analysis is routinely developed for the express purpose of providing our clients with support in making and defending critical decisions in a way that is effective and transparent.

Working with the State's team and key members of the State's work group, KPMG will facilitate:

■ Policy and Objectives Discussions

- Engage in coordinated, high-level policy-based discussions with key staff to determine the policy objectives of the Exchange project
- Engage in high-level discussions regarding the spectrum of sustainable Exchange funding options including public financing methodologies
- Develop an understanding of the State-specific legal and regulatory parameters for Exchange funding

■ Risk Assessment Discussions

- Facilitate and assist in developing a risk workshop that addresses State and stakeholder risk profiles
- Assist in the development of a risk matrix template for identifying project and policy risks and documenting their impact and likelihood of occurrence
- Assist in articulating how key policy objectives and State and stakeholder risk tolerances may impact decisions made regarding sustainable Exchange funding choices
- Assist in the development of guidance on the methods of mitigating project risks and allocating risks to those who can effectively manage them

■ Identification of Potential Funding and Delivery Options for Long-Term Exchange Sustainability

- Develop a presentation for the State of both traditional and non-traditional financing options (including public-private partnerships options) for consideration based on the identified policy objectives and the outcome of the risk assessment
- Provide insights into the market appetite for potential financing scenarios
- Discuss the general pros and cons of the various potential financing methodologies;
- Assess the impact of the key policy objectives on potential funding methodologies
- Identify likely financing scenarios, or combination thereof, to sustain the Exchange and support its continued maintenance and expansion, within the policy and risk framework established by the State.

■ Pre-Financial Analysis Activities

- Identify key financial inputs we will require from the State or from the outputs of other works streams with State approval (e.g. premium and enrolment level estimates, revenue forecast data, infrastructure expenses, life-cycle costing, operating and maintenance expenses) that are necessary to drive an Exchange reference case financial budget
- Propose base assumptions for State management approval for the financial analysis
- Identify data for collection required for analytic inputs and/or delegate development of input projections

- Itemize input/data requests for State and select stakeholders to provide identified inputs.
- Outline financial options
 - Develop a base case cash flow analysis to estimate break-even funding requirements and establish a metric for comparison when evaluating alternative sustainability scenarios. Refine up to two financial scenarios of funding structures alternatives, or combinations of funding structures for consideration to provide a sustainable, self-financing network
- Perform sensitivity testing
 - The budget analysis and the Economic/Actuarial analysis will be used in an integrated manner to evaluate additional budget related considerations and impacts, such as introducing a “basic health program” and the implications for additional Medicaid-related support, alternative sources of (Federal) funding, and other potential program expansions/modifications

Impact on Other State Programs

In the financial analysis section above, we included certain sensitivity testing that is meant to evaluate the financial impact of the Exchange, and its various options, on the broader landscape of existing West Virginia health insurance or healthcare funding programs. There are additional integration and Exchange implementation considerations not addressed by the RFP that have budget implications. This section elaborates on the KPMG proposed approach to address these ancillary considerations, and assist the State develop more accurate cost and effort estimations.

The Program Integration component of the Exchange Plan is the glue that holds the business functions and processes of the exchange together with other state-administered citizen health and wellness programs. It requires close coordination with the Exchange Planning Staff and input from the Outreach workgroup and from the Strategic Planning process.

Since we don’t see a strategic planning section in the RFQ, we assume that the exchange strategic planning is being performed by the exchange integration/establishment team prior to commencement of the 90 day planning window allowed for this proposed work. Output from that activity will serve as an additional input to the program integration (and IT Integration) planning activities.

The program integration work-stream will require collaborative work with the Exchange Planning staff and an understanding of the exchange integration requirements and choices allowed by the ACA. For instance, though Medicaid is required to have a common front-end for eligibility determination when the exchange goes live in early 2014, the state has the choice to bring other programs (e.g. TANF, SNAP) online on the same timeline, or at some state-defined point in the future.

We will use the results from the strategic planning process to guide our program integration assumptions and implementation sequence and target timeframes. The program integration process will consider the potentially common functions of consumer outreach and education; eligibility determination and verification, enrolment; premium collection and payment; disenrollment, appeals processing, and exception processing. This could include post-enrolment services such as call centers, ombudsman or other consumer advocacy programs.

Program Integration is critical in determining cost efficient and effective ways to introduce the new systems solutions across various agencies and platforms. KPMG will work with the State Leadership and key stakeholders to focus the Program Integration planning activities on identifying synergies in benefit structures, provider networks, eligibility determination, enrolment, and customer service across

West Virginia Exchange and public programs, including Medicaid. As part of these activities, we will perform the following activities:

1. Look for opportunities to consolidate certain functions between new exchange programs and existing state-subsidized programs.
2. Assessment of cost sharing and allocation methodologies and practices used for existing state programs and propose a method to adapt them for the additional variable of exchange-provided and exchange-consumed services.
3. Work with State staff to assess ACA requirements and standards for qualified health plans and agree on governance structures and management responsibilities over definition, ranking, management and monitoring them for meeting standards as defined for each plan level and/or type.
4. Work with State staff to review known causes of adverse selection and develop strategies to mitigate these causes and their affect.
5. Meet and strategize with Exchange and State Medicaid Agency for the coordination of appropriate roles & responsibilities for business functions including eligibility determination, verification, and enrollment. Identify potential process gaps and conflicts for eligible individuals and potential enrollees across the boundaries of exchange and Medicaid programs.
6. Review Exchange Financial and Operational Modeling assumptions and results from the Financial Modeling activities to determine if they drive specific additional Program Integration activities.

Based on the results of these activities, we will perform the following analysis:

- Assess how to structure the exchange benefit design to create a continuum of benefit options to fill any gaps between existing Medicaid and other public programs, and commercial insurance programs available in the West Virginia marketplace,
- Assess whether there is a valid value proposition in bringing state employee health benefits administration into the Exchange model
- Review Federal reporting requirements for exchanges and other state-administered health and wellness benefit programs to identify areas where reporting requirements can be efficiently addressed by leveraging synergies in program design and data structures.
- Develop a strawman proposal for which functions and process components can be most effectively managed by integrating at some level across exchange and state-administered programs.

Ad Hoc Services

The RFP specifies required ad hoc services related to on-going actuarial and economic impact analysis, to recalibrate/revise assumptions and update estimates. Specifically, KPMG will:

- Update/recalibrate the economic and actuarial analysis with State approval of revised assumptions
- Provide assistance to the State with regard to budget estimates and updates to the financial projections
- Update or refine the analysis based on State provided assumptions for new information that affects the health status or risk-factor expectations of the State in a material manner
- Provide additional support, as needed, to modify the analysis for alternative plan designs
- Provide support to Exchange management and/or Board in their preparation for meetings with or presentations to legislative or State leadership personnel
- Provide additional analysis in support of the essential benefits package

The RFP has allocated 1,500 hours for the provision of these services. We agree with this time allocation.

In addition to the specified ad hoc services, KPMG would like to inform the State of additional services West Virginia may be considering as part of the Exchange implementation planning. These ancillary services as listed below are not included in our fee estimate. If these services were selected by the State, a modified project scope would need to be drafted.

Develop Business Operational Plan and Implementation Project Plan

Assist with Developing a Final Business Operational Plan

- The Business Operational Plan will include tangible action steps to help achieve the high-level recommendations for development of the state's Exchange function. The balance of it will be used in this subtask to recommend tasks related to legislation, rulemaking, and other policies and procedures.
- This subtask is dependent upon planning the passage of authorizing legislation for the establishment of the Exchange entity as well as legislation or rulemaking related to standards for insurance coverage and other insurance related changes required. We anticipate a variety of state team members will be responsible for researching, outlining, and documenting KPMG's understanding of legislative and regulatory changes associated with the implementation of the Exchange. We will work closely with these stakeholders to recommend steps for the State's selected option.
- As part of developing the exchange scenarios in the previous task, we will have developed a high-level timeline of the key milestones to be met by the Exchange. Using this timeline as the target within which the State will work, we will outline and recommend the key tasks necessary to help meet those milestones. The State would be responsible for the following:
 - Setting timetables and dates associated with developing and passing authorizing legislation along the policies and procedures related to staffing the Exchange and tracking issues with the progress of the legislation

- Setting timetables and dates associated with accomplishing rulemaking required to outline standards for insurance coverage in the Exchange.
- Tasks related to including risk adjustment process performed internally or with external resources.
- Efforts related to required policies and procedures needed to operate the exchange.

We will work with the stakeholders identified by the State, to validate these tasks and provide information that will be used to estimate durations, identify task dependencies, and identify the resources needed to participate in the activities. We will conduct a session to review the task list with these stakeholders and update an initial draft based on feedback. During this review, we will also collect information about potential issues or risks and possible mitigating actions.

Detailed descriptions about each of these task areas will be prepared for inclusion in the Exchange Operational Plan. The tasks, durations, and resources will be used to draft the recommended schedule for the State's consideration for implementation of the Exchange.

Outline Project Schedule

- Our process for creating the Plan's Project Schedule leverages the work accomplished in earlier tasks. This task is focused on developing the recommended project schedule for the State to plan and execute the tasks that will create an operational Exchange and provide support for it.
- As each of the high-level planning activities for the areas are completed, the project team will collect the task detail created during the subtask. These task details will be organized into an overall project plan. We will confirm that the tasks details gathered "knit" together in a reasonable work breakdown structure to form a complete plan and will serve as guide to help address any conflicts or "holes" in the project plan. This confirmation of the project schedule's components should help reduce the time required to complete reviews of the overall project schedule.
- Upon completion of the project schedule, we will meet with stakeholders the Sponsor identifies to review the overall schedule, make adjustments as needed and make adjustments based on feedback.

Develop Plan Outline

The purpose of this subtask is to gain consensus on the outline of the Exchange Operational Plan before the actual operational plan is assembled. A standard procedure for KPMG is to provide deliverable outlines for major deliverables for acceptance by the client before work on the deliverable begins. This practice helps improve efficiency and reduce rework and potential impacts to project schedules. Based on this experience, we suggest that we create a preliminary outline of the Business Operational Plan before developing it in detail. We anticipate the preliminary outline will include sections that cover:

- Task description and related information
 - Governance
 - Exchange Operations
 - Technical Infrastructure
 - Financial Model
- High level Project Schedule for the Exchange implementation

Develop Draft and Final Exchange Business Operations Plan

Using the approved outline from the prior subtask, we will consolidate the analysis and planning information into the Draft Exchange Business Operations Plan. We will distribute a copy of the draft as directed by the Project Sponsor and prepare a presentation to review the draft with the identified key stakeholders and collect their feedback. We expect this review period to be limited to 5 business days. The Sponsor will consolidate feedback received and provide to the project team. Based on feedback received as a result of the reviews, we will update the Plan and produce the final version for approval by the State's representatives/management.

Education and Outreach

To the extent that West Virginia is comprised of a number of unique political, geographic, commercial, and demographics that requires a deep understanding of the state, its policymakers, and the insurance and exchange marketplace to perform informed and effective exchange planning. For this reason, it is critical to the success of health care reform in the State to perform effective education and outreach and solicit feedback from key stakeholders, to help ensure concurrence on the goals, objectives and design of the State's exchange. Also important is an accompanying marketing campaign to support and proliferate the education and outreach effort.

Stakeholder Review

Given the aggressive timeframe of this project and the criticality of devising a meaningful Education and Outreach campaign, we will work with the state to assess what public or other stakeholder input they have gathered in their public meetings and outreach efforts to date. We will also inventory the stakeholders that have already participated in any state activities and outreach so that throughout the campaign's execution these stakeholders can remain engaged.

- From the exchange planning work we have performed to date, we recognize how important Exchange strategic and operational decisions and plans can be greatly improved through the process of open, honest, and transparent engagement of the full spectrum of exchange stakeholder groups. Primary areas of focus for stakeholder engagement will be:
 - Exchange Governance & Structure
 - Exchange Vision and Goals
 - Benefit and Plan Design
 - Exchange Implementation
 - Consumer Protection
 - Communication and Outreach

Our experience with stakeholder engagement gained as a result of our current work on behalf of other state governments will be drawn upon as we work with the Project Sponsor to develop the Education and Outreach Campaign for West Virginia.

Education and Outreach Plan

We will seek to build a stakeholder engagement plan that is at once inclusive, effective and focused. From our Stakeholder Analysis activities, we will develop an execution plan for engaging and educating a broader group of identified stakeholders, for assessing their needs and goals for the design of an exchange, for educating the key interests identified in your solicitation such as providers, payors, insurance agents, brokers, advocacy groups for consumers and industry associations. We anticipate these groups will be empowered to discuss their constituents' needs and ideas in the areas of exchange governance, sustainability, reporting, business operations, policy, and public outreach. In addition to these interests we will seek out ways to engage specific target sub-groups of the state populace as well as West Virginians at large.

The plan will likely include a range of in-depth interviews, a series of private and public meetings with target audiences, and focus groups with employers and consumers acting in their role of potential insurance plan purchasers through an exchange. This work will provide an opportunity both for gathering input on stakeholder preferences and perspectives on an exchange, including recommendations for incorporating stakeholder perspectives into the exchange design, as well as vehicles or platforms for dissemination of information on these State's efforts and other outreach activities.

There are several ways to gather systematic input from stakeholders, potential exchange customers, and the general population to help ensure that the design of the exchange is consistent with the preferences and expectations of those it will affect. We will use as baseline data the survey and study completed by the Urban Institute and Rand Corporation.

As the process progresses to more detailed design, focus groups are a useful device for probing more deeply while maintaining confidentiality. For example, testing the appetite among employers for employee choice of health plans in a SHOP exchange, or for joining a single large purchasing consortium organized by an exchange, can effectively be done in targeted focus groups of small employers.

Again, given the aggressive nature of the project, we will work closely with the Project Sponsor for guidance and as validation of our selected sources of stakeholder input.

We anticipate these findings will help state officials understand the receptivity of stakeholders, users, and the public to the options for governance as well as the goals and specific design elements of its potential exchange. The findings should also help provide answers to such questions as:

- How can the State access data from employers on group insurance as part of eligibility determination?
- How should the exchange determine exemptions from the individual mandate?
- How can the exchange implement its policies uniformly while promoting consumer protection from unintended consequences?
- How should it measure user satisfaction and address consumer complaints?
- What are employers looking for from an exchange?
- How to effectively use website design, navigators and various other outreach channels to inform potential and actual exchange users?
- How might an exchange dovetail with other policy initiatives, such as potential District health or medical information system changes?
- How should an exchange help drive delivery system reform, improve quality and cost, and promote wellness and prevention?

Education and Outreach Approach

The State will need to capture input from a variety of constituents in order to develop a Health Insurance Exchange that meets the needs and incorporates the input of the myriad of interested stakeholders. Stakeholder Workgroups will be a key tool the Exchange leadership team will utilize in order to convene these parties to capture input and manage the activities to support the development of a successful Exchange.

There are a number of topics to be taken up by the State where our team's full-lifecycle experience in Massachusetts as well as current project experience at exchange innovator and other states will add rich perspective to the discussion. These topics include:

- Developing the vision and goals of the Exchange
- Development of Exchange models and governance structures
- Assessment of the local population demographics, likely insurance take-up, and possible impact of adverse selection
- Assessment of local insurance marketplace, competition, and contracting strategy
- Strategy for Financial Sustainability
- Plan benefit design and closing gaps in coverage
- Designing Risk Rating and Experience Adjustment Rules

We will also need to include provisions for not only seeking input but communicating and educating the target audiences on key exchange related topics such as:

- Determining Medicaid and CHIP eligibility in the Exchange;
- Options with pros/cons for determining eligibility for social service programs within the Exchange or referring to another entity;
- Role of Medicaid/CHIP health benefits coordinator including call center, health maintenance organization selection or assignment, and premium collection;
- Role of county welfare agencies and coordination with Exchange.

As an example, a governance focused topic may include planning for a state-run Exchange or an Exchange run by an independent entity, or a combination of the two. If an Exchange is expected to be state-run, planning could include determinations of where the Exchange would reside, what the governing structure would be, and to what departments or officials it would be accountable. If an Exchange is expected to be established through an independent entity, planning could include the development of the governance structure, appointment process, conflict of interest rules, and mechanisms of accountability. If West Virginia plans to coordinate with adjoining States for a regional Exchange, activities relating to coordination with other States to establish an Exchange, determine markets, and help ensure licensure and consumer protections could be developed. The following structural elements related to the establishment and operation of the Exchange could also be addressed:

- Operate an individual Exchange and a SHOP Exchange, or incorporate both Exchanges into one entity
- Evaluate the feasibility of a State-run Exchange vs. a private nonprofit Exchange
- Intersection between public, subsidized coverage and commercial insurance
- Degree of coordination and/or integration with existing State programs
- Advantages and disadvantages of public, quasi-public, or private status of Exchange operation
- Governing Board structure and composition

- Determination (and execution plan) for transparency of the Exchange
- Manner in which goods and services will be procured
- Staffing levels and hiring practices in the Exchange

Education Campaign Development

We understand the State's need to develop a campaign to market the benefit exchange decisions made as part of this planning process. To support this effort, we will develop recommendations for a marketing strategy to address these factors. We will segment/stratify the target market by anticipated level of difficulty in signing up for the program and quickly target the "quick-wins" constituencies first. We believe it is important that our outreach strategies target key gate-keepers such as professional associations, and influential sub-groups of the state populace. In this instance, the role of insurance agents and brokers is likely to be key.

Following this initial effort, we will outline an approach that will seek to easily integrate recommendations for a next phase of the marketing campaign. To support these efforts, we will devise a plan consisting of a high-level work breakdown structure, potential roles and responsibilities and high level estimates of costs associated with this investment. We will leverage the work we are doing on behalf of similar states in order to obtain meaningful estimates for:

- An overall media campaign involving (print, television, radio, billboard); handouts and promotional items
- Potential use of a website to
 - display and convey a consistent message with the overall marketing and branding strategies.
 - provide paths directly from the home page to specific area of interest to consumers, providers, and other interested parties.
 - display a short news "alerts" and a potentially a more detailed blog.
 - cross promotion on partner websites (or websites of key constituencies)
 - Append a searchable database of white papers, articles, webinars, and multimedia presentations should be created to allow stakeholder groups and citizens to target information that addresses their concerns and meets their areas of interest.
- Training for staff and public partners
- Travel estimates to support the campaign (and outreach efforts discussed above)

Third Party Usage - Any advice, recommendations, information, deliverables or other work product provided to the State under this Contract is for the sole use of the State, and is not intended to be, and may not be, relied upon by any third party, and all advice, recommendations, information, deliverables, or other work product may be marked to so indicate. Except for disclosures that are required by law or that are expressly permitted by this Contract, the State will not disclose or permit access to such advice, recommendations, information, deliverables, or other work product to any third party without the Contractor's prior written consent.

