

February 4, 2014

West Virginia Department of Revenue
Offices of the Insurance Commissioner

Actuarial Rate Review of Life and Health Related
Product Filings and Consulting Services

Appendix A - Solicitation Number:INS14014

HayGroup®



Prepared by:

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02/04/14 09:11:36AM
West Virginia Purchasing Division

EXHIBIT A

REQUEST FOR QUOTATION INS14014

Actuarial Rate Review of Life and Health Related Product Filings and Consulting Services

Item #	Year:	Description:	Hours:	Unit Price:	Extended Price:	Total:
1	1	Actuarial Rate Review of Life and Health product filings and consulting services.	1000	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00
2	2 (1st Renewal)	Actuarial Rate Review of Life and Health product filings and consulting services.	1000	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00
3	3 (2nd Renewal)	Actuarial Rate Review of Life and Health product filings and consulting services.	1000	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00
Overall Total Price ----->						\$ 750,000.00

Note: Quantities (hours) listed above are estimates and are for evaluation purposes only. Actual need is not guaranteed or implied.

Vendor must submit an all-inclusive hourly rate for the required services which includes travel and related expenses, including supplies and general administrative expenses.

Award will be made to the responsible bidder meeting specifications with the lowest Overall Total Price.

Vendor Name: Hay Group, Inc.

Address: 4301 N. Fairfax Drive
#600
Arlington, VA 22203

E-Mail: Grady.Catterall@haygroup.com

Fax#: 703-841-3108

Phone# 703-841-3100

Signature:

Sanjit Puri

Date: 2/3/2013

Numbers for Exhibit A (Pricing Sheet) of WV Proposal

<u>Year</u>	<u>Hours (fixed in RFQ)</u>	<u>Unit Price</u>	<u>Extended Price</u>	<u>Total</u>
1	1,000	\$250.00	\$250.00	\$250,000
2	1,000	250.00	\$250.00	\$250,000
3	1,000	250.00	\$250.00	\$250,000
			Overall Total Price: \$750,000	

Extended Price: increase over Unit Price: 0.0%

Annual price increase: 0.0%

February 4, 2014

West Virginia Department of Revenue
Offices of the Insurance Commissioner

Actuarial Rate Review of Life and Health Related
Product Filings and Consulting Services

INS14014

HayGroup®



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ORIGINAL

February 4, 2014

Evelyn P. Melton
Department of Administration
Purchasing Division
2019 Washington Street, East
Charleston, WV 25305

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Dear Ms. Melton:

Hay Group is pleased to submit our proposal to provide actuarial rate review of life and health related product filings and consulting services to the Offices of the Insurance Commissioner (OIC).

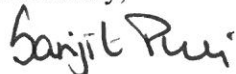
I am a Principal and actuary in Hay Group's Washington DC office. I am authorized to represent Hay Group and commit the firm contractually to providing the services and fulfilling the requirements described in the RFQ.

Our capabilities and experience are fully detailed in our proposal. Briefly, Hay Group is a leading worldwide human resources consulting firm with a full service benefits consulting practice. The consulting team for this proposal, which includes our subcontracting partner Axene Health Partners (AHP), has particularly strong experience in providing actuarial consulting services to federal, state and local government entities, as well as in developing and reviewing rate filings for insurance products.

We believe that our submission meets all of the requirements of the OIC as stated in the RFQ. Furthermore, we believe our proposal demonstrates that we have the necessary skills and experience to provide the requested services at the highest level of quality.

We look forward to working with you and providing substantial value to the OIC. If you have any questions, please contact me at (703) 841-3179 or Sanjit.puri@haygroup.com.

Sincerely,



Sanjit Puri, ASA, MAAA
Principal

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Executive Summary

Hay Group and our subcontracting partner Axene Health Partners (AHP), referred to herein as the Hay Group Team, appreciates the opportunity to present our proposal to provide actuarial rate review of life and health related product filings and consulting services to the Offices of the Insurance Commissioner (OIC).

Sanjit Puri will be the Contract Manager. Grady Catterall will be the Lead Reviewing Actuary for the Hay Group staff and John Fritz will be the Lead Reviewing Actuary for the AHP staff. To address compliance and other issues related to the Affordable Care Act (ACA), we have included the attorney who heads the research unit for Hay Group's U.S. Benefits Practice as part of the project team.

We believe that Hay Group and its sub-contracting arrangement with AHP combine to provide the OIC with an excellent collection of skills and competencies for this project:

- We have a powerful combination of industry and regulatory experience.
- Our experience includes developing premium rates, preparing rate filings, and reviewing rate filings, so we understand what distinguishes a reasonable rate filing from an unreasonable one.
- We have a clear understanding of the ACA, including the requirements it places on insurers, regulators, and others, and the implementation challenges resulting from these requirements.
- We have been working with the State of New Jersey's Department of Banking and Insurance for the last two years to improve and streamline its rate review process, meet other requirements of the ACA, and provide guidance and assistance with a variety of tasks that it performs in the course of overseeing the state's insurance market.
- We are experienced in using SERFF (System for Electronic Rate and Form Filing), and we know how to get the information we need from it in order to perform thorough rate reviews.

In summary, we are confident that we have the skills, experience, and qualified resources to perform the work associated with this important solicitation, and we think our proposal clearly demonstrates this.