KPMG Qualifications and Experience

KPMG International is a global network of professional firms providing audit, tax, and advisory services. We operate in 146 countries and have more than 140,000 professionals, including 7,900 partners, working in member firms around the world. Our purpose is to turn knowledge into value for the benefit of our clients, our people, and the capital markets. Our member firms aim to provide clients with a globally consistent set of multidisciplinary financial and accounting services based on deep industry knowledge.

KPMG LLP, the United States member firm of KPMG International, traces its origins back to 1897 and since 1994 has been a limited liability partnership registered in the state of Delaware. With more than 23,000 professionals in 87 offices, including more than 1,900 partners, KPMG is a leader among professional services firms.

KPMG member firms offer their clients the scale, global reach, industry insight, and multidisciplinary range of services they require. In the United States, KPMG partners and professionals provide a wide range of audit, tax, and advisory services, working from offices covering clients in all 50 states. We are a significant presence in your current markets and in those locations where you may want to expand.

Single Point of Contact

Your lead engagement partner, Lorna Stark, will be the single point of contact to coordinate all requirements and to be the point of contact for any questions that may arise. Lorna will meet periodically with the engagement sponsor and will help facilitate communications between our respective organizations and meet regularly with your team as appropriate, to help ensure we consistently meet your client service needs. Lorna will also facilitate prompt resolution of any and all issues or concern. Lorna's contact details are as follows:

Lorna Stark
KPMG LLP
345 Park Ave
New York, NY 10154-0102
Tel: 212-872-3396
e-mail: LStark@kpmg.com

Project Staffing and Staff Experience

KPMG's organization and staffing approach which is depicted in the proposed organizational chart below is designed to help meet the goal of providing the State with the right staff, at the right time, with the right competencies required to effectively manage the engagement and accomplish the deliverables required.

Our team members will leverage information provided by the KPMG Government Institute and the KPMG Healthcare Reform Task Force. KPMG has assisted other State governments with the planning and implementation of Health Exchange options, including state governments that have moved past the planning and development stage into the system design and implementation phase. The lessons learned from this experience would be a value added to the West Virginia Exchange project:

- KPMG's Government Institute is dedicated to helping government organizations and their stakeholders identify and understand emerging trends, risks and opportunities. We do this by

creating an open forum where peers can exchange insights, share leading practices, and access the latest thought leadership. As a result, government officials, industry leaders, academics, corporate executives, and others have access to the thought leadership and knowledge they can use to make better informed decisions and meet their marketplace challenges. The Government Institute publishes white papers and holds webcasts on a variety of topics of interest to government officials and their stakeholders.

- KPMG's Healthcare Reform Task Force, created in response to healthcare reform, is a national task force which is researching and studying the impact of the regulations resulting from healthcare reform and sharing this insight with our clients. This task force includes professionals from federal, state, and local governments, as well as providers and insurers.

KPMG understands all requirements as outlined in the solicitation for Project Staff, Roles, and Responsibilities. Detailed staff resumes can be found in the Appendices.

To meet the needs of this project, KPMG has formulated a core team led by, and reporting directly to the project manager. The core team members will assist the project manager by interacting with client project leads more frequently to help ensure the project is on track. The core team members will be available in the field for majority of the field work.

To assist the core team and the management, KPMG has formed supporting teams that are directly aligned with the focus areas of the gap analyses subject areas. Each supporting team includes knowledgeable professionals with relevant experience in their subject matter areas. They will provide the project with broader perspective, coverage and present variety of solutions to a problem with their benefits and limitations.

Our supporting teams will assist the core team by contributing their perspectives on executing services and providing technical guidance in the areas of potential assistance contemplated under this solicitation. They will support the team with technical input in the respective work streams with which they are identified.

The supporting teams will bring their industry experience and depth in working collaboratively with the State team and providing recommendations and options to make critical decisions. Our supporting teams will be responsible for project deliverables in their subject areas of responsibility, ensuring their quality and communicating status, issues, risks and key decisions to the core team and the project manager.

Your core team was picked with your requirements firmly in mind. These professionals will be your key team members and your day-to-day contacts and serve to help ensure that time lines are met and deliverables meet our and your standards of high quality and value. Your core team is made up of professionals with deep project management backgrounds as well as professionals with extensive skills in project management, data processing/information technology systems, policy development, financial modeling, actuarial assistance, health care industry and insurance experience, and knowledge of public health insurance programs.

Note that none of the professionals on the KPMG engagement team are licensed to practice law, and that KPMG will not be providing the State with legal advice under this engagement.

The KPMG core team is:

Lorna Stark - Lorna will be the Engagement Partner, and is currently services in this role for our Health Exchange work with two other states and she leads KPMG's National Health Benefits/Insurance Exchange Work Group. Lorna is a Partner in KPMG's Government Advisory Services practice and has over 20 years of experience in providing services to many of KPMG's most prominent government clients including the State of New York, State of West Virginia and the City of New York. During her career Lorna has been responsible for assisting state and local government clients with the implementation and monitoring of federally-funded programs including the programs under the 2009 Stimulus Act and the PPACA.

Lorna will also serve as the client Service Partner on this engagement on behalf of the state.

As the Engagement Partner, Lorna will:

- Be accountable for overall performance of the engagement and will be reviewing all deliverables
- Be responsible for the overall successful completion of the project
- Work with the KPMG project team to control and coordinate KPMG's project support
- Be responsible for addressing the State's expectations during delivery of this project

Paul Hencoski – Paul is the National Lead for the KPMG Government Advisory Practice and will serve as a Subject Matter professional for this project. He is a Principal in KPMG's Public Sector Advisory Services practice focusing on state and local government clients as well as not for profit entities. Paul has deep experience in providing advisory services to many of KPMG's most prominent public sector clients such as the State of West Virginia, State of New York and the City of New York. During his career Paul has been responsible for managing many large and complex IT projects.

Meghan Watson – Meghan has served government clients for over 12 years, including the States of West Virginia and New York as well as the City of New York. She is also currently leading our team's HBE assistance effort for the Commonwealth of Pennsylvania. Meghan will also be serving in the role of subject matter professional in support of the team's effort.

Mark Jamilkowski – Mark will be the project manager and has 24 years of experience in actuarial analysis and financial planning involving U.S. healthcare insurers and providers. Mark has direct experience with financial management reporting and key performance indicators, process benchmarking and redesign, product pricing and experience monitoring, actuarial valuations, and analytics supporting provider contracting. Mark is the Chair of the American Academy of Actuaries Health Benefit Exchange Task Force, and has been integrally involved with the assistance KPMG has provided to the Commonwealth of Pennsylvania and the State of New Jersey.

As Project Manager, Mark will be primarily responsible for the following:

- Day-to-day client interaction.
- Overseeing and assignment of project staff to specific efforts and deliverables.
- Conducting quality review of engagement on all work products/deliverables.
- Managing the core team and their activities.
- Coordinate and provide direction to the supporting teams to consolidate key issues, risks and critical decision points.

Jon Godsmark – Jon will serve as one of the Modeling Specialist on this engagement. He has experience advising on infrastructure projects in the United Kingdom, United Arab Emirates and U.S. across the healthcare, transportation, justice and utilities sectors. At KPMG, He focuses on financial modeling and procurement process for all types of public private partnerships. Jon is responsible for providing financial and commercial advisory services for state and local governments and government agencies for a broad range of infrastructure projects. Jon has advised on the Secondment to the UK Department of Health – Independent Sector Treatment Centre (ISTC) procurement program where he was responsible for Value for Money (VfM) and working capital modeling.

Gregor Franz – Gregor is an Health Economics Subject Matter Professional and will be responsible for working with Mark in assisting with planning, execution and completion of the Exchange modeling and economic analysis to help ensure it meets or exceeds the needs of the State. Gregor has experience in health policy analysis using large individual and institutional level data and has published health policy and economics research.

Yuriy Tchamouriyski – Yuri is a Statistics Subject matter professional and will be working with Mark and Gregor on the statistical aspects of developing the population analysis and Exchange dash-board measures, and the statistical modeling aspect of the impact evaluation. Yuri is experienced with statistical modeling and data management of record-level data and the development and evaluation of alternative scenarios and impacts.

Shasha Huang – Shasha is a senior associate in KPMG's Actuarial Services Practice and has been working in the healthcare industry sector for the past five years. Shasha has over five years of experience in actuarial analysis, focusing on data analytics and (consumer) modeling and has developed the tools and analysis that support pricing, reserving and management reporting. Shasha will be conducting research insurance coverage of West Virginia's population, performing data analytics research and analysis, supporting data modeling tasks, and supporting development of the various deliverables.

Kate Faber – Kate Faber is a member of the firm's Healthcare Advisory Practice. Kate has over 13 years of management experience, consisting of both project management and team development, in a variety of industries. She has worked on technology engagements for public, private, domestic, and global entities. Kate has experience coordinating project engagements across several industries, including healthcare – payor and provider, pharmaceuticals, financial services, consumer goods, and transportation.

David Gmelich – David has served government clients for over 12 years, including the states of Massachusetts, Arizona, Rhode Island, New York and Washington. He has vast experience with project management including a recent engagement with the State of Rhode Island. In this engagement, he assisted Rhode Island's stimulus program office in establishing a program management function to help the office oversee and manage state agency use of funding provided under the ARRA. He also has experience with policy and procedures reviews and/or development for agencies such as the State Treasurer, Office of the State Comptroller, and Department of General Administration. His reviews often lent constructive input to the documentation of core business process, key role and responsibilities and supporting internal control frameworks. David will work with the team PMO to help identify and coordinate the deployment of specific technical resources as the need for their specific skills emerge.

Harvey Levin – Harvey has 30 years of experience delivering complex systems and solutions to the Public Sector, with over 20 years providing services to State & Local governments, primarily in a Human Services environment. His experience covers all aspects of systems integration including project management, change management, business process analysis, systems design, technology assessments, and system implementation and maintenance. Harvey understands state and local business processes and information technology, which has helped him assist state and local agencies and their workers to provide cost-effective services between agencies and to their customers. Harvey is presently assisting other state governments with their exchange planning efforts.

Amit Sachde – Amit will serve as the IT Advisory subject matter professional and will interface with State IT personnel with respect to implementation of the Exchange and functional requirements that need to be met. Amit has 17 years of experience architecting, managing, and implementing technology solutions, including 10 years of State and Local Government experience.

About KPMG LLP

KPMG LLP (www.us.kpmg.com) is the U.S. member firm of KPMG International. KPMG International's member firms have approximately 123,000 professionals, including more than 7,100 partners, in 145 countries.

KPMG was founded when James Marwick established the accounting firm Marwick, Mitchell & Co in New York City in 1897. The KPMG network as it exists today was created in 1987 when Peat Marwick International and the European firm of Klynveld Main Goerdeler merged along with their respective member firms to form KPMG International.

KPMG LLP U.S.

- 88 offices
- \$5.357 billion in revenues
- 22,000 professionals

KPMG Commitment to West Virginia

- More than 20 years of service
- Premier Account

KPMG has maintained a continuous commitment throughout its history to providing leadership, integrity, and quality. A major professional services firm with a strong growth record over the past decade, KPMG turns knowledge into value for the benefit of its clients, people, communities, and the capital markets. Its professionals work together to provide clients access to global support, industry insights, and a multidisciplinary range of services. In the U.S., KPMG partners and professionals provide a wide range of audit, tax, and advisory services, working from 88 offices covering clients located in all 50 states.

Fundamental to KPMG's approach is a focus on industries that allows efficient delivery of audit, tax, and advisory services to our clients. At KPMG, we understand that each industry has its own

issues, opportunities, and special challenges. Our industry-focused structure means that we are continually refining our understanding of emerging issues, leading practices, and developing trends, and can provide well-informed and practical advice for our clients.

KPMG's reputation and experience in the Government marketplace are well known. Having successfully served governmental entities around the world for decades, we are confident in our ability to draw upon our vast experience in the public sector—and more specifically, serving West Virginia—to meet, if not exceed, the requirements of the RFO. KPMG has experience advising clients on the management and execution of large projects and providing a variety of professional consulting services to our government clients, including our recent industry leading experience advising states on the planning and implementation of the ACA including the HBX.

The results of our dedication to industry leadership and service and the strength of our team are reflected in the way our clients view us. In the Novak CPA StudyTM of Client Perception and Attitude with respect to non-audit services (including IV&V), KPMG has the second highest positive perception score over the last 10 years with an overall score nearly even with the highest ranked firm. In addition, in the 2009 study, with respect to nonaudit services (including IV&V), KPMG ranked first or second overall in the categories of "Responds Quickly," "Gives Real Value," "Has Capable Staff," and "Has Good Relations with Us."

Our Government Experience

With more than eight decades of experience serving many of the larger and more complex clients in the public sector, our Government (Federal, State, and Local) practice has long been a leader in professional services for government.

Our qualifications in the state and local government sector include the following:

- We provide services to 21 of the top 35 cities in the country
- We serve one-third of the nation's "billion-dollar entities" – more than any other firm
- We provide audit services to 50 percent of states whose financial statements are audited by an independent CPA firm—more than any of our competitors
- We provide services to 20 of the top 40 counties in the country
- We audit approximately 230 of the approximately 1,300 governmental units currently holding GFOA certificates (verification pending)
- We have approximately 40 members on the GFOA Special Review Committee
- We have more than 1,400 partners and professionals focused on serving public sector
- We have more than 700 professionals focused on delivering advisory services to clients in the Northeast
- In the U.S. alone, we have more than 1,426 advisory professionals holding an advanced certification relevant to Advisory engagements (such as PMP, CISA, CISSP, CPAM, Six Sigma, etc.) including more than 400 Project Management Professionals (PMP)

We know how to work with government agencies to gain insight into their specific issues so that we can meet their specific needs. Because the professionals in our Government practice work extensively with public sector organizations, they understand the importance of public accountability.

Our history serving public entities, combined with our experience and knowledge of the specific needs of State agencies, provide KPMG with the needed perspective and background to be focused and efficient in carrying out our work on this engagement.

Our Health and Human Services Practice

KPMG is an industry leader in knowledge and experience when it comes to HHS initiatives. In particular, KPMG is a leader in providing IT advisory services in the HHS arena, providing these services to New York State; New York City; the Commonwealth of Massachusetts; the States of Indiana, and California; and others. We currently review federal compliance for more than 50 percent of all federal dollars expended of states that engage an outside audit firm—three times that of our nearest competitor. Furthermore, we are considered an industry leader in providing independent project oversight for large HHS technology efforts.

KPMG's Health and Human Services practice has experience and knowledge bases in a variety of important state and local programs and related functions, including:

- Medicaid and Health Insurance
- Food and Nutrition
- Temporary Assistance to Needy Families
- Long-Term Care
- Eligibility Verification
- Case Management
- Supplemental Security Income
- Third-Party Liability Management
- Home Energy Assistance
- Child Care
- Child Welfare
- Adoption and Foster Care
- Early Learning Services
- Keys to Quality (K2Q)
- Early Intervention Services
- Community Services
- Child Support Enforcement
- Homeless Services
- Education
- Schools Construction
- Healthcare Services
- Public Housing
- Government Financial Systems
- Government Payroll Systems
- Provider Certification

As the final bill took shape, we established a cross industry Healthcare Reform Working Group comprised of the leadership of our Government as well as Healthcare (provider and payor) practices and a Government specific Healthcare Reform Task Force. Our Government Healthcare Reform Task Force read and analyzed the entire legislation within 72 hours of its passage and quickly identified more than 200 separate provisions affecting our government clients. Since that time, we have continued to monitor the rule making process in Washington and have been travelling the country meeting with many of the affected entities to share what we know and gain insight from our clients on key issues. In addition, in September we hosted two Healthcare Reform Summits where we brought together key leaders from the Government, Healthcare Provider, and Healthcare Payor industry segments to share thoughts and information about reform.

Our work on Healthcare Reform is just one example of the type of focus and investment our Firm makes in understanding the key issues affecting our clients. If selected for this initiative, West Virginia will directly benefit from the investment and knowledge capital of our Firm as it is a hallmark of our service delivery to make sure our engagement teams and clients are aware of these issues and understand how they might impact current operations as well as on-going initiatives.

KPMG Healthcare Reform Task Force

As described above, in response to healthcare reform, we have developed a national task force that continues to research and study the impact of the regulations resulting from Healthcare Reform and sharing this insight with our clients. This task force includes professionals from federal, state, and local governments, as well as providers and insurers.

The group has identified several key impacts areas, which are shown in the chart below.

KPMG's Healthcare Reform Activities – Impacts to Government Entities	
■ Expansion of Medicaid Eligibility Criteria	■ Changes to MMIS Requirements for a Uniform Application for Medicaid/cross Certification
■ Expanding Medicaid Benefits	■ Changes in CHIP
■ Changes in Medicaid Eligibility Determination	■ Reporting Requirements
■ Extension of ARRA Requirements	■ Study Mandates
■ Creation of Temporary High Risk Pools	■ Audit Requirements
■ American Health Benefit Exchanges	■ Taxes/Revenue Provisions
■ Changes to FMAP/DSH	■ Waivers for Dual Eligibility
■ Creation of New Prevention Programs	■ Expansion of Recovery Audit Contractor (RAC) Program
■ Bundling of Services	■ Grant Programs
■ Accountable Care Organizations (ACOs)	■ New State Oversight Responsibilities
■ Changes to Pharmaceutical Rebate	■ Accountability and Transparency
■ Changes in Higher Education Funding	■ Creation of a CMS Innovation Center
■ Creation of Workforce Development Initiatives	■ Changing Enrolment for Providers
■ Changes in Student Loan Delivery	■ Definition of Qualified Health Plans
	■ Public Health

For over a year, our Healthcare Reform Task Force members across the country have been meeting with State Medicaid Directors, Health and Human Services Agency Executive Directors, CIOs, State Comptrollers/Treasurers, Medicaid Inspectors General and heads of State Departments of Insurance to share our research as well as understand the impact of ACA on their ongoing and future operations. To date we have met with over 20 states and local governments and over 60 government officials. These efforts have provided us with excellent insight into the issues and challenges that States are facing with the passage of this Act.

We will continue to conduct such meetings, and West Virginia will benefit from these efforts and the knowledge we gain about each state's reform implementation activities.

KPMG Healthcare Transformation Forums – the First Year

KPMG has extensive experience convening and facilitating state agency and stakeholder meetings in support of preparing for the impact of HCR. Specifically to this end and as mentioned earlier, KPMG held a series of Healthcare Reform Summits in the fall of 2010 and the spring of 2011 in cities such as New York, Boston, and Chicago. A second series of these summits are now being planned in other locations around the country including West Virginia. The purpose of these Summits is to bring together experts from the Government and Healthcare sectors to discuss the issues highly relevant and top of mind to their respective constituents surrounding Healthcare Reform. KPMG seeks to lead in the field of Healthcare Reform and provide our clients with up-to-date information. We launched these summits to open a dialogue around Healthcare Reform transformation and what it means to organizations in the

State and Local government arena, Healthcare providers, insurance companies, biotech and pharmaceutical companies.

The audience feedback from these Summits was very positive. One Healthcare provider attendee said "This conference was excellent – very valuable information;" Other feedback: "High quality speakers;" "Timely and interesting;" "Knowledgeable speakers and panel;" and "Good topics / enjoyed and learned from keynote speaker." We look forward to continuing the discussion around the country through other Summits and through our Healthcare and Government Institutes as new issues emerge.

KPMG Thought Leadership

We have also developed a number of thought leadership materials to help our clients manage the impact of these changes.

KPMG Thought Leadership Materials Published in 2010

- | | |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ■ Healthcare Reform Key Topic: Fact Sheet 1: Healthcare Transformation | ■ Healthcare Reform Key Topic 6: Recovery Audit Contractors |
| ■ Healthcare Reform Key Topic 2: Technology: Medicaid Data Warehouse and Reporting | ■ Healthcare Reform Fact Sheet 7: Audits of Meaningful Use |
| ■ Healthcare Reform Key Topic 3: Technology: Medicaid Management Information System (MMIS) Impacts | ■ Healthcare Reform Fact Sheet 8: Medicaid: Eligibility Rules Changes |
| ■ Healthcare Reform Key Topic 4: Technology: Health IT Planning & Implementation | ■ Case Study: Providing Project Management and Quality Assurance Services for the Implementation of The Massachusetts Commonwealth Health Insurance Connector Authority |
| ■ Healthcare Reform Key Topic 5: American Health Benefit Exchanges | ■ White Paper: Overview of the Final Rule and Clarifications to Meaningful Use |

KPMG Thought Leadership Materials To Be Published in 2011

- | | |
|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| ■ Healthcare Reform Fact Sheet: Accountability: Office of Medicaid Inspector General Responsibilities | ■ Healthcare Reform Fact Sheet: Medicaid Benefits Expansion |
| | ■ Healthcare Reform Fact Sheet: Public Health Strategy |

The Company We Keep

KPMG's commitment to state and local governments has resulted in our selection as a professional services provider by many of the largest governments in the country. Perhaps the greatest indicator of KPMG's reliability, experience, capacity, and capability as a professional service provider to state and local government is our long list of state and local Government clients, the largest (\$3 billion or greater in expenditures) are shown below.

State and Local Government Clients		
States		
■ Alaska	■ Oregon	■ San Bernardino County
■ Arizona	■ Pennsylvania	■ San Diego County
■ California	■ Rhode Island	■ San Francisco City and County
■ Colorado	■ Texas	■ Santa Clara County, California
■ Connecticut	■ Utah	Cities
■ Delaware	■ Vermont	■ City of Baltimore
■ Florida	■ Virginia	■ City of Boston
■ Georgia	■ Washington	■ City of Chicago
■ Hawaii	■ Wisconsin	■ City of Detroit
■ Illinois	Counties	■ City of Indianapolis
■ Indiana	■ Clark County, Nevada	■ City of Jacksonville
■ Iowa	■ Cook County, Illinois	■ City of Memphis
■ Louisiana	■ Fairfax County, Virginia	■ City of New York
■ Massachusetts	■ Harris County, Texas	■ City of Philadelphia
■ Michigan	■ Los Angeles County	■ City of Phoenix
■ Mississippi	■ Miami-Dade County	■ City of San Antonio
■ Missouri	■ Montgomery County, Maryland	■ District of Columbia
■ New Hampshire	■ Nashville/Davidson County, Tennessee	
■ West Virginia	■ Nassau County, New York	
■ New York	■ Orange County, California	
■ Ohio	■ Prince Georges County, Maryland	
■ Oklahoma	■ Riverside County, California	

Our Healthcare Experience

The overall U.S. Healthcare market, including providers, payors, pharmaceutical and life science companies, is experiencing growing pressures on revenue, costs, and regulatory compliance.

Our understanding of the trends and issues that impact the healthcare “ecosystem” provides us with the ability to serve our healthcare portfolio in exceptional fashion.

Healthcare reform—a substantial transformation of the overall “system”—is one of the most important topics in this coming election, with both cost and quality at issue.

Employers challenged by the rising cost of healthcare coverage are looking to reduce costs and share a greater percentage of the burden with employees. The Federal government is facing challenges to cover the commitments to Medicare as baby boomers head for retirement.

Healthcare providers face increasing demands from their stakeholders

for proof of the quality of their clinical performance as well as for transparency in their business practices. The nature and content of their reporting on these matters is critical to their ability to demonstrate value in managing their business efficiently and effectively, to maintain and increase market share, and to help not-for-profit healthcare ensure continued support for its tax-exempt status.

At the same time the global pharmaceutical industry is already in transformation, seeking new approaches to growth and to reinvigorating the pipeline while restructuring current operations and changing its business culture. The related life science segment drives for both breakthroughs in science while exploring various paths to success.

These challenging times require the experience, skills, and broad perspective of professionals like KPMG's who understand the business of healthcare and pharmaceuticals and the risk, controls, and performance improvement challenges confronting the industry.

Industry-Focused Structure Organized to Serve the Major Industry Segments

KPMG LLP was the one of the first of the major professional services organizations to establish distinct practices dedicated to meeting specific industry demands. This industry-focused structure means that we are continually refining our understanding of emerging issues, leading practices, and developing trends to provide well-informed, practical advice and demonstrated thought leadership for clients in the Healthcare & Pharmaceutical industry.

With an unwavering commitment to healthcare, we have continued to tailor services and strategies to the changing needs of clients in this sector. KPMG is now one of the largest providers of professional services to healthcare companies in the United States and around the world. With deep experience in technical matters, KPMG Healthcare in the United States brings together more than 1,500 partners and professionals from our provider, payor, pharmaceutical, life science, and government practices to serve clients in this complex, interdependent, and changing business.

With substantial experience working with every type of healthcare company, we annually serve over 1,000 healthcare clients.

Some representative clients are illustrated in the table below. The diversity and depth of our healthcare client base has helped to enable us in developing substantive knowledge of the business, accounting, internal controls, and operational practices of successful organizations.

Physician, Hospital, and Long Term Care	Payors
■ Affinity Health Systems	■ Aetna Inc.
■ Amedysis	■ Aveta Inc.
■ Catholic Healthcare West	■ Blue Cross & Blue Shield of Florida
■ Continuum	■ Blue Cross & Blue Shield of Michigan
■ Duke University Health System	■ Blue Cross Blue Shield of North Carolina
■ Emory Healthcare	■ Blue Cross & Blue Shield of Rhode Island
■ Fundamental	■ Blue Cross & Blue Shield of South Carolina
■ Health Management Associates	■ Healthcare Services Corporation
■ HCA	■ Horizon
■ HealthSouth	■ Humana
■ Kaiser Health Plan & Hospitals	■ Independence Blue Cross
■ Johns Hopkins Health System	■ Kaiser Foundation Health Plan, Inc.
■ MedStar VNA	■ Medical Card Systems
■ NYU Langone Medical Center	■ Sentara Health Plans
■ North Shore -Long Island Jewish Healthcare	■ UnitedHealth Group Incorporated
■ Robert Wood Johnson University Hospitals	■ Wellcare Health Plans, Inc.
■ Saint Vincent Catholic Medical Centers	
■ Sentara Healthcare	
■ University of Illinois Medical Center	
■ University of Maryland Medical System	
■ University of Washington Medical Center	
■ University of New Mexico Health System	

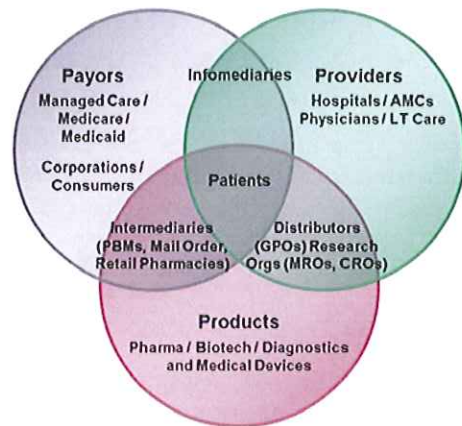
KPMG's industry focus means that clients will be served by experienced professionals who continually strive to refine their knowledge of current issues, leading practices, and developing trends by working exclusively with clients in the market segments that are central to the reform and transformation of healthcare. Importantly, our client services are informed by our view of this increasingly integrated "ecosystem" and its challenge to achieve sustainable transformation. We offer clients not only strategic insights but also a practical, tactical, and technical approach to help them deal with current challenges by understanding emerging trends and translating insights into actionable steps.

Our hands-on senior professionals have a solid understanding of industry trends and dynamics that may have an effect on your business. KPMG's Healthcare & Pharmaceuticals practice includes partners and other professionals nationwide who deliver audit, tax, and advisory services to healthcare providers, payors, and pharmaceutical, biotech, and medical device companies. We bring together a cross-disciplinary team of healthcare and pharmaceuticals professionals with different functional skills who have extensive experience working within cross-disciplinary teams.

This experience enables us to "connect the dots" and understand how the pieces fit together. It enables us to approach each engagement with a broader understanding of the issues – And the implications for how they're addressed.

Our experience goes beyond borders. The lessons learned from our extensive work in healthcare across the globe have become increasingly valuable as we seek new ways to address challenges here at home. Our work with the health systems of other countries has given us a unique perspective on many aspects of healthcare industry transformation in the United States.

The best evidence of KPMG's ability to serve the State is the fact that so many leading healthcare organizations choose to work with us. Our clients continue to work with us because they are confident in the quality and value that we deliver. The diversity and depth of our client experience have enabled us to develop substantive knowledge of the business, accounting, internal controls, and operational practices of successful organizations.



KPMG's State and Federal Qualifications

KPMG has a long tradition of serving the public sector, higher education, and the not-for-profit industry. KPMG's Government practice focuses on areas of needs primary to state and local government—everything from financial statement and related audits to performance and operational audits. KPMG provides audit and accounting services tailored to the needs of our clients. With our dedicated focus on specific industry client needs, we have developed experience and knowledge bases in a variety of important state and local programs. Your lead engagement principal, Jon Silverman, and your engagement manager, Mark Jamilkowski, both have experience serving governmental healthcare organizations and understand the unique environment they operate in.

- The following matrix categorizes the sample project descriptions performed for State and Federal agencies and their applicability to the key requirements outlined in your RFP.

Client/Project	Data Analysis/Data Gathering/Statistics	Public Sector	Human Services	Technology Assessment	Governance and Administration
Commonwealth of Massachusetts – Healthcare Connector	X	X	X	X	
State Health Insurance Exchange Coordinating Committee Project Description: System Readiness Assessment	X	X	X	X	
State of Rhode Island – ARRA Assistance		X			X
City of New York HHS Connect PMQA		X	X	X	X
State of Illinois Chamber Foundation Healthcare Reform Implementation		X	X		X
State of Oregon – Health Insurance Exchange Planning	X	X	X	X	
State of Missouri - Health Insurance Exchange Planning	X	X	X	X	X
State of Pennsylvania – Health Insurance Exchange	X	X	X	X	X
State of New Jersey – Health Insurance Exchange	X	X	X	X	X
State of Vermont – Health Insurance Exchange		X		X	X
State of Ohio – Health Insurance Exchange		X		X	

Commonwealth of Massachusetts – Healthcare Reform Implementation

KPMG assisted the Commonwealth of Massachusetts in its efforts of the development and implementing of its health benefits exchange. Phase 1 of the engagement was the assessment of the existing premium billing software solution, and Phase 2 of the engagement leveraged the assessments and activities conducted under Phase 1 in order to assist the Connector with a premium billing and enrolment solution.

State Health Insurance Exchange Coordinating Committee - System Readiness Assessment

KPMG is serving as a team subcontractor in support of a state's Health Insurance Exchange Coordinating Committee and its Medicaid Office. As part of this service team will assist in assessing the status of existing systems such as eligibility determination, verification, and enrolment, and identify potential gaps relative to the PPACA. More specifically, KPMG plans to begin with a review of existing reports developed by the state's Medicaid Office regarding the readiness of that system compared to the requirements of an exchange, as well as identification of potential gaps in functionality relative to the requirements of the PPACA. Using our experience at the Massachusetts Health Connector and our understanding of the Act, our assessment will be primarily focused on the business and operational readiness of existing state systems, and the functionality of such systems in an exchange environment. In addition, we will assist the HIECC in confirming the high-level business requirements for finance and data-related systems such as premium billing and a data warehouse for the expected finance, data and analytical demands placed on exchanges.

Oregon Health Authority

KPMG is serving as a subcontractor to the Oregon Health Authority (OHA) to assist the agency with the planning for the implementation of a Health Insurance Exchange. The scope of the Exchange Planning Project includes:

- Determining the resources and needs of the exchange (e.g., assessing resources and capabilities and needs and gaps)
- Identifying exchange financing options and approaches,
- Identifying the technical architecture of, and plan for, the envisioned IT solution for exchange management and operations, and
- Creating a Business Operations Plan for the exchange.

The prime contractor has partnered with KPMG to support several of the technical infrastructure tasks in the current Exchange Planning work plan.

State of Missouri – Health Insurance Exchange Planning Assistance

KPMG is serving as a team subcontractor in support of a state's Health Insurance Exchange Coordinating Committee and its Medicaid Office. As part of this service team will assist in assessing the status of existing systems such as eligibility determination, verification, and enrolment, and identify potential gaps relative to the PPACA. More specifically, KPMG plans to begin with a review of existing reports developed by the state's Medicaid Office regarding the readiness of that system compared to the requirements of an exchange, as well as identification of potential gaps in functionality relative to the requirements of the PPACA. Using our experience at the Massachusetts Health Connector and our understanding of the Act, our assessment will be primarily focused on the business and operational readiness of existing state systems, and the functionality of such systems in an exchange environment. In addition, we will assist the HIECC in confirming the high-level business requirements for finance and

data-related systems such as premium billing and a data warehouse for the expected finance, data and analytical demands placed on exchanges.

City of New York – HHS Connect PMQA

In 2007, based largely on the success of ACCESS NYC, Mayor Bloomberg issued an executive order creating the Office of the Health and Human Services CIO and directing that the City expand the mission for ACCESS NYC to create a common enterprise platform for human service programs across New York City. This new program, known as HHS-Connect, when fully implemented will be one of the larger integrated enterprise human service systems in the Country and will be used by more than 13 agencies. In late 2007, KPMG was selected for a five year contract to be the provider of PMQA services for this ground breaking initiative.

KPMG was engaged by the City to provide a Core Team to work directly with the Office of the HHS CIO and professionals from DoITT.

State of Illinois Chamber Foundation – Healthcare Reform Implementation

KPMG was selected by the Illinois Chamber Foundation to assist the State of Illinois with their implementation of Healthcare Reform as related to PPACA. The scope of services includes documenting key requirements, identifying implementation challenges, analyzing existing state programs that provide public assistance, evaluating the impact of the Exchange on other market-based sources of insurance, and identify resource-based gaps.

New York State Department of Health – Medicaid Data Warehouse Quality Assurance

KPMG is providing Quality Assurance services to New York State's Medicaid Data Warehouse reimplementation. Our services include: conducting a thorough stakeholder analysis to help assure that stakeholder needs are effectively understood, assisting the State in identifying appropriate criteria for system integrator deliverables and reviewing those deliverables throughout the system development life cycle; conducting project status assessments to determine whether the project is meeting its schedule, budget, and scope goals; identifying risks through systematic assessments of the project activities; providing recommendations related to proper Data Governance approaches for Medicaid data throughout the Medicaid enterprise; assisting with the preparation for the certification process to be conducted by CMS; and providing technical advice in response to problems that arise in project execution.

* * * * *

Our deep knowledge of the healthcare industry and close relationships with many of its organizations enable our professionals to provide keen insight and perspective into the economic and market conditions affecting our clients. Applying our experience, we can quickly identify and respond to key business and performance issues as they arise and provide clients with a comprehensive scope of services to help address those issues. With our nationwide network, we can deliver these services wherever and whenever the State may need them.

KPMG routinely publishes thought-leadership pieces on the Healthcare Institute Web site. KPMG's recent publications can also be accessed at www.us.kpmg.com/healthcare/.

Resumes



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Function and Specialization

Partner in the Public Sector Risk and Advisory Services focusing on state and local government clients as well as not-for-profit entities.

Representative Clients

- Commonwealth of PA
- New York State
- City of New York
- State of New Jersey
- New York City Department of Education

Professional Associations

- AICPA
- New York State Society of CPAs
- Government Finance Officer's Association
- Association of Government Accountants
- Association of School Business Officials

Languages

- English

Education, Licenses & Certifications

- BS, State University of New York, University at Albany
- Registered CPA, New York State and New Jersey

Background

Lorna Stark is a Partner in KPMG's Public Sector Advisory Services practice focusing on state and local government clients as well as not-for-profit entities. She has experience in providing both audit and advisory services to many of KPMG's most prominent public sector clients and various agencies of the City of New York. During her career Lorna has been responsible for managing many large and complex projects and in developing comprehensive reports and other deliverables to meet clients' unique needs.