Both Hay Group and AHP are leading actuarial consulting firms, with an impressive history of providing services to state insurance regulators, federal agencies, and other government entities. Hay Group's experience includes the review of Medicare Advantage and Part D bids for the Centers for Medicare and Medicaid Services (CMS) and the review of the development of capitation rates for the Designated Provider Program (formerly United States Family Health

Plans or USFHP) for the Department of Defense. AHP has particular strength at the state level, with prior engagements such as the high-visibility review of individual health insurance filings from Anthem Blue Cross, Blue Shield of California, HealthNet and Aetna, on behalf of the California Department of Insurance in 2010.

We believe that the following highlights from our proposal demonstrate the expertise and strength of our consulting team:

- Our proposed process combines the best of traditional state-based premium rate reviews with the lessons learned from the annual high-volume CMS Medicare bid review process.
- The diverse team of credentialed actuaries featured in this proposal has experience in all aspects of health plan pricing and rate review.
- We have a management plan that is designed to ensure consistent, efficient, high-quality reviews.
- Hay Group consultants have performed compliance audits and have presented numerous training sessions and webinars on the compliance-related issues. Our benefits research unit keeps Hay Group consultants up-to-date on new regulations and other guidance issued by government agencies, and it provides ongoing updates to our clients.

As noted above, the Hay Group Team will be managed by three credentialed senior actuaries: a Contract Manager and two Lead Reviewing Actuaries. To ensure consistency in reviews, we will develop a database to capture review data in a consistent format and to help guide the initial stages of each review. We will perform our reviews in accordance with generally accepted actuarial principles and practices, as well as with any established (or planned) OIC processes for reviewing rate filings. We will bring to the OIC's attention any situations in which the existing process may need to be supplemented, based on case-specific issues that may arise during the course of our reviews.

When the Hay Group Team receives review assignments from the OIC, the Contract Manager will allocate each rate filing to one of the Lead Reviewing Actuaries for an initial review. The Lead Reviewing Actuary will assign the filing to another reviewing actuary, who will perform an initial check for completeness. If the filing is found to be incomplete, this information will immediately be communicated to the Lead Reviewing Actuary, who will notify the OIC as well as the filing company to request the additional information needed.

The actuary performing the review will be responsible for coordinating the work of any other Hay Group Team members assisting in the review. The reviewing actuary will develop recommendations for the OIC and draft a review report, which will be peer reviewed by one of the Lead Reviewing Actuaries or the Contract Manager before being submitted to the OIC. As requested by the OIC, the report will be submitted initially in draft form so that any revisions (if

needed) can be discussed and agreed upon before final acceptance of the report by the OIC. Throughout the process, the Lead Reviewing Actuary will track the date that assignments are received from the OIC, the date that they are assigned to the reviewing actuary, the receipt of additional information from the carrier, the completion of any intermediate steps as defined by the agreed-upon review process, and the date on which the final recommendations are submitted to the OIC.

Section 1 - Offeror Information

Hay Group is pleased to submit a proposal in response to RFQ INS14014 to provide actuarial rate review of life and health related product filings and consulting services to the Offices of the Insurance Commissioner of West Virginia (OIC). We are confident that we have the specific skills and capabilities needed to perform the proposed services.

The consulting team for this proposal, which includes our subcontracting partner Axene Health Partners (AHP), has particularly strong experience in providing actuarial consulting services to federal, state and local government entities, as well as in developing and reviewing rate filings for insurance products.

Hay Group was founded in 1943 with the mission to assist organizations in achieving their objectives by focusing on the impact that people can make on their organization. By staying true to this mission, Hay Group has grown to become one of the world's largest management and human resources consulting firms. Hay Group employs over 2,600 top professional and support employees located in 85 offices in 48 countries (10 offices with approximately 404 employees in the United States). The following is a list of Hay Group USA offices:

Arlington, VA	Kansas City, MO
Atlanta, GA	Los Angeles, CA
Boston, MA	New York Metro, NJ
Chicago, IL	Philadelphia, PA
Dallas, TX	San Francisco, CA

Huggins and Company, the predecessor to the current Benefits Practice of the Hay Group, was founded in 1911. Huggins was one of the first organizations in the United States to provide independent actuarial and benefits consulting services. Hay Group and Huggins merged in the 1970s to form Hay/Huggins and Company. Currently, our 15 credentialed actuaries and benefits specialists are designated as the U.S. Benefits Practice of the Hay Group. These services are provided by expert consultants using proprietary databases and analytical models. We offer a team of our most qualified consultants to meet the critical needs for the Division.

All of the actuarial and consulting services described in this proposal will be provided through our Washington DC Metro office. We are located at:

Hay Group, Inc.
4301 North Fairfax Drive
Suite 600
Arlington, VA 22203
P: 703.841.3100
F: 703.841.3108
www.haygroup.com

Sanjit Puri will serve as the main point of contact for the OIC for the services requested.
His contact information is:

Sanjit Puri, A.S.A., MAAA
4301 North Fairfax Drive
Suite 600
Arlington, VA 22203
P: 703.841.3100
F: 703.841.3108
email: sanjit.puri@haygroup.com

Section 2 - Statement of Problem

2.1 Background

The OIC is seeking a consulting firm to provide actuarial rate review of life and health related product filings and consulting services. West Virginia is a Prior Approval state. The OIC's Rates & Forms Division reviews and either approves or disapproves rate filings in order to ensure that the rates (a) are not excessive, unjust, or unfairly discriminatory, and (b) are consistent with all applicable statutory and regulatory requirements.

2.2 Scope of Work as Requested

Based on our experience, the scope of work as described in the RFQ will involve the following tasks and deliverables:

1. Rate Filing Reviews

- a. Perform actuarial reviews of rate filings for life and health related products, which may include accident and sickness, long term care, disability, annuity, health, major medical, credit and Medicare supplement products for the individual, group and association markets.
- b. Analyze unit cost and utilization trends, lapse rates, loss ratios, credibility determinations, and rate development procedures (including loss development methodologies, rating bands, durational factors, and geographical factors).
- c. Examine carriers' support of rating factors, their development of indicated and requested rate levels, their justification for rate changes, and the projected impact of premium adjustments to consumers.
- d. Send questions about rate filings, requests for additional information, or other follow-up inquiries to the OIC so that it can convey them to the carriers.
- e. Document reviewer concerns, if any, regarding the carriers' selection of assumptions, their use of rating factors, and any other relevant aspects of the rate filings.
- f. Submit initial rate review report to the OIC within 30 days of receiving the rate filing.

2. General Consulting Services

- a. Respond by telephone and/or email to questions raised by the OIC concerning actuarial matters, insurer filings and other aspects of the West Virginia insurance market.
- b. Perform special reviews and/or analyses of life and health products as requested by the OIC.
- c. Develop written reports when assigned to do so by the OIC, and submit drafts of these reports to the OIC so that any changes, if needed, can be discussed and agreed upon before final acceptance of the report.
- d. Appear before legislative committees, executive agencies, judicial courts and related State entities as needed to respond to questions or present reports.
- e. Provide other management consulting services as requested by the OIC, such as:
 - i. Supporting the OIC in the development and implementation of rate review enhancement initiatives.
 - ii. Working with the OIC to develop standards to be used for carrier rate filings.
 - iii. Assisting the OIC in conducting targeted examinations to validate or revise assumptions used by carriers in rate filings.

Section 3 - Work Plan

All the work to be performed under the scope of services in the RFQ will be performed directly by the Hay Group Team.

3.1 Project Management

Sanjit Puri will serve as the Contract Manager. Mr. Puri will coordinate the activities of the project team and serve as the primary point of contact for OIC staff for purposes of administering the contract and for resolving technical questions (in consultation with the lead reviewing actuaries). Also, Mr. Puri will interface regularly with key OIC staff (as designated by the client) and, if needed, participate in program management review meetings.

Mr. Puri has prior contract management experience. This includes, most recently, the management of our 1,200-plus Medicare Advantage and Medicare Part D bid reviews in the June to August 2013 bid review cycle. This work included overseeing five lead reviewing actuaries and a team of over 20 staff members.

Assisting the Contract Manager in the day-to-day coordination of team activities will be the two Lead Reviewing Actuaries, Grady Catterall and John Fritz. The Lead Reviewing Actuaries will provide an alternative point of contact in the unlikely event that the Project Director is not available. In addition, Mr. Catterall will be responsible for supervising all work performed by Hay Group staff, and Mr. Fritz will be responsible for supervising all work performed by AHP staff.

Technical questions from project team members will go first to Mr. Catterall, Mr. Fritz, and Mr. Puri. This arrangement will limit the number of routine questions sent by our team to the OIC, and it will provide a central contact point for distributing any additional guidance provided by the OIC.

3.2 Rate Filing Reviews

The first step in the review process itself will be to determine whether all the required and necessary filing information has been submitted by the carrier (or other rate filing entity) – i.e., whether the submission conforms to West Virginia's general filing requirements, and/or whether additional information may be needed from the carrier. We will also confirm – as required by Actuarial Standard of Practice (ASOP) No. 23, Data Quality – that the data used in the rate development is reasonable and internally consistent. If the filing is for a health plan, we will ensure that it complies with ASOP No. 8, Regulatory Filings for Health Plan Entities.

Our review will examine the appropriateness of the assumptions used by the carrier to develop the proposed rate increase, based on the validity of the historical data underlying the assumptions. We also will examine the reasonableness of any expected changes to these data categories during the projected rating period. Finally, we will examine how well the carrier's past projections have agreed with the actual historical experience that emerged in subsequent years.

A report will be issued at the conclusion of each rate filing review. The report will include:

- A description of the scope of the review;
- A summary of the methodologies employed;
- A summary of the findings;
- A summary as to the actuarial justification for the carrier's filing;
- An assessment, based on statistical analysis and reasonable assumptions, of whether rates are excessive, inadequate or unfairly discriminatory; and
- A recommendation regarding the disposition of the filing.

We will complete and submit each report within 30 days of our receiving the initial filing. If, during this 30-day review period, we determine that additional information is needed in order to adequately assess the filing, we will immediately contact the OIC to discuss our findings to date and collaboratively determine the steps necessary and time required to complete the review in an efficient and professional manner.

For filings subject to the Affordable Care Act (ACA), and elsewhere as needed, our review will include:

- Confirmation that the Actuarial Memorandum meets West Virginia requirements as well as federal rate filing standards.
- Confirmation that rate filings meet any applicable rate review checklists used in West Virginia.
- Confirmation that rate schedules conform to market requirements and to the rate factor tables publicly reported by the carriers.
- Comparative review of multiple rates filed by the same carrier to confirm that the rate relationships are reasonable relative to actual benefits covered and are not discriminatory.

The Contract Manager and/or the Lead Reviewing Actuary for a review will be available for discussions with OIC personnel throughout the review process, as well as after a rate review report is submitted. We can be on-site as needed during "crunch" periods or to

attend – and testify at, if necessary – public hearings or other State meetings in West Virginia.

We recognize that rating methods and rate filing requirements may evolve over time. If changes in regulations or other guidance occur during the course of the contract – and if these changes are expected to impact rating methods or rate filing requirements – we will work with the OIC to identify the affected filings, determine the potential impact, and, if needed, assist in the communication of these changes to rate filing entities and other interested parties in West Virginia.