Professional and Industry Experience

- Lorna has been the lead partner on several Exchange related projects, including the Commonwealth of Pennsylvania.
- Lorna recently led our engagement to review all Payment in Lieu of Tax (PILOT) agreements and related billings for the NYC Department of Finance and the NYC Economic Development Corporation. The scope of this engagement included all active PILOT agreements from 2002-2010.
- Lorna currently leads our Stimulus Funding readiness assessment for the City of New York's Department of Education (NYC DOE). This work consists of identifying the significant compliance and reporting requirements and assessing the Department's readiness to fully comply with those requirements that relate to the programs for which the NYC DOE is receiving or expects to receive both directly and indirectly under the American Recovery and Reinvestment Act (the Act).
- Lorna also currently serves as a subject matter professional for the State Fiscal Stabilization Funds (SFSF) and Maintenance of Effort requirements of the Act for our State of Rhode Island engagement. In this capacity, she participates in the client's discussions related to the requirements of the SFSF and related maintenance of effort requirements, offers recommendations and alternative approaches for compliance, and shares timely guidance and assessment of such guidance to assist the client in their decision-making process.
- Served as the engagement partner of the county-wide performance audit of Camden County New Jersey. This performance/management review has included the following departments, Board of Social Services, Health, Public Works, Buildings, Finance, Budget, Sheriff's Office, Corrections, Parks, Public Safety, Administration, Juvenile Justice, County Clerk and Surrogate's Office. This review included identifying opportunities for the County to improve operations through efficiency of work flow, changes in organizational structure, discontinue non-mandated low-value services and re-allocation of resources. This engagement identified over \$1.5 million in potential cost savings.

Publications and Speaking Engagements

- Presented on the topic of activity-based costing for national industry organizations including the Reason Foundation and National Government Finance Officers Association.
- Presented on the topic of Contract Compliance and Management for the Association of School Business Officials.



PAUL A. HENCOSKI, PMP

Principal

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Public Sector Information Technical Advisory Professional

Paul is a KPMG Lead Partner for the City of New York and State of New Jersey. He has direct executive oversight of engagements with the City of New York and State of New Jersey. He is also KPMG's National Health and Human Services Subject Matter Leader.

Representative Clients

- City of New York
- State of New Jersey
- State of New York
- United Nations

Professional Associations

- American Public Human Services Association (APHSA)
- National Child Support Enforcement Association (NCSEA)
- American Management Association (AMA)
- Project Management Institute

Languages

English

Education, Licenses & Certifications

- BA, University of Rochester
- Certificates in Management Studies and International Relations from the University of Rochester
- Project Management Professional (PMP)

Background

Paul Hencoski is a Principal with KPMG LLP's Advisory Services practice. Paul serves as a KPMG Lead Advisory Partner for the City of New York and State of New Jersey. He has executive oversight responsibility for engagements with the City of New York and State of New Jersey and is KPMG's National Subject Matter Leader for health, human service, and workforce development programs and systems. His areas of focus are in the implementation and quality assurance monitoring of technology tools, programs, and business reengineering initiatives in the Public Sector. Paul is a Certified Project Management Professional (PMP).

Professional and Industry Experience

Paul is skilled with project management, change management, risk and issue management, technology integration, strategic planning, and all areas of the system development life cycle. He has worked with clients to provide quality assurance and monitoring for the implementation of systems and programs. He has experience with a number of human services programs including TANF, Food Stamps, Medicaid, Child Support Enforcement, Child Welfare, WIA, Section 8, and Unemployment Insurance.

IT Advisory and Systems Integration Experience

- Currently the Engagement Partner for KPMG's engagement to provide IV&V services to the State of New Jersey for their implementation of a new Automated Child Support Enforcement System
- Currently the Engagement Partner for KPMG's engagement to provide QA services to NYC DoITT for the HHS-Connect program. HHS-Connect is a Citywide initiative to implement a single system to support human service programs across 13 City agencies. The public facing portal, known as Access NYC, is currently in production and provides functionality for City residents to screen for 21 programs including Medicaid, Family Health Plus, and Child Health Plus over the web;
- Previously the engagement manager for KPMG's project management quality assurance engagement with the State of New York for their Statewide Welfare Management System (SWMS) initiative. The SWMS initiative is an enterprise project spanning the Office of Temporary and Disability Assistance, Department of Health, and Office of Children and Family Services to implement a new eligibility system to support the TANF, Food Stamp, Medicaid, and Safety Net programs.
- Served as Implementation Manager for NJ SPIRIT, New Jersey's Statewide Automated Child Welfare Information System (SACWIS). Work included the need to integrate system implementation with other Child Welfare initiatives mandated by a consent decree the state entered into in 2004. These initiatives included the implementation of Structured Decision Making and the opening of a Statewide Central Registry to process reports of abuse and neglect.
- Managed the implementation of New York City's Paperless Office System (POS), a front end to the New York State Welfare Management System (WMS). Mr. Hencoski was responsible for the management of a combined team of over 30 staff members tasked with integrating the automated TANF application and document imaging solution into agency Job Centers throughout New York City.
- Managed the implementation of a Web-based version of NYCWAY, New York

City's automated welfare to work information management system. This first-of-its-kind system is used by third-party providers of human service programs in New York City to report progress and outcome data for participants referred to them by the New York City Human Resources Administration.

- Provided Quality Assurance, Monitoring, and Project Management Services to the SEIU Local 32BJ Benefits Fund for the implementation of COOL, a Taft-Hartley benefits management system. His work included the review and monitoring of integrator project plans, review of integrator deliverables, review of system requirements and designs for compliance with union contract and federal requirements, weekly status and risk reporting, and the design of user acceptance test plans.

Technical Skills

Paul is a Certified Project Management Professional and is trained on the Curam Social Enterprise Framework. He has experience with a variety of ERP packages including SAP and Advantage. Paul has managed system integration and advisory projects for mainframe, client server, and web based initiatives.

Publications and Speaking Engagements

- American Public Human Services Association, Information Systems Management Conference – *Incremental Transitions for Large Scale Human Service Technology Projects*
- American Public Human Services Association, Information Systems Management Conference – *Mapping Out the Journey – Workforce Participation*
- US Department of Health and Human Services, Office of Child Support Enforcement State Systems Symposium – *IV&V – What it is, what it isn't, and why*
- National Child Support Enforcement Association Annual Conference – *IV&V – What it is, what it isn't, and why*



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Function and Specialization

Senior Manager in the Public Sector Risk and Advisory Services focusing on state and local government clients as well as not-for-profit entities.

Representative Clients

- State of New Jersey
- New York State
- City of New York

Professional Associations

- Association of Government Accountants
- American Society of Public Administrators
- Performance Management Institute
- Institute of Internal Auditors
- Leadership New Jersey

Languages

English

Education, Licenses & Certifications

- BS, Carroll School of Management, Boston College
- Certified Project Management Professional

Background

Meghan Watson, a Senior Manager in KPMG's Advisory Services practice, joined the firm in 1998. Since transferring from the audit practice in 1999, she has had key roles in a broad array of projects for various government clients involving: business process analysis, operational improvement, performance audits, training sessions, regulatory and compliance (including, A-133 audits), policies and procedures manuals, contract analysis, internal control reviews, compliance evaluations, and financial management practice reviews. In addition, she has participated in a number of internal and external activities that continue to broaden her relationships and overall experience.

Professional and Industry Experience

- Managed the Exchange evaluation project for the Commonwealth of Pennsylvania, interacting with multiple State agencies and managing the project streams. Conducted stakeholder meetings and produced Phase 1 Exchange documentation for the Department of Insurance.
- Assisted with facilitating a visioning / strategy session workshop aimed at defining key priorities and documenting the objectives and goals for the health and human services domain for New York City over a four year period to commence January 1, 2010. Responsible for leading focus groups comprised of City senior executives from the Health and Human Services domain, Office of Management and Budget, Mayors Office of Contracts, and the Deputy Mayor's Office.
- Served as the lead manager for the Firm's contract to provide outsourced internal audit services to the New Jersey Schools Development Authority (SDA). To date, KPMG has conducted risk assessments; reviews of the organization's forecasting process and end-to-end project life cycle; process analysis and post audits of change orders; compliance reviews related to contracts and various policies and procedures; quality assurance over a project management system implementation; and assessments of various processes/departments including Human Resources, Information Technology, Payroll and Accounts Payable.
- Currently serves as an engagement manager on the New York State Department of Health Care Reform Act (HCRA) compliance reviews. In this capacity, she oversees the audit teams as they conduct the reviews of various payors and providers within New York State. She provides daily oversight of the staff, coordinates many reviews being conducted simultaneously, maintains contact with the Department and the representatives from each entity regarding the reviews, and reviews all work product concerning the reviews. Currently the team is reviewing approximately 30 payors and providers.
- Supervised a staff of 18 project team members and coordinated multi-level reviews of Long Range Facilities Plans (LRFPs) submitted by school districts in the State of New Jersey. The scope of this project included: developing processes to capture and analyze required data timely, conducting related training and facilitation workshops with department staff; developing high-level projected costs.



MARK JAMILKOWSKI

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Function and Specialization

Mark is a Senior Manager in the Healthcare Advisory Practice.

Representative Clients

- Aetna
- United Healthcare
- Wellcare
- BCBS NC
- Highmark
- Cleveland Clinic
- Horizon BCBS
- University of New Mexico
- State of Pennsylvania
- State of New Jersey
- Greater Baltimore Medical Center

Professional Associations

- Fellow, Society of Actuaries
- Member, American Academy of Actuaries

Education, Licenses & Certifications

- BS in Economics, Trinity College, Hartford, 300 Summit Street, Hartford, CT 06106

Background

Mark is a Senior Manager in KPMG's Actuarial Services Practice. Prior to joining KPMG in 2009, Mark was with another Big 4 firm for nine years, on Wall Street for six years, and with a large national health plan for eight years.

Professional and Industry Experience

Mark has 24 years of experience in actuarial analysis and financial planning involving U.S. healthcare insurers and providers. Mark has direct experience with financial management reporting and key performance indicators, process benchmarking and redesign, product pricing and experience monitoring, actuarial valuations, and analytics supporting provider contracting.

Relevant Experience

- Participant in KPMG national ACO service line development and Chair, American Academy of Actuaries Health Insurance Exchange Task Force
- Assisting several States with actuarial analysis of Exchange-related factors, including demographics, economics, health related issues, and regional variations expected to drive Exchange consumer behavior
- Project manager, academic medical center evaluation of alternative business strategies and market opportunities, with a focus on achieving greater health risk management and Reform-readiness
- Redesign of the financial management reporting and forecasting process and systems/tools for one of the nation's largest health plans. Required redesign of close process, assessing source and credibility of data used for financial and management reporting, and creating new management reporting analytics.
- Developed financial and operational monitoring tools for health industry entities, tied to key performance indicators and risk management.
- Process benchmarking and redesign for health insurers, focusing on quality assurance and improvement. Six Sigma principles applied to identify gaps from desired state.
- ERM-based risk management assessments, risk appetite screening, benchmarking, and program design.
- Modeling and analyzing clinical data, and benchmarking that data, in support of value-based provider contracting analysis

Publications and Speaking Engagements

- Speaker, Winter '12 VA/DC HFMA meeting, and March 2012 Buffalo Healthcare Summit, "ACO Infrastructure Requirements"
- Interviewee, American Medical Association News, Feb., 2012, "Insurers think outside the policy"
- Speaker, SOA Spring '11, Game Theory Applications Under An Insurance Exchange
- Interviewee, ACO Business News, December 2010, "Small Medical Groups Face Decisions in Affiliation, Infrastructure Set-up for ACOs"
- Speaker, SOA Spring '07, Scenario Setting for ERM



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Public Sector Information Technical Advisory Professional

Ian is KPMG's Northeast Public Sector IT Performance Services and Oracle Public Sector Lead. Ian lead's KPMG's New York State Healthcare reform task force.

Representative Clients

- State of New York
- City of New York
- Commonwealth of Pennsylvania
- US Dept of Veteran's Affairs
- Commonwealth of Kentucky
- State of Oregon
- State of Kentucky
- State of Kansas
- State of Louisiana

Professional Associations

- American Management Association
- Project Management Institute (PMI)
- IEEE
- Project Management Institute, Education Committee PMP Member
- Project Management Institute (PMI)
- NYS IT Corporate Forum

Languages

English

Education, Licenses & Certifications

- BA, University of Adelaide, Australia
- MSIA (MBA), Carnegie Mellon University

Background

Ian St George is a Director in KPMG LLP's Advisory Services practice. Ian serves as KPMG's Northeast IT Performance Service Line champion, Oracle Public Sector and Healthcare Reform Lead. His areas of focus are in the implementation and quality assurance monitoring of technology tools, programs, and business requirements definition and reengineering for transformation initiatives ERP initiatives in the Public Sector. In addition, he brings business process redesign and change management, particularly in case management and financial enterprise resource planning practices, through implementation and rollout design, technology change, strategy and work flow assessments.

Professional and Industry Experience

Ian is skilled with project management, customer relationship management, risk and issue management, technology integration, strategic planning, and all areas of the system development life cycle. He is proficient in complex, large-scale business transformation and organizational design engagements. He has worked with clients to provide reengineering for the implementation of systems and programs. He has experience with a number of State, Federal ERP, CRM and large scale statewide financial systems as well as large city, and county programs.

IT Advisory and Systems Integration Experience

- Ian is currently the QA project manager for the NYC DEP new large COTS billing system. In addition to independent QA review, he is also asked for advice on vendor contract, IT project management and implementation industry practices.
- Mr. St. George was the project manager for KPMG's project management quality assurance engagement with the State of New York for their new ERP PeopleSoft Central Accounting System (CAS).
- Mr. St. George developed and led the Visioning Phase for the State of Indiana implementation of ERP PeopleSoft financials to support integrated standards across the largest agency in the state. He worked with the departments' executives and finance team to define the high-level "future state" blueprint for managing the financial reporting processes.
- Mr. St. George developed the organizational strategy and implementation of a new IT organization for a Program for the Commonwealth of Pennsylvania. He redefined roles and responsibilities for key managers and developed associated position descriptions for this revised structure.
- Ian led an IT Security Risk Assessment for a NE Health System including HIPAA, ISO compliance and IT security risk review and a data classification approach.
- Mr. St. George provided project management assistance to Roswell Park Cancer Institute (RPCI) for the transfer of a new Physician billing system.
- Mr. St. George developed a statewide implementation and work process guide used as model for all implementations for a new portable wireless CRM system for the NY State Department of Health.
- Mr. St George led the assessment for Pennsylvania's implementation readiness and recommended improvements to the existing approach including specific activities to be performed that would lead to a successful statewide rollout.
- Mr. St. George led in-depth functional requirements analysis for the integrated

design of a new web-based case management CRM system for integrating data across four human services agencies into one broad department.

Technical Skills

Oracle, PeopleSoft and AMS Advantage as well as CRM packages including Siebel.



JON GODSMARK

Manager

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Function and Specialization

Jon is a member of KPMG Global Infrastructure focused on advising Government clients on the procurement of infrastructure assets under Public-Private-Partnerships and innovative finance structures

Languages

English

Education, Licenses & Certifications

- Member of the Institute of Chartered Accountants of England and Wales
- BSc (Hons) Management, London School of Economics and Political Science

Background

Jon has experience of advising on infrastructure projects in the UK, UAE and USA across the transportation healthcare, justice and utilities sectors.

Professional and Industry Experience

Jon has advised on the following infrastructure projects:

- Hospital P3 – advising a British Overseas Territory on a Design-Build-Finance-Maintain hospital. Responsibility for developing the procurement documents, undertaking the bid evaluation process and supporting the client with discussions with all stakeholder parties.
- Texas Department of Transportation – Undertaking bid evaluation on the North Tarrant Expressway P3
- Monorail Project – Providing financial and commercial advice to a UAE Real Estate company on the franchise of their monorail and negotiation with the preferred bidder
- Sewage Treatment Projects – Advising a UAE Real Estate Company on three integrated Sewage Treatment Projects projects included a combination of Sewage Treatment, Polishing and Municipal Solid Waste.
- District Cooling – providing financial and commercial advice to a UAE Real Estate Company on three district cooling concessions
- Police Investigation Centres PFI – Advising a UK Local Council on the evaluation of short listed bidders for the design, build, finance and maintenance of six sites including the operation of interpreter and medical services
- Advised a UK Government agency on a potential wider markets equity joint venture PPP in environmental data exploitation
- Secondment to a UK Government PPP Procurement team - Responsible for Value for Money (VfM) and working capital modelling along with the preparation of the financial and VfM analysis included in the Full Business Case



GREGOR A. FRANZ

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Function and Specialization

Gregor is a member of Economic and Valuation Services

Representative Clients

- Calpine
- Novartis
- British-Petroleum
- Dresser-Rand

Professional Associations

- American Economic Association

Languages

English, German

Education, Licenses & Certifications

- PhD in Economics; University of California, Irvine
- MA, New York University
- BA, Carson-Newman College
- Certificate in Asian Studies, Kansai Gaidai University, Japan

Background

Gregor is a manager in KPMG's Houston Economic and Valuation Services group. He specializes in transfer pricing issues and economic services for public and privately held clients.

Professional and Industry Experience

Gregor principally consults with global companies serving the Oil and Gas industry to plan and document their intercompany pricing policies. Gregor consults on a wide range of intercompany pricing issues that include cost sharing/contribution arrangements, contract services structures, limited risk distribution arrangements, group finance arrangements, and limited risk principal-agent structures.

Gregor has advised on many transactions and provided both tax due diligence and tax structuring advice in several industries. For example:

Managed transfer pricing planning and documentation studies, including reviewing the client's operations, analyzing comparable firms, and conducting profitability analyses to determine an economically defensible transfer price for multinational companies with subsidiaries in Asia, Europe, Latin America, and the United States.

Advised and helped to design implementation of operational transfer pricing model for a multiple principle structure with tangible goods and service transactions.

In the economic services sector, Gregor helps companies to analyze the impact of its business operations on the local economy. He also devises economic models to help determine the impact of a federal policy change on industry behavior and outcomes.

Prior to joining KPMG in 2008, Gregor was an applied econometrician, working with large datasets of several million observations to answer questions in population health and urban planning.