3.3 General Consulting Services

Rate Review Process Enhancements

With respect to rate filing standards, a large variety of approaches are taken by different states. In addition to differences between states, we are currently seeing a lot of changes within states in terms of the standards that regulators use and how these standards are applied. As part of our work with insurance regulators in New Jersey, Hay Group and its subcontractor on that project surveyed various state insurance departments and local stakeholders to collect information on what standards they thought should be applied to rate filings for health insurance plans. We could undertake a similar process on behalf of the OIC, using the knowledge gathered during that process to help the OIC develop reasonable standards that are strong enough to ensure that rate developments are fully and accurately explained, yet flexible enough to allow for different operating or delivery models.

The process would begin by our learning about and summarizing the current rate filing standards (or common practices) used in West Virginia. If the OIC considers it practicable and cost-effective to do so, we would interview OIC staff to document the current situation and receive their feedback and suggestions. We may also find it useful to interview appropriate subjects to understand the standards and practices that have prevailed until now. During all the interviews, we would learn what people believe is working best and where they would like to make changes.

Depending on OIC preferences, the Hay Group Team could provide a verbal summary of the knowledge gathered from the above process, or we could draft a formal report that would include detailed recommendations. The goal would be to indicate clearly whatever inconsistencies, redundancies, or general vagueness exists among the currently used standards or prevailing practices, and to develop more clearly defined standards that are easily understood and can be implemented without requiring an inordinate amount of effort on the part of carriers or the OIC.

Examination of Rate Development Assumptions

As noted above, our normal rate review process would include an examination of the appropriateness of the assumptions used by carriers to develop proposed rate changes, based and the validity of the historical data underlying the assumptions. We can extend this process to do a “deep dive” into the process by which carriers develop their rate filing assumptions. For example, in the health insurance sector, our review would include an examination of the following factors:

- Medical trends, and changes in trends, by major service categories;
- Utilization changes by major service categories;
- Cost-sharing changes by major service categories;
- Benefit changes;
- Changes in enrollee risk profile;
- Any overestimate or underestimate of medical trend for prior year periods;
- Changes in reserve needs;
- Changes in administrative costs related to programs that improve health care quality;
- Changes in other administrative costs;
- Changes in applicable taxes, licensing or regulatory fees, including those imposed by the ACA;
- Historical and projected medical loss ratios (MLRs); and
- The carriers’ capital and surplus.

Legislative Analysis and Support

In addition to performing the review process, we could assist the OIC in analyzing legislation and in writing regulations and bulletins. This would be particularly relevant to any legislation that would affect the benefits offered under insurance products sold in West Virginia.

For example, by using our proprietary Health Care Benefit Value Comparison (HCBVC) actuarial model, in conjunction with commercially available health insurance pricing software, we could assess the expected cost impact of any proposed law that would affect the benefits or other plan provisions or operating conditions for health insurance plans. An important feature of the HCBVC model’s design is the use of “induction” formulae that take into account how increases or decreases in member cost sharing not only affect the amount paid by the health plan, but also have an induced demand effect that increases or decreases utilization. The model therefore allows Hay Group actuaries to more

accurately assess how changes in copays, coinsurance and deductibles will affect specific plans and, by extension, the overall health insurance market.

The model uses methodology that has been specifically developed to model current healthcare benefits. It can value relatively simple changes in plan design (such as a change in copays) as well as more sophisticated changes (such as adding a new coverage tier for prescription drugs). The model can even provide cost estimates associated with shifting coverage for one or more expense categories, or for the creation of new benefit categories altogether.

Originally designed for the Congressional Research Service to calculate values for Fee-for-Service (FFS) plans, the HCBVC model can also be used to value HMO, PPO, and Point of Service (POS) plans. It is especially useful in providing relative values for benefit value comparisons.

Compliance with the ACA and Other Federal and/or State Statutes and Regulations

Hay Group consultants have extensive experience in performing compliance audits and have presented numerous training sessions and webinars on compliance-related issues. Our benefits research unit keeps Hay Group consultants up-to-date on new regulations and other guidance, and it provides ongoing updates to our clients.

For example, Hay Group has been advising clients on the implications of the ACA since it was first introduced – even before the law was enacted in 2010 – through our *Hay Group Benefits Alerts* (user-friendly summaries of legislative and regulatory developments affecting insurance and benefits), written reports on the impact of specific provisions of the ACA, meetings with clients on how they will be affected by the ACA, and in-depth research and analysis on issues of particular interest to our clients.

As part of every consulting project, all members of our consulting team have been available to address ad hoc questions on all compliance-related issues affecting our clients. In addition, our research attorneys are available to provide ad hoc compliance guidance, regardless of whether or not they are specifically assigned to the client or project from which the inquiry arises. No matter what, we'll be there for the OIC whenever it needs us.