Technical Skills

Stata, Matlab, MS Office, Interpreter

Publications and Speaking Engagements

- Author of several articles in peer reviewed journals such as *Public Health* and the *Journal of Urban Economics*
- Speaker at several international and national economic conferences

Other Activities

Gregor also engages in applied economic research on matters concerning health care and urban planning issues



YURIY TCHAMOURLIYSKI

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Function and Specialization

Economic and Valuation Services.

Languages

English, Bulgarian

Education, Licenses & Certifications

- B.A., Economics from American University in Bulgaria
- M.A., Economics, Boston College, MA
- Ph.D., Economics Boston College, MA

Background

Dr. Yuriy Tchamouriyski is a Senior Manager in KPMG's Economic and Valuation Services practice. He has experience in projects involving economics, econometrics, statistics, and financial analysis. He has provided economic and statistical analyses on engagements related to tax, audit, and risk advisory services, with a primary focus towards analyzing fair-lending risk exposure.

Professional and Industry Experience

Dr. Tchamouriyski's accomplishments include:

- Managed numerous engagements assisting major US mortgage lenders with a statistical analysis of their mortgage, credit card, indirect auto, or unsecured loan portfolios in terms of legal and reputational fair lending risk.
- Assisted a major U.S. bank with the design and implementation of statistical monitoring of its fair-lending risk exposure across multiple business segments, including underwriting, pricing, servicing, indirect auto and credit card.
- Recently assisted a top 5 U.S. credit card issuer with a fair-lending review of the scoring and marketing models used to decision individual accounts and identify prospective accounts for marketing campaigns.
- Over the last several years, assisted a major U.S. bank with statistical analyses of credit limit decreases for its credit card portfolio. Implemented and designed the monitoring methodology, as well as additional drill-downs.
- Analyzed the U.S. mortgage portfolio of a global financial services provider for fair-lending risk exposure. Project scope includes a statistical analysis of pricing, underwriting, as well as an analysis of lending patterns.
- Assisted in the design of a national survey studying the size and distribution of a particular business sector. Analyzed survey results and built models projecting sector revenues and number of businesses. Prepared status briefings and final report.
- Assisted a large Federal Agency with a management review of its operations. As part of the project, was tasked with developing various cash flow scenarios associated with different staffing patterns and identifying areas for potential cost savings.
- For the last three years managed the review of the methodology and validity of the cash flow models used by a large Federal Agency to estimate the subsidy cost of its major loan programs. The focus of the review was the reasonableness of the assumptions, documentation and calculation used to support for the subsidy cost estimates.



SHASHA HUANG

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Function and Specialization

Shasha is a Senior Associate in the Healthcare Advisory Practice specializing in actuarial services to insurers, governmental entities, providers and other financial institutes.

Representative Clients

- Pennsylvania Insurance Department
- Independence Blue Cross
- United Healthcare
- Harvard Pilgrim Health Care
- JPMorgan Chase

Professional Associations

- Society of Actuaries (SOA)

Languages

- English
- Chinese

Education, Licenses & Certifications

- Associate, Society of Actuaries (ASA)
- BA in Actuarial Science, York University
Toronto, Canada
- BS in Computer Science, Shenzhen
University, China

Background

Shasha is a Senior Associate in KPMG's Actuarial Services Practice. Shasha has five years of experience in health insurance industry and actuarial analysis, focusing on data analytics, forecast modeling and health benefit exchange. Shasha developed the tools and analysis that support pricing, reserving and management reporting for insurance company also assisted in advising state government agencies on health and insurance related matters. Prior to that, Shasha analyzed consumer behaviors and was a team leader.

Professional and Industry Experience

Health Benefits Exchange

- Served as a team member to develop Request for Information for a state HIE to procure and implement a solution for establishing the Exchange
- Performed demand analysis and background research for Pennsylvania Insurance Department to help State better understand the Exchange market and make informative decisions about Health Benefit Exchange.

Health Insurance Industry

- Analyzed data and assisted in pricing process including developed pricing factors and rate manual for group business.
- Compiled data and performed loss reserve analyses for many insurers and self-insured entities for a variety of lines of business

Actuarial Analysis and Modeling

- Developed simulation models for analyzing pricing strategies for a stop-loss book of business to help management make more competitive pricing decisions.
- Redesigned an IBNR reserve model for multiple lines of business to improve the efficiency and accuracy
- Developed and implemented Risk Assessment model for an insurance company to assist group risk measuring.

Other Analytics Experience

- Created a characteristics analysis for trader's behavior and learning curve and significantly improved the company's hiring and training process.
- A team leader of a software development project

Technical Skills

Microsoft Excel, Access, VBA, SQL, SAS (Base, Stat, and Macro)

Other Honors

- Advanced VBA Programming Certification
- Member of Toastmaster Club, Division contest winner
- Honors, York University



E. KATE FABER

Senior Associate, Advisory Services

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Function and Specialization

Kate specializes in healthcare payor, provider contracting, and claims operations project delivery engagements.

Representative Clients

- Independence Blue Cross
- Allegiance Healthcare

Education, Licenses & Certifications

- BA, University of Chicago
- Professional, Academy for Healthcare Management

Background

Kate Faber is a Senior Associate in KPMG's IT Enabled Transformation group and member of the firm's Healthcare Advisory Practice. Kate has over 13 years of management experience, consisting of both project management and team development, in a variety of industries. She has worked on technology engagements for public, private, domestic, and global entities.

Professional and Industry Experience

Kate has experience coordinating project engagements across several industries, including healthcare – payor and provider, pharmaceuticals, financial services, consumer goods, and transportation.

Strategy and Project Management

- Served as project manager for the development of a business unit strategy, prioritization, and implementation plan for critical process reengineering within a major health services organization
- Led strategic implementation of production unit changes as part of the transition to MS-DRG, involving reimbursement, documentation, and process modifications
- Assisted with the articulation of a master data management strategy for Provider-related data within a major health services organization
- Developed consumer strategies for emerging media

Business Effectiveness

- Implemented pricing technology systems and trained production teams across business units
- Reduced volume, streamlined processes, and exceeded metrics for manual claim adjudication process at regional insurance corporation
- Identified opportunities and created formal networks between business units to resolve cross-functional payment issues within insurance setting
- Developed relevant production reporting for executive metrics for healthcare industry
- Identified redundant system functionality as part of an application rationalization process
- Evaluated team staffing to meet business unit and corporate budgeting goals within healthcare industry
- Coached individual contributors for increased professional efficacy

Technical Skills

- Microsoft Office – Word, Excel, PowerPoint, Visio, Project, Access
- Claims Adjudication – Power MHS



HARVEY LEVIN

Director

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Function and Specialization

Harvey is the Human Services Lead for KPMG's Midwest Information Technology Advisory Services practice. He is responsible for oversight and management of Human Services projects in the Midwest region.

Representative Clients

- Indiana Family and Social Services Administration
- Nevada State Welfare Division
- Rhode Island Department of Human Services
- Rhode Island Office of Child Support Services
- Rhode Island Department of Children, Youth and Families
- Maine Department of Health and Human Services
- Idaho Department of Health and Welfare
- Virgin Islands Department of Justice
- Connecticut Department of Social Services
- US Department of Labor
- New Hampshire Workforce Opportunity Council

Professional Associations

- American Public Human Services Association (APHSA)
- National Child Support Enforcement Association (NCSEA)
- Human Services Technology Advisory Group (HSITAG)

Languages

English

Background

Harvey is a Director in KPMG's Midwest Information Technology (IT) Advisory Services practice. Prior to joining KPMG, Harvey was the Practice Manager for a large consulting firm's Health and Human Services Solutions practice for North America. Harvey has almost 30 years of consultative experience delivering information technology solutions to state, local, and federal government agencies. His experience includes executive management, project management, solution design, relationship management, contract negotiations, subcontractor management, and systems design, development, deployment, and maintenance.

Professional and Industry Experience

Harvey's career has been spent managing and delivering large-scale information systems, primarily in Health and Human Services, including systems for Welfare, Food Stamps, Medical Assistance, Job Employment and Training, Workforce Investment, Child Support, Child Care, Behavioral and Mental Health, and Child Welfare. These system implementations span the country and include the states of Rhode Island, Indiana, Massachusetts, Maine, Delaware, West Virginia, Nevada, Idaho, Hawaii, Connecticut, Ohio, Florida, Alabama and the US Virgin Islands.

IT Systems Implementation

- Currently managing the vendor IT team responsible for the development of a complete IT Architecture and Business model for the State of Missouri's Health Insurance Exchange implementation. The engagement involves developing the documents for the IT Gap Analysis, Exchange Blueprints, Exchange Roadmap and Budget, Architecture Governance Models and Processes, Architecture and Requirements Management Standards and Approach, and the generation of detailed budgets to support implementation options and development of the state's Level 1 FOA Grant application and associated IAPD document. The team is also leading the efforts for Missouri's Architectural Gate Review with CCIIO, the RFI process for assessing potential vendor solutions for the Exchange, and an analysis of potential leverage-able components from the group of Early Innovator states.
- Developed the IT Gap Analysis for the State of Rhode Island's Health Insurance Exchange project. Also assisted in the development of the state's documents for Exchange Blueprints, Roadmap and Budget, Exchange Implementation Options, and the Level 2 FOA Grant application and associated IAPD document. Participated in the efforts for the state's Architectural and Project Baseline Reviews with CCIIO.
- Assisted with developing the IT Gap Analysis and Exchange Blueprint documents for the State of Ohio's Health Insurance Exchange efforts.
- Assisted with assessing gaps between the Commonwealth of Pennsylvania's IT systems and a proposed Health Insurance Exchange architecture.
- Managed the technical assessment, requirements and gap analysis of two State's Health Insurance Exchange planning project. The team worked with the State and other vendors to assess the current state of technology systems, provide recommendations for the technical architecture of the Exchange, define technical requirements, and perform a gap and alternatives analysis for the Exchange requirements.

- Managed the project team responsible for implementing the Medical Assistance Intake, Eligibility Determination, and Benefits Issuance subsystem of Rhode Island's InRHODES suite of Human Services applications. The team provided requirements definition and analysis, system design, development, testing, deployment and training services on the project.

Publications and Speaking Engagements

- Business Intelligence in Health and Human Services Organizations, APHSA-ISM Conference
- SACWIS Interfaces, ACF Users Group
- SACWIS and Reporting, ACF Users Group
- Services Oriented Architectures, CWLA Data Conference
- Web 2.0, CWLA Data Conference
- Technology in 10 Years, CWLA Data Conference

Other Activities

- BSA Troop 152, North Kingstown, RI
- Cranston Volunteer Firefighters Museum, Cranston, RI



AMIT SACHDE

Director

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Function and Specialization

Amit is a member of the IT Advisory practice specializing in enterprise web based applications with extensive experience in State and Local Government.

Representative Clients

- HHS-Connect, City of New York
- MTRS
- NJKiDS
- WA SACWIS
- WI SACWIS

Languages

English

Education, Licenses & Certifications

- Bachelors of Engineering, Bombay University, India
- Diploma in Industrial Electronics, Bombay, India

Background

Amit is a seasoned IT architect and professional with more than 17 years of experience architecting, managing, and implementing technology solutions. He is adept at managing all phases of the project life cycle from inception through implementation and has more than 10 years of State and Local Government experience, including Enterprise Architecture / SOA implementation in the Health and Human Service industry

Professional and Industry Experience

Amit has substantial experience in architecting web based enterprise applications for high scalability in various industry segments such as government, finance and consumer industries. Prior to his employment with KPMG he was the Lead Architect and Software Development Manager for The Prevention Plan product and a lead technical architect for Statewide Automated Child Welfare Information System (SACWIS) implemented in several states. Included in this experience with the deployment of the nation's first web based SACWIS implementation and the first tablet PC enabled child welfare solution for field investigative workers.

Project/Program Assessments

- Project manager for a Local Government project, responsible for management of PMQA tasks and is responsible for communicating critical issues to the HHS-Connect Program Director, Agency Project Managers, and executive oversight.
- As technical lead for the IV&V of a modernized Child Support Enforcement project Amit is responsible for conducting semi-annual reviews in accordance with IEEE Standard 1012-2004. The various activities include Assessment of system design practices and artifacts, including requirements definition and design documents; Assessment of development practices and products, including code management procedures, development practices, and testing; Review of technical architecture, code and security posture for adherence to common protocols, standards, and applicable regulations; and Analysis and review of the long term requirements and approach for the NJKiDS operations and maintenance plan

IT Systems Implementation

- Defining system architecture(s), defining all software standards including languages, middleware, databases, and development environments, and management of the relationship with vendors that are used
- Technical manager, technical architect, and development manager. Requirements analysis, preliminary and technical design, and development.

Technical Skills

- *Management Tools:* Microsoft Project and EPM, Microsoft SharePoint, Primavera
- *Analysis Tools:* Rational Rose/Architect, MS Visio UML
- *Distributed Architecture:* SOA Architecture, ESB, BPES, J2EE (JSP / EJB / Java Servlet / Java Mail / JMS/ JNDI / JDBC / JAAS), RMI, Web Services, SOAP-RPC, MVC, Various J2EE Design patterns, AJAX, Adobe LiveCycle Services

- *Platform/OS:* LAMP, WAMP, Linux, Unix, AIX, HP-UX , Windows Tablet Edition, Windows NT, Windows 2000, Windows 98
- *Languages:* Java, C, C#, HTML/DHTML, PHP, ActiveX, Visual Basic, Java Script, PowerBuilder, Pascal
- *Open Source Technologies:* RIA Applications, Struts, Ant, LuntBuild, activeCollab, joomla, Apache HTTP, webdav, jBoss SEAM/jBPM/PageFlow, Tomcat, svn, Hibernate, FOP, RTF, jython, OpenLaszlo, Flex, Drupal
- *Database:* ERWIN Data Modeling, Oracle(8/9i/10g), DB/2, Informix, Sybase, Foxpro
- *Application Server:* JBoss 4.x, WebSphere 3.5/4.x/6, Tomcat, jBoss, WebLogic Server 7, Zend App Server
- *IDE:* WebSphere Studio, Eclipse, Visual Age for Java, PowerBuilder, Zend IDE, .NET Studio
- *Version Control Tools:* Subversion, VSS, PVCS, CVS, MKS
- *Automated Test Tools:* Junit, Load Runner, Silk Performer, Open STA

Publications and Speaking Engagements

- Speaker on the topic SOA Governance at APHSA-ISM 2007
- Speaker on the topic Web 2.0 at APHSA-ISM 2006
- Speaker on the topic Mobile Computing in Government space at Gov-Tech 2006
- Websphere Advisor Magazine, Spring 2000

Other Activities

- Certified Single Engine Private Pilot, Martial arts enthusiast, Avid Motorcyclist
- Certified Therapy Dog Handler as a member of Paws for the Soul (Therapy Dog organization)

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Appendix: Required Forms

Red-Lined Terms and Conditions

GENERAL TERMS & CONDITIONS REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.
2. The State may accept or reject in part, or in whole, any bid.
3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
5. Payment may only be made after the delivery and acceptance of goods or services.
6. Interest may be paid for late payment in accordance with the **West Virginia Code**.
7. Vendor preference will be granted upon written request in accordance with the **West Virginia Code**.
8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
10. The laws of the State of West Virginia and the **Legislative Rules** of the Purchasing Division shall govern the purchasing process.
11. Any reference to automatic renewal is hereby deleted. The contract may be renewed only upon mutual written agreement of the parties.
12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.html and is hereby made part of the agreement provided that the Agency meets the definition of a Cover Entity (45 CFR § 160.103) and will be disclosing Protected Health Information (45 CFR § 160.103) to the vendor.
14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Nothing herein shall be construed to preclude Vendor from disclosing any information gained from the agency to the extent such disclosure is required by law, legal process, or applicable professional standards. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain Information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.

I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or Fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

CONTRACT TERMS & CONDITIONS

RFP SECTION 5

5.1 Contract Provisions: The RFP and the Vendor's response will be incorporated into the contract by reference. The order of precedence shall be the contract, the RFP and any addendum, and the vendor's proposal in response to the RFP.

5.2 Public Record: All documents submitted to the State Purchasing Division related to purchase orders or contracts are considered public records. All bids, proposals, or offers submitted by Vendors shall become public information and are available for inspection during normal official business hours in the Purchasing Division Records and Distribution center after the bid opening. Certain information, such as technical scores and reasons for disqualification will not be available until after the contract award, pursuant to *West Virginia Code §5A-3-11 (h)* and *West Virginia Code of State Rules §148-1-6.2.5*.

5.2.1 Risk of Disclosure: The only exemptions to disclosure of information are listed in *West Virginia Code §29B-1-4*. Any information considered a trade secret must be separated from the Vendor submission and clearly labeled as such. Primarily, only trade secrets, as submitted by a bidder, are exempted from public disclosure. The submission of any information to the State by a Vendor puts the risk of disclosure on the Vendor. The State does not guarantee non-disclosure of any information to the public.

5.2.2 Written Release of Information: All public information may be released with or without a Freedom of Information request; however, only a written request will be acted upon with duplication fees paid in advance. Duplication fees shall apply to all requests for copies of any document. Currently, the fees are 50 cents per page, or a minimum of \$10.00 per request, whichever is greater.

5.3 Conflict of Interest: Vendor affirms that neither it nor its representatives have any interest nor shall acquire any interest, direct or indirect, which would compromise the performance of its services here-under, any such interests shall be promptly presented in detail to the Agency.

5.4 Vendor Relationship: The relationship of the Vendor the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents.

Vendor shall be responsible for selecting, supervising, and compensating any and all individuals employed pursuant to the terms of this RFP and resulting contract. Neither the Vendor, nor any employees or subcontractors of the Vendor, shall be deemed to be employees of the State for any purpose whatsoever, Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension, or other deferred compensation plans, including but not limited to, Workers' Compensation and Social Security obligations, licensing fees, *et cetera* and the filing of all necessary documents, forms and returns pertinent to all of the foregoing.

Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims for payment of employees and contractors including, but not limited to, the foregoing payments, withholdings, contributions, taxes, Social Security taxes, and employer income tax returns. The Vendor shall not assign, convey, transfer, or delegate any of its responsibilities and obligations under this contract to any person, corporation, partnership, association, or entity without expressed written consent of the Agency.

5.4.1 Subcontracts/Joint Ventures: The Vendor may, with the prior written consent of the State, enter into subcontracts for performance of work under this contract.