3.4 Problems That May Reasonably Be Anticipated

Based on our experience in performing rate filing reviews, the following is a sampling of the problems we have identified that may arise during the course of our rate review assignments:

- *Significantly increased workflow near rate filing deadlines.* At the commencement of the project, we would work with the OIC to determine the times when workflows will likely peak, and then formulate specific plans for such occurrences to ensure that adequate staffing will be available to handle the increased workload. Both Lead Reviewers have access to additional actuarial staff who can provide extra support while working under the Lead Reviewers' supervision. If necessary, Hay Group Team members can work onsite with OIC staff to maximize efficiency.
- *Evaluations of cost projections for new entrants in a market or new products where there is no previous experience data to support the rates.* Our prior rate review work has included situations in which historical experience was either nonexistent or insufficient to support rate development. Our actuaries have access to proprietary, geographically specific internal cost models to assist in assessing the reasonableness of filers' cost projections, both at the "micro" level of individual assumptions and at the "macro" level of the resulting rates.
- *Identification and review of the justification for outlier cost factors and utilization rate assumptions.* Our analytical and statistical capabilities are sufficiently robust and sophisticated to identify such outliers and assess their applicability to the plan and population being addressed in the rate filing. We have experience with this issue in other states; the situation is generally handled by requiring credible justification for such factors and/or suggesting an appropriate range of factors to use instead.
- *Changes in federal and/or state-level guidelines or requirements during the filing review process.* We recognize that rating requirements may evolve over time. If regulatory or guidance changes occur during the review process, we will immediately work with the OIC to identify the affected filings, determine the potential impact, and, if needed, assist in the communication of these changes to rate filing entities and other interested parties in West Virginia.
- *Tracking progress of all filings under review such that the OIC is continually aware of each review's status and progress.* Our description of the proposed Project Management process above is particularly relevant here. This process has served us quite well in the past.
- *Change in reviewing actuary during review process due to unforeseen circumstances.* Ensuring adequate staffing with potential excess capacity is one of Hay Group's reasons for partnering with a highly qualified subcontractor like Axene Health Partners (AHP). The Lead Reviewing Actuaries will play a critical role in ensuring a seamless transition in the unlikely event of a change in reviewing actuary. To ensure continuity, we will maintain detailed documentation of all phases of the review process, so that another trained reviewer from the Hay Group Team can complete the review. Both Hay Group and AHP have additional actuarial staff available at all times.

Section 4 - Qualifications and Experience

4.1 Requirements as Stated in the RFQ

A) Minimum Professional Qualifications

The Hay Group Team meets the following requirements stated in the RFQ:

1. As shown below, almost all of the consultants assigned to the OIC team are Members of the American Academy of Actuaries and either Associates of the Society of Actuaries or Fellows of the Society of Actuaries.
2. All of the consultants assigned to the OIC team have at least five years of experience with life and health products.
3. Our team includes members who have at least five years of experience specifically with long term care products.
4. The actuaries assigned to the OIC team are knowledgeable about all applicable Actuarial Standards of Practice (ASOPs), including ASOP No. 8, Regulatory Filings for Health Plan Entities.
5. The majority of our team are experienced in providing rate review services to state insurance regulators.

B) Conflict of Interest

The Hay Group Team has no conflict of interest with regard to any carrier that is actively writing individual or group life and health products in the West Virginia market.

4.2 Staffing Qualifications and Experience

Following is a summary of the qualifications of each member of our consulting team and the role they will be assigned on this project for the OIC.

Sanjit Puri (Contract Manager) is a Principal in the Benefits Practice of Hay Group. He joined Hay in 2003. He is an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. For this project he will fill the role of contract manager. He holds an MBA in Finance and Supply Chain Management from Rutgers University and a Bachelor's of Science from the University of Delhi. Mr. Puri's experience includes: participation for the past eight years (including as a team leader) in audits and actuarial reviews of Medicare Advantage and Part D Plan pricing bids on behalf of the

Centers for Medicare and Medicaid Services (CMS), assisting the Michigan Legislature System with their analysis of the possible consolidation of health plans for Michigan School District employees, and working on FAS 87 & 106 and GASB 43 & 45 post retirement medical valuations for the United States Postal Service, the MacArthur Foundation, the Metropolitan Washington Airports Authority, Inova Health System, Harris Corporation, the City of Philadelphia, the City of Dallas, the Port Authority of New York and New Jersey, the U.S. Public Health Service, the NOAA, the U.S. Coast Guard, Chatham County (Georgia), and the Commonwealth of Pennsylvania. Prior to joining Hay Group, Mr. Puri was employed by Prudential as a financial services associate.

Grady Catterall (Lead Reviewing Actuary) is a Consultant in the health and welfare actuarial consulting practice in Hay Group's Arlington, VA office. He holds a Bachelor of Arts degree in Applied Mathematics from Harvard University and a Master of Public Health degree from the Johns Hopkins University. Mr. Catterall is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. He has over 25 years of experience as an actuary in the health insurance, health policy, and employee benefits fields. He has consulted with health plans, state governments, and private foundations on health policy and finance issues. His work has included rate-setting for Medicaid managed care programs, developing state-level programs to broaden health insurance coverage, and creating statistical models to enable health plans to evaluate bid strategies for government programs and to help state officials decide how to regulate insurer surpluses. He also has consulted with both private and public sector employers on their active and retiree benefit plans, helping them make the best decisions with respect to funding, plan design, and vendor evaluations. Mr. Catterall's areas of expertise include pricing, reserving, trend analysis and forecasting of plan enrollment, healthcare utilization and benefit costs. His other experience includes assessing the cost impact of changes in benefit provisions, streamlining rating methods for health insurance programs, and performing vendor evaluations and negotiations. Mr. Catterall serves as the editor of the Society of Actuaries' Health e-News. Prior to joining the Hay Group, Mr. Catterall's career included actuarial positions with UnitedHealthcare, Kaiser Permanente and the Lewin Group.

John Fritz (Lead Reviewing Actuary) joined Axene Health Partners, LLC in 2008 after a successful 40-year career that was almost evenly divided between actuarial consulting positions and in-house actuarial and other executive positions within two large multi-state HMOs and their health insurance companies. These included the position of Chief Actuary of the HMOs and as lead health actuarial practice leader for states in the western U.S. with both Ernst & Young, LLP and Tillinghast, a Towers Perrin Company. His consulting work included numerous health rate development projects and policy and rate filings with various state insurance departments among a large variety of other types of actuarial assignments. He has also served as the actuarial examiner as a consultant for state insurance department examinations of health insuring entities like Blue Cross Blue Shield plans. He has provided actuarial consulting services for a variety of health care organizations and regulatory agencies including HMOs, PPOs, other managed care plans,

Blue Cross/Blue Shield plans, insurance companies, hospitals, medical groups and ancillary providers. Mr. Fritz is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries and a Fellow of the Conference of Consulting Actuaries. In addition to his actuarial credentials, Mr. Fritz earned a BBA degree in Actuarial Science from the University of Wisconsin.

Yuri Nisenzon (Reviewing Actuary) is a Principal in the health and welfare actuarial consulting practice in Hay Group's Metro New York office. Mr. Nisenzon holds a PhD in Mathematics from Moscow State University, and an MA in Computer Science from Moscow Institute of Steel and Alloys. He is an Associate of the Society of Actuaries, an Enrolled Actuary under ERISA, a Member of American Academy of Actuaries and a Fellow of the Conference of Consulting Actuaries. Mr. Nisenzon is a licensed health and life insurance producer in 15 states. He has participated, as a project director and team leader, in reviewing and auditing Medicare Advantage and Medicare Part D bids on behalf of CMS for the last eight years. He has broad experience in medical insurance rate review, premium rate development and rate certification. He also has a deep analytical knowledge of the ACA and emerging healthcare law, as well as broad expertise in all areas of health, pension and post-retirement medical benefits. His clients include the New Jersey Department of Banking and Insurance and the United States Postal Service. Prior to joining Hay Group, he was an Actuarial Associate in the corporate actuarial department of the Segal Company.

Jim McPhillips (Reviewing Actuary) is a Principal in the health and welfare actuarial consulting practice in Hay Group's Philadelphia, PA office. He holds a Bachelors of Science in Economics with a major in Actuarial Science and Insurance from the University of Pennsylvania's Wharton School. He is a Fellow of the Society of Actuaries, an Enrolled Actuary, a Fellow of the American Academy of Actuaries and Member of the Conference of Consulting Actuaries. His experience includes conducting an actuarial audit of 2006 Medicare Advantage and Part D Plan actuarial bids and reviewing the reasonableness of 2007 through 2013 actuarial bids for participation in the Medicare Advantage and Medicare Part D Plan programs for CMS. (Mr. McPhillips served as a team leader during the 2011-2013 bid review cycles.) Mr. McPhillips's experience also includes health benefits reserve, trend, rates, and accounting expense determinations, postretirement medical and life insurance design, accounting, and funding, nondiscrimination testing for medical, Section 125, and dependent care plans, benefit program consolidation studies, competitive analysis studies, and merger & acquisition analysis of benefit plans. Prior to joining Hay Group, Mr. McPhillips' consulting career included actuarial positions with Aon, KPMG and Mercer.

Saul Lazarus (Reviewing Actuary) is an Associate in the health and welfare actuarial consulting practice in Hay Group's Metro New York office. Mr. Lazarus is an Associate of the Society of Actuaries and a member of the American Academy of Actuaries. He has a Bachelor of Science in Talmudic Law from Regents College via Mercaz Hatorah

University in Jerusalem. He has participated in the audit and review of Medicare Advantage and Medicare Part D bids for CMS for the past eight years. Mr. Lazarus has a wide variety of benefits consulting experience in the health care field. This experience includes working on the OPEB valuations (under GASB 43 & 45) for a number of clients, including the Empire State Development Corp., Essex County Community College, the Port Authority of New York and New Jersey, and the Sussex County Municipal Housing Authority. Mr. Lazarus also has experience in the development of per capita claims costs and premium rates. His other areas of experience include work with our executive compensation team on the creation and implementation of the Hay Group binomial stock option valuation model, and assistance with executive and total compensation comparison and analysis.

Robert Russell (Reviewing Actuary) is a Senior Consultant in the health and welfare actuarial consulting practice in Hay Group's Dallas, TX office. He holds a Bachelor of Arts degree in Mathematics from Texas Tech University and a Master of Arts degree in Mathematics from the University of Texas at Arlington. Mr. Russell is an Associate of the Society of Actuaries, an Enrolled Actuary, and a Member of the American Academy of Actuaries. Mr. Russell has participated, as a team leader, in reviewing and auditing Medicare Advantage and Medicare Part D bids on behalf of CMS. His other experience includes consulting with clients on the design and funding of both active and postretirement medical and life insurance plans, developing premium-equivalent rates, reserves, and yearly budgets for self-insured medical and prescription drug plans, consulting with clients on Medicare Part D issues, analysis of cost and funding implications of alternative benefit designs for welfare plans, benefit program compliance and administration reviews, competitive benchmarking studies, and consulting on design and funding of nonqualified retirement plans and other executive benefits. Prior to joining Hay Group, Mr. Russell was a consulting actuary with Mercer Human Resource Consulting.