5.4.2 Indemnification: The Vendor agrees to indemnify, defend, and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for payment(s) due for services rendered by any subcontractor, person,

or firm performing or supplying services, materials, or supplies in connection with the performance of the contract; ~~(2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the contract in a manner not authorized by the contract, or by Federal or State statutes or regulations;~~ and (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe applicable State and Federal laws including, but not limited to, labor and wage laws.

5.4.3 Governing Law: This contract shall be governed by the laws of the State of West Virginia. The Vendor further agrees to comply with the Civil Rights Act of 1964 and all other applicable laws and regulations as provided by Federal, State, and local governments.

5.5. Term of Contract and Renewals: This contract will be effective upon award and shall extend for the period of one (1) year, at which time the contract may, upon mutual consent, be renewed. Such renewals are for a period of up to one (1) year, with a maximum of two (2) one-year renewals, or until such reasonable time thereafter as is necessary to obtain a new contract. The "reasonable time" period shall not exceed twelve (12) months. During the "reasonable time" period, Vendor may terminate the contract for any reason upon giving the Agency ninety (90) days written notice. Notice by Vendor of intent to terminate will not relieve Vendor of the obligation to continue providing services pursuant to the terms of the contract.

5.6 Non-Appropriation of Funds: If funds are not appropriated for the Agency in any succeeding fiscal year for the continued use of the services covered by this contract, the State may terminate the contract at the end of the affected current fiscal period without further charge or penalty. The State shall give the Vendor written notice of such non-appropriation of funds as soon as possible after the Agency receives notice. No penalty shall accrue to the Agency. In the event this provision is exercised.

5.7 Changes: If changes to the contract become necessary, a formal contract change order will be negotiated by the State, the Agency, and the Vendor. As soon as possible, but not to surpass thirty (30) days after receipt of a written change request from the Agency, the Vendor shall determine if there is an impact on price with the change requested and provide the Agency a written Statement identifying any price impact on the contract. The Vendor shall provide a description of any price change associated with the implementation.

NO CHANGE SHALL BE IMPLEMENTED BY THE VENDOR UNTIL SUCH TIME AS THE VENDOR RECEIVES AN APPROVED WRITTEN CHANGE ORDER FROM THE PURCHASING DIVISION.

5.8 Price Quotations: The price(s) quoted in the Vendor's proposal will not be subject to any increase and will be considered firm for the life of the contract unless specific provisions have been provided in the original specifications.

5.9 Invoices and Progress Payments: The Vendor shall submit invoices, in arrears, to the Agency at the address on the face of the purchase order labeled "Invoice To." Progress payments may be made at the option of the Agency on the basis of percentage of work completed if so defined in the final contract.

5.10 Liquidated Damages: N/A

5.11 Contract Termination: The State may terminate any contract resulting from this RFP ~~immediately~~ at any time the Vendor fails to carry out its responsibilities or to make substantial progress under the terms of this RFP and resulting contract. The State shall provide the Vendor with advance notice of performance conditions which may endanger the contract's continuation. If after such notice the Vendor fails to remedy the conditions within the established timeframe, which shall be not less than ten (10) business days, the State shall order the Vendor to cease and desist any and all work immediately. The State shall be obligated only for services rendered and accepted prior to the date of the notice of termination. The vendor shall be provided with a reasonable opportunity, which shall be not less than ten (10) business days, in which to cure the circumstances giving rise to the proposed termination as set forth in the notice.

The contract may be terminated by the State with thirty (30) days prior notice pursuant to *West Virginia Code of State Rules §148-1-7.16.2*.

5.12 Special Terms and Conditions:

5.12.1 Bid and Performance Bonds

5.12.2 Insurance Requirements: *(Provide liability insurance requirements. Insurance certificates are required prior to award, but are not required at the time of bid).* **NOTE: NO REQUIREMENTS SPECIFIED**

- Public liability
- Property damage
- Professional liability (medical, advertising, et cetera)

5.12.3 License Requirement: Workers' Compensation, Vendor's License, etc. *(List any specific licenses, or other special license requirements for your project, et cetera).* **NOTE: NO REQUIREMENTS SPECIFIED**

5.12.4 Protest Bond: Any bidder that files a protest of an award shall at the time of filing the protest submit a protest bond in the amount equal to one percent of the lowest bid submitted or \$5,000, whichever is greater.

The entire amount of the bond shall be forfeited if the hearing officer determines that the protest was filed for frivolous or improper purpose, including but not limited to the purpose of harassing, causing unnecessary delay, or needless expense for the Agency. All protest bonds shall be made payable to the Purchasing Division and shall be signed by the protester and the surety. In lieu of a bond, the protester may submit a cashier's check or bank money order payable to the Purchasing Division. The money will be held in trust in the State Treasurer's office. If it is determined that the protest has not been filed for frivolous or improper purpose, the bond shall be returned in its entirety.

5.13 Record Retention (Access and Confidentiality): Vendor shall comply with all applicable Federal and state rules, regulations, and requirements governing the maintenance of documentation to verify any cost of services or commodities rendered under this contract by the Vendor. The Vendor shall maintain such records a minimum of five (5) years and make such records available to Agency personnel at the Vendor's location during normal business hours upon written request by the Agency within ten (10) days after receipt of the request.

Vendor shall have access to private and confidential data maintained by the Agency to the extent required for the Vendor to carry out the duties and responsibilities defined in this contract. Vendor agrees to maintain confidentiality and security of the data made available and shall indemnify and hold harmless the State and the Agency against any and all claims brought by any party attributed to actions of breach of confidentiality by the Vendor, subcontractors, or individuals permitted access by the Vendor. Contractor may retain a copy of information received, developed, or otherwise relating to this contract in order to comply with its contractual obligations and applicable professional standards

5.14 Additional Terms and Conditions

- Limitation of Liability - Notwithstanding anything else herein to the contrary, the liability of the Contractor on account of any actions, damages, claims, liabilities, costs, expenses or losses in any way arising out of or relating to the services performed under the Contract or any purchase order issued thereunder shall be limited to the amount of fees paid or owing to Contractor under the purchase order giving rise to the action, damage, claim, liability, cost, expense, or loss. In no event shall Contractor be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). This section shall apply regardless of the form of action,

damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

- Management Decisions – The State acknowledges and agrees that Contractor’s services may include advice and recommendations; but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, the State. The Contractor will not perform management functions or make management decisions for the State.

- Third Party Usage – Any advice, recommendations, information, deliverables or other work product provided to the State under this Contract is for the sole use of the State, and is not intended to be, and may not be, relied upon by any third party, and all advice, recommendations, information, deliverables, or other work product may be marked to so indicate. Except for disclosures that are required by law or that are expressly permitted by this Contract, the State will not disclose or permit access to such advice, recommendations, information, deliverables, or other work product to any third party without the Contractor’s prior written consent.

- California Accountancy Act – For engagements where services will be provided by the Contractor through offices located in California, the State acknowledges that certain of Contractor’s personnel who may be considered “owners” under the California Accountancy Act and implementing regulations (California Business and Professions Code section 5079(a); 16 Cal. Code Regs. sections 51 and 51.1) and who may provide services in connection with this engagement, may not be licensed as certified public accountants under the laws of any of the various states.

- Electronic Communications – Contractor may communicate with the State by electronic mail or otherwise transmit documents in electronic form during the course of this engagement. The State accepts the inherent risks of these forms of communication (including the security risks of interception of or unauthorized access to such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices). The State agrees that the final hardcopy version of a document, including a deliverable, or other written communication that Contractor transmits to the State shall supersede any previous versions transmitted electronically by Contractor to the State unless no such hard copy is transmitted.

- Active Spreadsheets and Electronic Files – Contractor may use models, electronic files, and spreadsheets with embedded macros created by Contractor to assist Contractor in providing the services under the Contract. If the State requests a working copy of any such model, electronic file or spreadsheet, Contractor may, at its discretion, make such item available to the State for the State’s internal use only and such item shall be considered a deliverable (subject to the requirements herein); provided that the State is responsible for obtaining the right to use any third party products necessary to use or operate such item.

- Use of Affiliates and Third Party Service Providers – Contractor is a Delaware registered limited liability partnership and the United States member firm of the KPMG network of independent firms (the “KPMG Network”). As used herein, the term “Member Firms” collectively refers to Contractor, the other member firms of the KPMG Network and firms and entities controlled by, or under common control with, one or more such member firms. The State acknowledges and agrees that the services under the Contract, including any applicable tax advice, may be performed by a Member Firm located outside of the United States. The State understands that each Member Firm is a separate, distinct and independent legal entity and is not a partner, principal, agent or affiliate of Contractor and Contractor is not a partner, principal, agent or affiliate of any other Member Firm. The State further acknowledges that in connection with the performance of services under the Contract, Contractor uses third party service providers within and without the United States to provide at Contractor’s direction administrative and clerical services to Contractor. These third party service providers may in the performance of such services have limited access to information, including but not limited to confidential information, received by Contractor from or at the request or direction of the State. Contractor represents to the State that each such third party service provider has agreed to conditions of confidentiality with respect to the State’s information to the same or similar extent as Contractor has agreed to pursuant this Contract. Contractor has full responsibility to cause these third party service providers to comply with such conditions of confidentiality and Contractor shall be responsible for any consequences of their failure to comply. Accordingly, the State consents to Contractor disclosure to a Member Firm or third party service provider and the use by such Member Firm and third party service provider of data and information, including but not limited to confidential information, received from or at the request or direction of the State for the purposes set forth herein. Any services performed by a Member Firm or third party service provider shall be performed in accordance with the terms of the Contract, but Contractor shall remain responsible to the State for the performance of such services. The State agrees that any claim relating to the services under the Contract may only be made against Contractor and not any other Member Firm or third party service provider referred to above.

- Volume Rebates – Where Contractor is reimbursed for expenses, it is Contractor’s policy to bill clients the amount incurred at the time the good or service is purchased. If Contractor subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, Contractor does not credit such payment to its clients. Instead, Contractor applies such payments to reduce its overhead costs, which costs are taken into account in determining Contractor’s standard billing rates and certain transaction charges that may be charged to clients.

- State Vendors – The State is aware that Contractor may be providing assurance, tax and/or advisory services to other actual or potential vendors of the State. Contractor will perform an internal search for any potential client conflicts relating to any of the State’s vendors identified by the State as having a role in connection with Contractor’s performance of this Contract. The State hereby agrees that a vendor’s status as a Contractor client does not impact Contractor’s engagement to perform this Contract. Contractor will advise the State of any conflicts of interest that could prevent it from performing the Contract. However, Contractor is a large firm that is engaged by new clients on a daily basis and as a result it cannot guarantee that, following its conflict search, an engagement for any other related party will not be accepted somewhere else in Contractor’s firm. Should any new information come to Contractor’s attention, Contractor will promptly inform the State. Contractor shall perform this Contract in accordance with applicable professional standards.

- Ownership of Materials - The Contractor retains all ownership rights in any proprietary methodologies, methods, processes, or procedures of the Contractor that pre-exist or were developed outside the scope of this Contract. If any such property of Contractor is contained in any of the deliverables hereunder, the Contractor grants to the State a royalty-free, paid-up, non-exclusive, perpetual license to use such Contractor intellectual property in connection with the State’s use of the deliverables.

- Disputes - The parties agree that any dispute or claim arising out of or relating to the Contract or the services provided thereunder shall first be submitted to non-binding mediation. Mediation may take place at a location to be designated by the parties using the Mediation Procedures of the International Institute for Conflict Prevention and Resolution, with the exception of paragraph 2 (Selecting the Mediator). If, after good faith efforts, the parties are unable to resolve their dispute through mediation within 90 days after the issuance by one of the parties of a request for mediation, then the parties are free to pursue all other legal and equitable remedies available to them. Nothing herein shall preclude Contractor from filing a formal claim in accordance with applicable West Virginia law provided, however, that Contractor shall, if permitted, seek a stay of said claim during the pendency of any mediation. Either party may seek to enforce any written agreement reached by the parties during mediation in any court of competent jurisdiction.

- The State understands and acknowledges that KPMG is prohibited from giving legal advice or performing legal services of any kind or nature and that any services to be provided by KPMG hereunder shall not include or be construed to include the provision by KPMG of legal advice or legal services.

**Red-Lined Notice of State of West Virginia
Confidentiality Policies and Information Security Accountability Requirements**

1.0 INTRODUCTION

The Executive Branch has adopted privacy and information security policies to protect confidential and personally identifiable information (hereinafter all referred to as Confidential Information). This Notice sets forth the vendor's responsibilities for safeguarding this information.

2.0 DEFINITIONS

- 2.1 Breach** shall mean the acquisition, access, use or disclosure of Confidential Information which compromises the security or privacy of such information.
- 2.2 Confidential Information**, shall include, but is not limited to, trade secrets, personally identifiable information, protected health information, financial information, financial account number, credit card numbers, debit card numbers, driver's license numbers, State ID numbers, social security numbers, employee home addresses, employee marital status, employee maiden name, etc.
- 2.3 Security Incident** means any known successful or unsuccessful attempt by an authorized or unauthorized individual to inappropriately use, disclose, modify, access, or destroy any information.

3.0 BACKGROUND

Agencies maintain Confidential Information, including, but not limited to, trade secrets, personally identifiable information, protected health information, financial information, financial account numbers, credit card numbers, debit card numbers, driver's license numbers, State ID numbers, social security numbers, employee home addresses, etc. Federal laws, including, but not limited to, the Health Insurance Portability and Accountability Act, the Privacy Act of 1974, Fair Credit Reporting Act and State laws require that certain information be safeguarded. In some situations, Agencies delegate, through contract provisions, functions to vendors that involve the vendor's collection, use and/or disclosure of Confidential Information. WV State government must take appropriate steps to ensure its compliance with those laws and desires to protect its citizens' and employees' privacy, and therefore, must require that its vendors also obey those laws.

Utilization of safeguards can greatly minimize potential exposure to sensitive information, and vendors are expected to adhere to industry standard best practices in the management of data collected by, or on behalf of, the State, and in the vendor's possession for a business purpose. Even when sound practices and safeguards are in use, exposures can occur as the result of a theft, loss, or compromise of data, or systems containing data. At these times, vendors must be accountable for the loss of data in their possession by **reporting** the incident surrounding the loss, and by absorbing any reasonable cost associated with the appropriate response actions deemed by the State to be reasonable and necessary. Additional vendor funding may be needed for required activities, such as: rapid notification to affected persons, and provision of a call center to handle inquiries. Notification and call handling will use a State-specified method, format, language, and personnel staffing level.

4.0 POLICY

- 4.1** All vendors for the Executive Branch of West Virginia State government shall sign both the RFP or RFQ, as applicable, and the Purchase Order which contain the confidentiality statement, incident response accountability acknowledgement, and adopt this policy by reference.
- 4.2** Vendors must contact the Privacy Officer of the Agency with which they are contracting to obtain Agency-specific privacy policies, procedures and rules, when applicable.

- 4.3** For vendors' information, Agencies generally require at least the following minimum standards of care in the handling of their Confidential Information:
- 4.3.1** Confidential Information shall only be used or disclosed for the purposes designated in the underlying contract and at no time shall it be disclosed or used for a personal, non-work or non-contract related reason, unless specifically authorized in writing by the Agency or when disclosure is required by law, legal process, or applicable professional standards, or when disclosure is required by law, legal process, or applicable professional standards.
- 4.3.2** In all circumstances, vendors shall have no ownership rights or interests in any data or information, including Confidential Information. All data collected by the vendor on behalf of the Agency, or received by the vendor from the Agency, is owned by the Agency. There are no exceptions to this provision.
- 4.3.3** In no circumstance shall a vendor use Confidential Information, or data, in any way detrimental to the Agency or to any individual whose records reside in the vendor's control. This prohibition shall not be construed to curtail a vendor's whistleblower rights under Federal and State law. If, in the process of making a good faith report under the provisions of W. Va. Code § 6C-1-1 et seq. or the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), (Pub. L. No. 104-191) as amended by the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) (the "HITECH Act"), any associated regulations and the Federal regulations published at 45 CFR parts 160 and 164 (sometimes collectively referred to as "HIPAA") or any other relevant whistleblower law, a vendor finds it necessary to disclose Confidential Information to an appropriate authority in accordance with those statutes, the disclosure will not be treated as a Breach of the Agency's security, privacy or confidentiality policies, as long as the confidential nature of the information is explicitly conveyed to the authorized recipient.
- 4.3.4** ~~Any collection, use or disclosure of information that is determined by the Agency to be contrary to the confidentiality statement, law or Agency policy may result in termination of the underlying contract.~~
- 4.3.5** The confidentiality and incident response accountability statement contained within the RFP or RFQ, as applicable, and the Purchase Order shall survive termination of the underlying contract.
- 4.4** If there is an incident that involves theft, loss, or compromise of State Confidential Information, the following reporting and/or actions must be taken by the vendor, on its own behalf, or on behalf of its subcontractor:
- 4.4.1** If the event involves a theft, or is incidental to another crime, appropriate law enforcement officials shall be notified and a police report generated to document the circumstances of the crime, with a goal to establish whether the crime involved a motive to obtain the sensitive data. A copy of the police report will be forwarded in accordance with 4.4.2.3.
- 4.4.2** Notification of Breach.
- 4.4.2.1** Upon the **discovery** of Breach of security of Confidential Information, if the Confidential Information was, or is reasonably believed to have been, acquired by an unauthorized person, the vendor shall notify the individuals identified in 4.4.2.3 ~~immediately~~ promptly by telephone call plus e-mail, web form or fax; or,
- 4.4.2.2** Within 24 hours by e-mail or fax of any **suspected** Security Incident, intrusion or unauthorized use or disclosure of Confidential Information, in violation of the underlying contract and this Notice, of potential loss of confidential data affecting the underlying contract.

4.4.2.3 Notification required by the above two sections shall be provided to:

(1) the Agency contract manager whose contact information may be found at www.state.wv.us/admin/purchase/vrc/agencyli.htm and, (2) unless otherwise directed by the Agency in writing, the Office of Technology at incident@wv.gov.