Elaine Corrough (Reviewing Actuary) joined Axene Health Partners, LLC in 2011 and works in AHP's Murrieta, CA office. She has over 20 years of health actuarial experience. Her recent work has focused on actuarial analysis, cost modeling, and formal certifications for health carrier and provider organizations at the state and federal level, including state Exchange rate filings and actuarial reviews for the Round 2 Centers for Medicare and Medicaid Innovation (CMMI) Health Care Innovations Awards. Prior to joining AHP, Ms. Corrough consulted on all aspects of health and welfare benefits for plan sponsors ranging from small public entities to Fortune 100 companies. In addition to traditional consulting activities such as pricing and claims analysis, her expertise includes actuarial analysis of legislative and regulatory developments; ROI assessments; health risk migration and mapping; and complex model design and development. Most recently, Ms. Corrough was a Vice President with Aon Hewitt. Prior to that, she was the national measurement leader for Hewitt's healthcare consulting practice. In addition, Ms. Corrough is a past Staff Fellow in health for the Society of Actuaries. Ms. Corrough has presented at multiple industry conferences on a variety of topics. She is a Fellow of the

Society of Actuaries, a Fellow of the Conference of Consulting Actuaries, and a Member of the American Academy of Actuaries. Ms. Corrough earned a Bachelor of Arts degree in Classics from Washington University in St. Louis.

Melissa Rasman (Compliance Consultant) is a Senior Principal based in Hay Group's Philadelphia, PA office and heads the research unit for Hay Group's U.S. Benefits Practice. Ms. Rasman holds a JD magna cum laude from the University of Michigan Law School, and graduate and undergraduate degrees from the University of Virginia Graduate School of Arts and Sciences and Bennington College, respectively. Ms. Rasman has over 25 years experience assisting employers with a full range of health and welfare benefit compliance matters and has worked extensively on ACA issues. She has advised many of Hay Group's benefits clients, including the United States Postal Service, the U.S. Department of Defense, and the County of Alameda (California), on the impact of the ACA and other legal requirements for their health benefit plans. Ms. Rasman's article in the November/December 2010 Journal of Compensation and Benefits on the ACA's "play or pay" requirement delves into its interplay with reward strategy and workforce planning. Ms. Rasman has also written or co-authored numerous *Hay Group Benefits Alerts* on different aspects of health care reform since March, 2010, and has been a co-presenter on ACA issues at several Hay Group client webinars and at World at Work's 2013 Total Reward Conference. In addition to ACA and other health and welfare plan consulting, Ms. Rasman advises clients on a wide variety of qualified retirement plan, nonqualified deferred compensation, compensation and employment law matters.

David Bohmfalk (Reviewing Actuary) is a Consulting Actuary specializing in health insurance and HMO consulting. He is a Fellow of the Society of Actuaries and Member of the American Academy of Actuaries. Mr. Bohmfalk joined Axene Health Partners, LLC in 2008, following 25 years of successful actuarial experience that has included serving in a number of senior-level health actuarial positions. His health actuarial experience includes both in-house actuarial leadership positions within health insurance organizations and actuarial consulting services for a variety of health care organizations and regulatory agencies including HMOs, PPOs, managed care plans, Blue Cross/Blue Shield plans, insurance companies, hospitals, medical groups, ancillary providers and state insurance departments/agencies. He has served in a senior actuarial consulting capacity for Axene Health Partners, LLC, and previously with Ernst & Young, LLP, where he has provided health actuarial consulting services for numerous organizations, including major roles in the development and/or assessment of pricing methodologies, rating structures and supporting cost analyses, including preparation and assessments of rate filing submissions to regulatory agencies. In addition, he has served in the role of Appointed Actuary for various HMO's and insurance companies, and served as lead auditing actuary for GAAP/Statutory audits. Mr. Bohmfalk has served as Vice President and lead PPO actuary for PacifiCare, a United Healthcare company, managing the company's professional reimbursement pricing unit for Pacific region states. In this role he served as Appointed Actuary with overall responsibility for development and implementation of PPO pricing structures, tools and cost assumptions, and all actuarial

reserves and liabilities for PacifiCare's Life/Health companies. He has also served as Vice President and Appointed Actuary for FHP Life Insurance Company, responsible for all of the company's actuarial functions, including product pricing, reserving, key account rating, rate filings and related regulatory compliance, and reinsurance.

John Price (Reviewing Actuary) joined Axene Health Partners, LLC in 2004 following a successful career in the managed care industry. Mr. Price held executive level positions at United Behavioral Health (Vice President & Chief Actuary a subsidiary of United HealthCare), Kaiser Permanente (President of its subsidiary insurance operations (KPIC), and Vice President of Actuarial Services), Aetna/US HealthCare (Western Region CFO), IHC Health Plans/Select Care (Vice President/Chief Actuary, & CFO), Equitable Life & Casualty (Corporate Actuary), Blue Cross/Shield of Utah (Assistant V. P. Actuarial Services), Blue Cross/Premera (Consulting Actuary, Senior Underwriter). Mr. Price has extensive experience in designing and managing health plan pricing systems, developing and filing rates with regulators and FEHBP including large groups, multiemployer trusts, small group pools, individual and Medicare plans. He also provides independent consulting services to select health plan clients including HMOs, PPOs, managed care plans, long term care (LTC) plans, Blue Cross Blue Shield plans, and other insurers. He has served as the team lead actuary since 2009 for an actively marketed individual long term care program organized and sponsored by multiple employers in 1999. Mr. Price is recognized as an experienced executive and business strategist. He is a speaker on healthcare issues. He is a Member of the American Academy of Actuaries, a Fellow of the Conference of Consulting Actuaries, and received the designation Qualified Health Actuary from the Society of Actuaries. He has participated in the Actuarial Standards Board Health Committee. He is an active member (January 2000) of the Adaptive Business Leaders, a California forum of health industry and technology leaders. In addition to his actuarial credentials, Mr. Price holds a bachelor's degree from the University of Washington with an emphasis in mathematical statistics.