4.4.2.4 The vendor shall immediately promptly investigate such actual or suspected Security Incident, Breach, or unauthorized use or disclosure of Confidential Information. Within 72 hours of the discovery, if an actual Breach has occurred, the vendor shall notify the individuals identified in 4.4.2.3 of the following, to the extent known: (a) What data elements were involved and the extent of the data involved in the Breach (e.g. number of records or affected individual's data); (b) The identity of the unauthorized persons known or reasonably believed to have improperly used or disclosed PHI or Confidential Information; (c) A description of where the Confidential Information is believed to have been improperly transmitted, sent, or utilized; (d) A description of the probable causes of the improper use or disclosure; and (e) Whether any Federal or State laws requiring individual notifications of Breaches are triggered.

4.4.2.5 Agency will coordinate with the vendor to determine additional specific actions that will be required of the vendor for mitigation of the Breach, which may include notification to the individual or other authorities.

4.4.2.6 All associated reasonable costs shall be borne by the vendor. This may include, but not be limited to costs associated with notifying affected individuals.

4.5 The State may require that a vendor provide evidence of adequate background checks, including a nationwide record search, for individuals who are entrusted by the vendor to work with State information.

4.6 The State requires that any vendor taking possession of State data have comprehensive policies and practices to adequately safeguard that information, and further that the sensitivity of the information is clearly identified and documented in writing, with signed acknowledgement by the vendor that the sensitivity is understood, before it is conveyed to the vendor. Vendor policy should articulate all safeguards in place for the State information, including provisions for destruction of all data, including backup copies of the data, at the end of the vendor's legitimate need to possess the data. All State-owned media containing State information will be returned to the State when no longer legitimately needed by the vendor. Vendor may retain a copy of information received, developed, or otherwise relating to its contract in order to comply with its contractual obligations and applicable professional standards.

4.7 All vendor owned devices that contain or transport any State Confidential Information must be encrypted using the AES algorithm, and an industry standard methodology. This includes desktop and laptop computers (whole drive encryption – not file encryption), personal digital assistants (PDA), smart phones, thumb or flash-type drives, CDs, diskettes, backup tapes, etc.

Red-Lined State of West Virginia Form WV-96

- 1 DISPUTES - Any references in the agreement to arbitration or to the jurisdiction of any court are hereby deleted. Disputes arising out of the agreement shall be presented to the West Virginia Court of Claims.
- 2 HOLD HARMLESS - Any provision requiring the Agency to indemnify or hold harmless any party is hereby deleted in its entirety.
- 3 GOVERNING LAW - The agreement shall be governed by the laws of the State of West Virginia. This provision replaces any references to any other State's governing law.
- 4 TAXES - Provisions in the agreement requiring the Agency to pay taxes are deleted. As a State entity, the Agency is exempt from Federal, State, and local taxes and will not pay taxes for any Vendor including Individuals, nor will the Agency file any tax returns or reports on behalf of Vendor or any other party.
- 5 PAYMENT - Any references to prepayment are deleted. Payment will be in arrears.
- 6 INTEREST - Any provision for interest or charges on late payments is deleted. The Agency has no statutory authority to pay interest or late fees.
- 7 NO WAIVER - Any language in the agreement requiring the Agency to waive any rights, claims or defenses is hereby deleted.
- 8 FISCAL YEAR FUNDING - Service performed under the agreement may be continued in succeeding fiscal years for the term of the agreement contingent upon funds being appropriated by the Legislature or otherwise being available for this service. In the event funds are not appropriated or otherwise available for this service, the agreement shall terminate without penalty on June 30. After that date, the agreement becomes of no effect and is null and void. However, the Agency agrees to use its best efforts to have the amounts contemplated under the agreement included in its budget. Non-appropriation or non-funding shall not be considered an event of default.
- 9 STATUTE OF LIMITATION - Any clauses limiting the time in which the Agency may bring suit against the Vendor, lessor, individual, or any other party are deleted.
- 10 SIMILAR SERVICES - Any provisions limiting the Agency's right to obtain similar services or equipment in the event of default or non-funding during the term of the agreement are hereby deleted.
- 11 FEES OR COSTS - The Agency recognizes an obligation to pay attorney's fees or costs only when assessed by a court of competent jurisdiction. Any other provision is invalid and considered null and void.
- 12 ASSIGNMENT - Notwithstanding any clause to the contrary, the Agency reserves the right to assign the agreement to another State of West Virginia agency, board or commission upon thirty (30) days written notice to the Vendor and Vendor shall obtain the written consent of Agency prior to assigning the agreement.
- 13 LIMITATION OF LIABILITY - ~~The Agency, as a State entity, cannot agree to assume the potential liability of a Vendor. Accordingly, any provision limiting the Vendor's liability for direct damages to a certain dollar amount or to the amount of the agreement is hereby deleted.~~ Notwithstanding anything else herein to the contrary, the liability of the Contractor on account of any actions, damages, claims, liabilities, costs, expenses or losses in any way arising out of or relating to the services performed under the Contract or any purchase order issued thereunder shall be limited to the amount of fees paid or owing to Contractor under the purchase order giving rise to the action, damage, claim, liability, cost, expense, or loss. In no event shall Contractor be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). This section shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise. Limitations on special, incidental or consequential damages are acceptable. ~~In addition, any limitation is null and void to the extent that it precludes any action for injury to persons or for damages to personal property.~~
- 14 RIGHT TO TERMINATE - Agency shall have the right to terminate the agreement upon thirty(30) days written notice to Vendor. Agency agrees to pay Vendor for services rendered or goods received prior to the effective date of termination.

- 15 TERMINATION CHARGES - Any provision requiring the Agency to pay a fixed amount or liquidated damages upon termination of the agreement is hereby deleted. The Agency may only agree to reimburse a Vendor for actual costs incurred or losses sustained during the current fiscal year due to wrongful termination by the Agency prior to the end of any current agreement term.
- 16 RENEWAL - Any reference to automatic renewal is deleted. The agreement may be renewed only upon mutual written agreement of the parties.
- 17 INSURANCE - Any provision requiring the Agency to purchase insurance for Vendor's property is deleted. The State of West Virginia is insured through the Board of Risk and Insurance Management, and will provide a certificate of property insurance upon request.
- 18 RIGHT TO NOTICE - Any provision for repossession of equipment without notice is hereby deleted. However, the Agency does recognize a right of repossession with notice.
- 19 ACCELERATION - Any reference to acceleration of payments in the event of default or non-funding is hereby deleted.
- 20 CONFIDENTIALITY - Any provision regarding confidentiality of the terms and conditions of the agreement is hereby deleted. State contracts are public records under the West Virginia Freedom of Information Act.
- 21 AMENDMENTS - All amendments, modifications, alterations or changes to the agreement shall be in writing and signed by both parties. No alteration or change may be made to this addendum without the express written approval of the Purchasing Division and the Attorney General.

ACCEPTED BY,
STATE OF WEST VIRGINIA

Spending Unit: _____

Signed: _____

Title: _____

Date: _____

VENDOR

Company Name: KPMG LLP

Signed: [Signature]

Title: Partner

Date: 4/2/12



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

REC NUMBER

INS12001

PAGE

2

ADDRESS CORRESPONDENCE TO ATTENTION OF

SHELLY MURRAY
304-558-8801

RFQ COPY

TYPE NAME/ADDRESS HERE

INSURANCE COMMISSION

1124 SMITH STREET
CHARLESTON, WV
25305-0540 304-558-3707

DATE PRINTED

02/09/2012

TERMS OF SALE

SHIP VIA

FOB

FREIGHT TERMS

BID OPENING DATE:

03/21/2012

BID OPENING TIME

01:30PM

LINE

QUANTITY

UOP

CAT
NO

ITEM NUMBER

UNIT PRICE

AMOUNT

ORIGINAL CONTRACT. THE "REASONABLE TIME" PERIOD SHALL NOT EXCEED TWELVE (12) MONTHS. DURING THIS "REASONABLE TIME" THE VENDOR MAY TERMINATE THIS CONTRACT FOR ANY REASON UPON GIVING THE DIRECTOR OF PURCHASING 30 DAYS WRITTEN NOTICE.

UNLESS SPECIFIC PROVISIONS ARE STIPULATED ELSEWHERE IN THIS CONTRACT DOCUMENT BY THE STATE OF WEST VIRGINIA, ITS AGENCIES, OR POLITICAL SUBDIVISIONS, THE TERMS, CONDITIONS, AND PRICING SET FORTH HEREIN ARE FIRM FOR THE LIFE OF THE CONTRACT.

RENEWAL: THIS CONTRACT MAY BE RENEWED UPON THE MUTUAL WRITTEN CONSENT OF THE SPENDING UNIT AND VENDOR, SUBMITTED TO THE DIRECTOR OF PURCHASING THIRTY (30) DAYS PRIOR TO THE EXPIRATION DATE. SUCH RENEWAL SHALL BE IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND SHALL BE LIMITED TO TWO (2) ONE (1) YEAR PERIODS.

CANCELLATION: THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE COMMODITIES AND/OR SERVICES SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM TO THE SPECIFICATIONS OF THE BID AND CONTRACT HEREIN.

OPEN MARKET CLAUSE: THE DIRECTOR OF PURCHASING MAY AUTHORIZE A SPENDING UNIT TO PURCHASE ON THE OPEN MARKET, WITHOUT THE FILING OF A REQUISITION OR COST ESTIMATE, ITEMS SPECIFIED ON THIS CONTRACT FOR IMMEDIATE DELIVERY IN EMERGENCIES DUE TO UNFORESEEN CAUSES (INCLUDING BUT NOT LIMITED TO DELAYS IN TRANSPORTATION OR AN UNANTICIPATED INCREASE IN THE VOLUME OF WORK.)

QUANTITIES: QUANTITIES LISTED IN THE REQUISITION ARE

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE

TELEPHONE

DATE

TITLE

FEIN

ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
INS12001

PAGE
3

ADDRESS CORRESPONDENCE TO ATTENTION OF
SHELLY MURRAY 304-558-8801

RFQ COPY
TYPE NAME/ADDRESS HERE

INSURANCE COMMISSION

1124 SMITH STREET
CHARLESTON, WV
25305-0540 304-558-3707

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
02/09/2012				

BID OPENING DATE: 03/21/2012 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>APPROXIMATIONS ONLY, BASED ON ESTIMATES SUPPLIED BY THE STATE SPENDING UNIT. IT IS UNDERSTOOD AND AGREED THAT THE CONTRACT SHALL COVER THE QUANTITIES ACTUALLY ORDERED FOR DELIVERY DURING THE TERM OF THE CONTRACT, WHETHER MORE OR LESS THAN THE QUANTITIES SHOWN.</p> <p>ORDERING PROCEDURE: SPENDING UNIT(S) SHALL ISSUE A WRITTEN STATE CONTRACT ORDER (FORM NUMBER WV-39) TO THE VENDOR FOR COMMODITIES COVERED BY THIS CONTRACT. THE ORIGINAL COPY OF THE WV-39 SHALL BE MAILED TO THE VENDOR AS AUTHORIZATION FOR SHIPMENT, A SECOND COPY MAILED TO THE PURCHASING DIVISION, AND A THIRD COPY RETAINED BY THE SPENDING UNIT.</p> <p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THE STATE MAY DEEM THE CONTRACT NULL AND VOID, AND TERMINATE SUCH CONTRACT WITHOUT FURTHER ORDER.</p> <p>THE TERMS AND CONDITIONS CONTAINED IN THIS CONTRACT SHALL SUPERSEDE ANY AND ALL SUBSEQUENT TERMS AND CONDITIONS WHICH MAY APPEAR ON ANY ATTACHED PRINTED DOCUMENTS SUCH AS PRICE LISTS, ORDER FORMS, SALES AGREEMENTS OR MAINTENANCE AGREEMENTS, INCLUDING ANY ELECTRONIC MEDIUM SUCH AS CD-ROM.</p> <p>ANY INDIVIDUAL SIGNING THIS BID IS CERTIFYING THAT: (1) HE OR SHE IS AUTHORIZED BY THE BIDDER TO EXECUTE THE BID OR ANY DOCUMENTS RELATED THERETO ON BEHALF OF THE BIDDER, (2) THAT HE OR SHE IS AUTHORIZED TO BIND THE BIDDER IN A CONTRACTUAL RELATIONSHIP, AND (3) THAT THE BIDDER HAS PROPERLY REGISTERED WITH ANY STATE AGENCIES THAT MAY REQUIRE REGISTRATION.</p> <p>EXHIBIT 10</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS		
SIGNATURE	TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

WV STATE GOVERNMENT

HIPAA BUSINESS ASSOCIATE ADDENDUM

This Health Insurance Portability and Accountability Act of 1996 (hereafter, HIPAA) Business Associate Addendum ("Addendum") is made a part of the Agreement ("Agreement") by and between the State of West Virginia ("Agency"), and Business Associate ("Associate") and is effective on the date of execution of a binding Agreement with the Agency.

To the extent that The Associate performs certain services on behalf of or for the Agency pursuant to the underlying Agreement that requires the exchange of information including protected health information protected by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended by the American Recovery and Reinvestment Act of 2009 (Pub. L No. 111-5) (the "HITECH Act"), any associated regulations and the federal regulations published at 45 CFR parts 160 and 164 (sometimes collectively referred to as "HIPAA") and that in doing so the Associate acts as a business associate pursuant to its arrangement with Agency as such term is defined at 45 CFR 160.103, and to the extent that —The Agency is a "Covered Entity" as that term is defined in HIPAA, and the parties to the underlying Agreement are entering into this Addendum to establish the responsibilities of both parties regarding HIPAA-covered information and to bring the underlying Agreement into compliance with HIPAA.

Whereas it is desirable, in order to further the continued efficient operations of Agency to disclose to its Associate certain information which may contain confidential individually identifiable health information (hereafter, Protected Health Information or PHI); and

Whereas, it is the desire of both parties that the confidentiality of the PHI disclosed hereunder be maintained and treated in accordance with all applicable laws relating to confidentiality, including the Privacy and Security Rules, the HITECH Act and its associated regulations, and the parties do agree to at all times treat the PHI and interpret this Addendum consistent with that desire.

NOW THEREFORE: the parties agree that in consideration of the mutual promises herein, in the Agreement, and of the exchange of PHI hereunder that:

1. Definitions. Terms used, but not otherwise defined, in this Addendum shall have the same meaning as those terms in the Privacy and Security Rules, including the HITECH Act.

a. **Breach** shall mean the acquisition, access, use or disclosure of protected health information in violation of the Privacy Rule which compromises the security or privacy of such information, except as excluded in the definition of Breach in 45 CFR § 164.402

b. **Business Associate** shall have the meaning given to such term in 45 CFR § 160.103.

c. **Electronic Health Record** shall mean an electronic record of health-related information on an individual that is created, gathered, managed, and consulted by authorized health care clinicians and staff.

d. Electronic Protected Health Information means Protected Health Information that is transmitted by Electronic Media as defined in the Security and Privacy Rule or maintained in Electronic Media.

e. Privacy Rule means the Standards for Privacy of Individually Identifiable Health Information found at 45 CFR Parts 160 and Part 164, Subparts A and E, as amended.

f. Personal Health Record shall mean an electronic record of identifiable health information on an individual that can be drawn from multiple sources and that is managed, shared and controlled by or primarily for the individual.

g. Protected Health Information or PHI shall have the meaning given to such term in 45 CFR § 160.1034.504, limited to the information created or received by Associate from or on behalf of Agency.

h. Security Incident means any known successful or unsuccessful attempt by an authorized or unauthorized individual to inappropriately use, disclose, modify, access, or destroy any information.

i. Security Rule means the Standards for the Security of Electronic Protected Health Information found at 45 CFR Parts 160 and 162, and Part 164, Subparts A and C. The application of Security provisions Sections 164.308, 164.310, 164.312, and 164.316 of title 45, Code of Federal Regulations shall apply to Associate of Agency in the same manner that such sections apply to the Agency.

j. Unsecured PHR Identifiable Health Information is information that is not protected through the use of a technology or methodology specified by the Secretary in the guidance issued under Section 13402(h)(2) of the HITECH Act.

k. Vendor of Personal Health Records shall mean an entity, other than a covered entity, that offers or maintains a personal health record.

2. PHI Disclosures; Permitted Uses.

a. PHI Described. PHI disclosed by the Agency to the Associate, PHI created by the Associate on behalf of the Agency, and PHI received by the Associate from a third party on behalf of the Agency are disclosable under this Addendum. The disclosable PHI is limited to the minimum necessary to complete the tasks, or to provide the services, associated with the terms of the original Agreement.

b. Purposes. Except as otherwise limited in this Addendum, Associate may use or disclose the PHI on behalf of, or to provide services to, Agency for the purposes necessary to complete the tasks, or provide the services, associated with, and required by the terms of the original Agreement, if such use or disclosure of the PHI would not violate the Privacy or Security Rules or applicable state law if done by Agency or violate the minimum necessary and related Privacy and Security policies and procedures of the Agency that are delivered to Associate in advance of the effective date of the Agreement.

3. **Obligations of Associate.**

a. **Stated Purposes Only.** The PHI may not be used by the Associate for any purpose other than stated in this Addendum or as required or permitted by law.

b. **Limited Disclosure.** The PHI is confidential and will not be disclosed by the Associate other than as stated in this Addendum or as required or permitted by law. Associate will refrain from receiving any remuneration in exchange for any individual's PHI, except in connection with the Agreement, unless Agency gives written approval, and the exchange is pursuant to a valid authorization (that includes a specification of whether the PHI can be further exchanged for remuneration by the entity receiving PHI of that Individual), or satisfies one of the exceptions enumerated in Section 13405(e)(2) of the HITECH Act. Associate will refrain from marketing activities that would violate HIPAA, specifically Section 13406 of the HITECH Act. Associate will report to Agency any use or disclosure of the PHI, including any Security Incident not provided for by this Agreement of which it becomes aware.

c. **Safeguards.** The Associate will use appropriate safeguards to prevent use or disclosure of the PHI, except as provided for in this Addendum. This shall include, but not be limited to:

(i) Limitation of the groups of its employees or agents, otherwise known as workforce members, to whom the PHI is disclosed to those reasonably required to accomplish the purposes stated in this Addendum, and the use and disclosure of the minimum PHI necessary;

(ii) Appropriate notification and training of its employees or agents to whom the PHI will be disclosed in order to protect the PHI from unauthorized disclosure;

(iii) Maintenance of a comprehensive written PHI privacy and security program that includes administrative, technical and physical safeguards appropriate to the size, nature, scope and complexity of the Associate's operations.

d. **Compliance With Law.** The Associate will not use or disclose the PHI in a manner in violation of existing applicable law and specifically not in violation of applicable laws relating to confidentiality of PHI, including but not limited to, the Privacy and Security Rules.

e. **Mitigation.** Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Associate of a use or disclosure of the PHI by Associate in violation of the requirements of this Addendum, and report its mitigation activity back to the Agency.

f. **Support of Individual Rights.**

(i) **Access to PHI.** Associate shall make the PHI maintained by Associate or its agents or subcontractors in Designated Record Sets available to Agency for inspection and copying within ten (10) days of a request by Agency to enable Agency to fulfill

its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.524 and consistent with Section 13405 of the HITECH Act,

(ii) **Amendment of PHI.** Within ten (10) days of receipt of a request from Agency for an amendment of the PHI or a record about an individual contained in a Designated Record Set, Associate or its agents or subcontractors shall make such PHI available to Agency for amendment and incorporate any such amendment to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.526.

(iii) **Accounting Rights.** Within ten (10) days of notice of a request for an accounting of disclosures of the PHI, Associate and its agents or subcontractors shall make available to Agency the documentation required to provide an accounting of disclosures to enable Agency to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.528 ~~and consistent with Section 13405 of the HITECH Act.~~ Associate agrees to document disclosures of the PHI and information related to such disclosures as would be required for Agency to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR §§ 164.528 ~~and 164.316.~~ This should include a process that allows for an accounting to be collected and maintained by Associate and its agents or subcontractors for at least six (6) years from the date of disclosure, or longer if required by state law. At a minimum, such documentation shall include:

- the date of disclosure;
- the name of the entity or person who received the PHI, and if known, the address of the entity or person;
- a brief description of the PHI disclosed; and
- a brief statement of purposes of the disclosure that reasonably informs the Individual of the basis for the disclosure, or a copy of the Individual's authorization, or a copy of the written request for disclosure.

(iv) **Request for Restriction.** Under the direction of the Agency, abide by any Individual's request to restrict the disclosure of PHI consistent with the requirements of Section 13405 of the HITECH Act and 45 CFR § 164.522.

~~g. **Retention of PHI.** Notwithstanding section 4.a, of this Addendum, Associate and its subcontractors or agents shall retain all PHI pursuant to state and federal law and shall continue to maintain the PHI required under Section 3.f. of this Addendum for a period of six (6) years after termination of the Agreement, or longer if required under state law.~~

~~h.g. **Agents, Subcontractors Compliance.** The Associate will ensure that any of its agents, including any subcontractors, to whom it provides any of the PHI it receives hereunder, or to whom it provides any PHI which the Associate creates or receives on behalf of the Agency, agree to the restrictions and conditions which apply to the Associate hereunder.~~

~~i. **Amendments.** The Associate shall make available to the specific Individual to whom it applies any PHI; make such PHI available for amendment; and Make available the PHI required to provide an accounting of disclosures, all to the extent required by 45 CFR §§ 164.524, 164.526, and 164.528 respectively;~~

j.h. Federal Access. The Associate shall make its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by the Associate on behalf of the Agency available to the U.S. Secretary of Health and Human Services consistent with 45 CFR § 164.504.

k.i. Security. The Associate shall take all steps reasonably necessary to ~~ensure the continuous security of~~ secure all PHI and Associate data systems containing PHI. In addition, compliance with 74 FR 19006 Guidance Specifying the Technologies and Methodologies That Render PHI Unusable, Unreadable, or Indecipherable to Unauthorized Individuals for Purposes of the Breach Notification Requirements under Section 13402 of Title XIII is required for electronic transmission of PHI. Except with respect to Associate owned devices or equipment, if Associate chooses not to adopt such methodologies as defined in 74 FR 19006 based on its Security Risk Analysis, Associate shall document such rationale and submit it to the Agency.

l.j. Notification of Breach. During the term of this Agreement, the Associate shall notify the Agency and, unless otherwise directed by the Agency in writing, the Office of Technology without unreasonable delay and in no case later than sixty (60) calendar days of discovery ~~immediately~~ by telephone call plus e-mail, web form or fax upon the discovery of a Breach of security of Unsecured PHI, where the use or disclosure is not provided for by this Addendum of which it becomes aware, if the PHI was, or is reasonably believed to have been, acquired by an unauthorized person; or within ten (10) days ~~24 hours~~ by e-mail or fax of any ~~suspected~~ Security Incident, ~~intrusion~~ or unauthorized use or disclosure of PHI in violation of this Agreement and this Addendum, ~~or potential loss of confidential data affecting this Agreement~~. Notification shall be provided to the Agency contract manager at www.state.wv.us/admin/purchase/vrc/agencyli.htm and unless otherwise directed by the Agency in writing, the Office of Technology at mailto:incident@wv.gov.

The Associate shall ~~immediately~~ investigate such Security Incident, Breach, or unauthorized use or disclosure of PHI ~~or confidential data~~. Within ~~72~~ ten (10) hours ~~days~~ of the discovery, the Associate shall notify the Agency contract manager, and, unless otherwise directed by the Agency in writing, the Office of Technology of the following, to the extent known: (a) What data elements were involved and the extent of the data involved in the Breach; (b) A description of the unauthorized persons known or reasonably believed to have improperly used or disclosed PHI or confidential data; (c) A description of where the PHI or confidential data is believed to have been improperly transmitted, sent, or utilized; (d) A description of the probable causes of the improper use or disclosure; and (e) Whether any federal or state laws requiring individual notifications of Breaches are triggered.

~~Agency will coordinate with Associate to determine additional specific actions that will be required of the Associate for mitigation of the Breach, which may include notification to the individual or other authorities.~~

~~All associated costs shall be borne by the Associate. This may include, but not be limited to costs associated with notifying affected individuals.~~

For a Breach of Unsecured PHI caused by Associate, Associate agrees to reimburse the Agency for the reasonable costs it incurs in providing the notifications required by 45 C.F.R. Part 164, Subpart D, and the costs of credit monitoring to affected individuals following a Breach, if consistent with established practices. In order to receive reimbursement, the Agency must provide Associate with a written accounting of Agency's actual costs, including pertinent documents, such as copies of receipts or invoices.

m.k. Assistance in Litigation or Administrative Proceedings. The Associate shall make itself and any subcontractors, employees or agents assisting Associate in the performance of its obligations under this Agreement, available to the Agency at the same rates~~no cost~~ set forth under the Agreement to the Agency to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against the Agency, its officers or employees based upon claimed violations of HIPAA, the HIPAA regulations or other laws relating to security and privacy, which involves inaction or actions by the Associate, except where Associate or its subcontractor, employee or agent is named as an adverse party.

4. Addendum Administration.

a. Duties at Termination. Upon any termination of the underlying Agreement, if feasible, the Associate shall return or destroy all PHI received from, or created or received by the Associate on behalf of the Agency that the Associate still maintains in any form and retain no copies of such PHI or if such return or destruction is not feasible, the Associate shall extend the protections of this Addendum to the PHI and limit further uses and disclosures to the purposes that make the return or destruction of the PHI infeasible. This shall also apply to all agents and subcontractors of Associate. The duty of the Associate and its agents and subcontractors to assist the Agency with any HIPAA required accounting of disclosures pursuant to Section 3.f.iii survives the termination of the underlying Agreement.

b. Termination for Cause. ~~Agency may terminate the underlying Agreement if at any time it determines that the Associate has violated a material term of the Agreement or this Addendum. Agency may, at its sole discretion, allow Associate a reasonable period of time to cure the material Breach before termination.~~ Upon one party's knowledge of a material breach by the other party, the non-breaching party shall either: (a) provide an opportunity for the breaching party to cure the breach or end the violation and terminate this Addendum (and any underlying agreement) if the breaching party does not cure the breach or end the violation within ten (10) business days; (b) immediately terminate this Addendum (and any underlying agreement) if cure is not possible; or (c) if neither termination nor cure are feasible, the non-breaching party may report the violation to the Secretary.

c. Judicial or Administrative Proceedings. ~~The Agency may terminate this Agreement if the Associate is found guilty of a criminal violation of HIPAA. The Agency may terminate this Agreement if a finding or stipulation that the Associate has violated any standard or requirement of HIPAA/HITECH, or other security or privacy laws is made in any administrative or civil proceeding in which the Associate is a party or has been joined. Associate shall be subject to prosecution by the Department of Justice for violations of HIPAA/HITECH and shall be responsible for any and all costs associated with prosecution.~~

d. **Survival.** The respective rights and obligations of Associate under this Addendum shall survive the termination of the underlying Agreement.

5. General Provisions/Ownership of PHI.

a. **Retention of Ownership.** Ownership of the PHI resides with the Agency and is to be returned on demand or destroyed at the Agency's option subject to Section 4.a above.

b. **Secondary PHI.** Any data or PHI generated from the PHI disclosed hereunder which would permit identification of an individual must be held confidential and is also the property of Agency.

c. **Electronic Transmission.** Except as permitted by law or this Addendum, the PHI or any data generated from the PHI which would permit identification of an Individual must not be transmitted to another party by electronic or other means for additional uses not authorized by this Addendum or to another contractor, or allied agency, or affiliate without prior written approval of Agency.

d. **No Sales.** Reports or data containing the PHI may not be sold without Agency's or the affected Individual's written consent.

e. **No Third-Party Beneficiaries.** Nothing express or implied in this Addendum is intended to confer, nor shall anything herein confer, upon any person other than Agency, Associate and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

f. **Interpretation.** The provisions of this Addendum shall prevail over any provisions in the Agreement that may conflict or appear inconsistent with any provisions in this Addendum. The interpretation of this Addendum shall be made under the laws of the state of West Virginia.

g. **Amendment.** The parties agree that to the extent necessary to comply with applicable law they will agree to further amend this Addendum.

h. **Additional Terms and Conditions.** Additional discretionary terms may be included in the release order or change order process.



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
INS12001

PAGE
4

ADDRESS CORRESPONDENCE TO ATTENTION OF
SHELLY MURRAY
304-558-8801

RFQ COPY
TYPE NAME/ADDRESS HERE

INSURANCE COMMISSION

1124 SMITH STREET
CHARLESTON, WV
25305-0540 304-558-3707

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
02/09/2012				
BID OPENING DATE: 03/21/2012		BID OPENING TIME 01:30PM		

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
REQUISITION NO.: INS12001						
ADDENDUM ACKNOWLEDGEMENT						
I HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING CHECKED ADDENDUM(S) AND HAVE MADE THE NECESSARY REVISIONS TO MY PROPOSAL, PLANS AND/OR SPECIFICATION, ETC.						
ADDENDUM NO.'S:						
NO. 1						
NO. 2						
NO. 3						
NO. 4						
NO. 5						
I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF THE ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF BIDS.						
VENDOR MUST CLEARLY UNDERSTAND THAT ANY VERBAL REPRESENTATION MADE OR ASSUMED TO BE MADE DURING ANY ORAL DISCUSSION HELD BETWEEN VENDOR'S REPRESENTATIVES AND ANY STATE PERSONNEL IS NOT BINDING. ONLY THE INFORMATION ISSUED IN WRITING AND ADDED TO THE SPECIFICATIONS BY AN OFFICIAL ADDENDUM IS BINDING.						
..... SIGNATURE KPMG LLP COMPANY						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS			
SIGNATURE		TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

INS12001

PAGE

5

ADDRESS CORRESPONDENCE TO ATTENTION OF

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304-558-8801

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TYPE NAME/ADDRESS HERE

INSURANCE COMMISSION

1124 SMITH STREET
CHARLESTON, WV

25305-0540

304-558-3707

DATE PRINTED

02/09/2012

TERMS OF SALE

SHIP VIA

FOB

FREIGHT TERMS

BID OPENING DATE:

03/21/2012

BID OPENING TIME

01:30PM

LINE

QUANTITY

UOP

CAT
NO

ITEM NUMBER

UNIT PRICE

AMOUNT

..... April 2, 2012
DATE

NOTE: THIS ADDENDUM ACKNOWLEDGEMENT SHOULD BE SUBMITTED WITH THE BID.

PURCHASING CARD ACCEPTANCE: THE STATE OF WEST VIRGINIA CURRENTLY UTILIZES A VISA PURCHASING CARD PROGRAM WHICH IS ISSUED THROUGH A BANK. THE SUCCESSFUL VENDOR MUST ACCEPT THE STATE OF WEST VIRGINIA VISA PURCHASING CARD FOR PAYMENT OF ALL ORDERS PLACED BY ANY STATE AGENCY AS A CONDITION OF AWARD.

NOTICE

A SIGNED BID MUST BE SUBMITTED TO:

DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
BUILDING 15
2019 WASHINGTON STREET, EAST
CHARLESTON, WV 25305-0130

THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:

SEALED BID

BUYER:

SHELLY MURRAY

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE

TELEPHONE

DATE

TITLE

FEIN

ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

INS12001

PAGE

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ADDRESS CORRESPONDENCE TO ATTENTION OF

SHELLY MURRAY
304-558-8801

RFQ COPY

TYPE NAME/ADDRESS HERE

INSURANCE COMMISSION

1124 SMITH STREET
CHARLESTON, WV
25305-0540 304-558-3707

VENDOR

SHIP TO

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
02/09/2012				

BID OPENING DATE: 03/21/2012 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
RFQ. NO.: INS12001						
BID OPENING DATE: 03/21/2012						
BID OPENING TIME: 1:30 PM						
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID:						
212 954 5315						
CONTACT PERSON (PLEASE PRINT CLEARLY):						
Lorna Stark						
***** THIS IS THE END OF RFQ INS12001 ***** TOTAL:						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

Rev. 09/08

State of West Virginia

VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with **West Virginia Code**, §5A-3-37. (Does not apply to construction contracts). **West Virginia Code**, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the **West Virginia Code**. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable.

1. **Application is made for 2.5% resident vendor preference for the reason checked:**
 _____ Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,
 _____ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,
 _____ Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,
2. **Application is made for 2.5% resident vendor preference for the reason checked:**
 _____ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
3. **Application is made for 2.5% resident vendor preference for the reason checked:**
 _____ Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
4. **Application is made for 5% resident vendor preference for the reason checked:**
 _____ Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,
5. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**
 _____ Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,
6. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**
 _____ Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (**West Virginia Code**, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: _____

Signed: _____

Date: _____

Title: _____

*Check any combination of preference consideration(s) indicated above, which you are entitled to receive.

N/A 28

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

Under penalty of law for false swearing (**West Virginia Code §61-5-3**), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

WITNESS THE FOLLOWING SIGNATURE

Vendor's Name: KPMG LLP

Authorized Signature: [Signature] Date: 4/2/12

State of New York

County of New York, to-wit:

Taken, subscribed, and sworn to before me this 2 day of April, 2012

My Commission expires March 23, 2015

AFFIX SEAL HERE

NOTARY PUBLIC [Signature]

DEBBIE PETERKOFKY
Notary Public, State of New York
No. 41-4883959
Qualified in Nassau County
Commission Expires March 23, 2015

KPMG High Level Approach To West Virginia Exchange Analysis

Action Items	Timeline				
Activities and Key Deliverables	Week 4	Week 12	Week 20	Week 28	Week 36
<u>Planning:</u> establish engagement team, confirm scope, kick-off meeting, etc	■				
<u>Background research:</u> collect data and perform analysis of current market and affordability	■	■	■		
<u>Design options:</u> adjust actuarial analysis and perform sensitivity testing and scenario testing			■	■	
<u>Exchange organization:</u> construct Exchange structure and evaluate and assess government options and functional support; conduct IT gap analysis	■	■			
<u>Budgeting:</u> evaluate and validate various budgeting inputs and assumptions; perform sensitivity testing		■	■	■	
<u>Impact analysis:</u> examination of impact of existing programs, ACA requirements, adverse selection, etc.				■	
<u>Wrap up considerations:</u> revise management assumptions and prepare and review final report					■

Attachment B: Mandatory Specification Checklist

The following mandatory requirements must be met by the Vendor as a part of the submitted proposal. Failure on the part of the Vendor to meet any of the mandatory specifications shall result in the disqualification of the proposal. The terms "must", "will", "shall", "minimum", "maximum", or "is/are required" identify a mandatory item or factor. Decisions regarding compliance with any mandatory requirements shall be at the sole discretion of the State.

A simple "yes" or "no" response to these sections is not adequate (Attachment B). Failure to meet mandatory items shall result in disqualification of the potential vendor's proposal and the evaluation process terminated for that bidder.

Decisions regarding compliance with the intent of any mandatory specification shall be at the sole discretion of the Agency.

- One or more members assigned to this contract must be a fellow of the Society of Actuaries (FSA) and/or a member of the American Academy of Actuaries (MAAA);
- Members assigned this contract must have at least 5 years of experience with health insurance products;
- Members assigned this contract must be knowledgeable to Actuarial Standard Practice No. 8, 23, and 25;
- The firm shall have no conflict of interest with regard to any carrier that is actively writing individual or group health products in the West Virginia market.
- This scope of work includes those tasks associated with overall planning and feasibility analysis supporting the State, and as appropriate, in the development, design, creation of an implementation plan for an Exchange in West Virginia. The following tasks are preliminarily identified as necessary for such planning and implementation, but it is expected that selected vendor will be assisting the State with identifying key questions, analysis, and decision points required for the analysis, and as appropriate, successful implementation of the Exchange. The state will require the successful vendor to describe how they will approach each requested outcome with the State retaining authority to modify approach as deemed necessary.
- The successful vendor must provide the WVOIC with data and trend analysis of health insurance coverage and the private health insurance marketplace as described below. The successful vendor must coordinate with the WVOIC to secure data necessary for the analysis detailed in this section. To the extent possible, the successful vendor must identify and collect primary data to fill the gaps in existing primary and secondary data sources. Any primary data collected in completion of the services identified in this section must be made available to the WVOIC for future use. The successful vendor must present findings in oral presentations and provide a written report with appropriate graphs and charts. The potential vendor shall provide a work plan for completion of this project.

I certify that the proposal submitted meets or exceeds all the mandatory specifications of this Request for Proposal. Additionally, I agree to provide any additional documentation deemed necessary by the State of West Virginia to demonstrate compliance with said mandatory specifications.

KPMG LLP
(Company)

Jona Stark / mff Partner
(Representative Name, Title)

212 872 3396
(Contact Phone/Fax Number)

4/6/12
(Date)