4.3 References

A) *Hay Group*

Hay Group's U.S. Benefits Practice provides a full range of health & welfare and pension services, including actuarial consulting, benefit plan design, total remuneration analysis, executive benefits, regulatory compliance, administration & outsourcing advice, and employee communications. Huggins and Company, one of the predecessor organizations to Hay Group, was founded in 1911. Huggins was one of the first organizations in the United States to provide independent actuarial consulting services. Hay and Huggins merged in the 1970s to form Hay/Huggins and Company.

The benefits practice of Hay Group provides consulting services to the Federal government and many state and local governments. Hay Group has provided bid desk review services annually to the Centers for Medicare and Medicaid Services (CMS) within the U.S. Department of Health and Human Services since 2005. The consultants being proposed for this engagement have assisted the federal government in the analysis and implementation of changes in the Federal Employees Health Benefits Program, which covers 8,000,000 participants. Hay Group, including members of the proposed team, are also the actuarial consultants to the Commonwealth of Pennsylvania Retired Employees' Health Plan covering over 100,000 retirees and beneficiaries. Hay Group has been providing consulting services to the New Jersey Department of Banking and Insurance (DOBI) since 2010 and is currently assisting the DOBI with many aspects of their rate review process.

B) *Axene Health Partners*

Axene Health Partners, LLC (AHP) provides a full range of health care consulting services through a unique multi-disciplinary process. AHP consultants include actuaries, physicians and IT experts. AHP was formed in 2003 by David V. Axene, FSA, MAAA and Richard L. Liliedahl, MD. Prior to 2003 its founders and many of its employees provided similar services at Ernst & Young, LLP, Milliman & Robertson, Inc. (now Milliman), and Tillinghast, a Towers Perrin Company.

AHP clients include health plans, health insurance companies, hospitals, medical groups, health care innovators and various governments. Recently, State Insurance Departments have selected AHP to review individual and small group rate filings. AHP has helped its health plan and other carrier clients develop and submit rate filings, including the submission of rate filings to Exchanges for clients (some of whom have not previously been in commercial lines of business). AHP also has reviewed rate filings on behalf of insurance departments, and now is actively reviewing rate filings prior to their submission in states such as California, where SB1163 demands this type of independent external review. AHP has been retained by other agencies to review and/or audit rate changes (e.g., a review for CalPERS audit staff of rate renewals proposed by carriers). In addition, AHP has been retained by

several managed Medicaid clients, who were not in the Commercial insurance or HMO market previously, to help them enter the individual and small group health insurance/HMO markets with state insurance exchanges under the ACA.

C) Prior Engagements

Following is a brief description of the most recent client engagements that demonstrate our experience and expertise that is most directly relevant to the services required by the OIC.

Centers for Medicare & Medicaid Services (CMS) 7500 Security Blvd Baltimore, MD 21244-1850 Mr. Kirk Limmer (410) 786-7956	
Contract Number & Title	HHSM-500-2013-00229G Actuarial Review of Bids Submitted by Medicare Advantage and Prescription Drug Plan Sponsors for 2014 through 2018 contract periods
Contract Number & Title	HHSM-500-2010-00154G Actuarial Review of Bids Submitted by Medicare Advantage and Prescription Drug Plan Sponsors for 2011 through 2013 contract periods
Contract Number & Title	HHSM-500-2007-00199G Actuarial Review of Bids Submitted by Medicare Advantage and Prescription Drug Plan Sponsors for 2008 through 2010 contract periods
Contract Number & Title	HHSM-500-2006-00047G Actuarial Review and Estimates for Prescription Drug & Medicare Advantage Plans for 2007 contract period
Contract Number & Title	HHSM-500-2005-00063G Actuarial Review and Estimates for Prescription Drug & Medicare Advantage Plans for 2006 contract period
Period of Performance	2005 through Present
Key Project Staff	Yuri Nisenzon, Project Director Sanjit Puri, Alternate Project Director James McPhillips Saul Lazarus Bob Russell Robert Landau

Description of the Projects

CY2011 through 2014 Bid Review Projects

The CY2011 through CY2014 bid review projects consisted of a base year (CY2011) with two option years (CY2012 and CY2013) and a new contract starting in CY2014 for five years. The Hay Group team reviewed more than 4,200 bids over the past four years: 1,095 bids from sponsors proposing to provide Medicare Advantage and Prescription Drug plans for CY2011, and 1,127 bids for CY2012, 1,127 bids for CY2013 and 1,240 bids for CY2014. For each project, the bids were assigned by CMS under an even shorter time frame than during the 2008-2010 Bid Review Projects. Hay Group concluded the bid review projects within the time frame and quality criteria set by CMS.

In general, our bid review process steps have not changed drastically from the 2008-2010 process. However, based on our experience from prior years we have been able to achieve a high degree of efficiency in bid review process reflected in the very efficient allocation of the available team resources. During CY2013 bid reviews we had to deal with a resubmission of the large number of MA and PDP bids due to a discrepancy we uncovered in bid preparation. Despite this significant obstacle, we were able to complete the review of all resubmissions, and we achieved 80% bid completion status two days ahead of the CMS deadline. Later, during the exit interview with CMS staff, our team received high marks for essentially all steps of the bid review process.

CY2008 through 2010 Bid Review Projects

The CY2008 through CY2010 Bid Review Projects consisted of a base year (CY2008) with two option years (CY2009 and CY2010). During this three-year period Hay Group reviewed more than 4,800 bids: 1,770 bids from sponsors proposing to provide Medicare Advantage and Prescription Drug plans for CY2008, about 1,700 bids for CY2009, and about 1,400 bids for CY2010. For each project, the bids were assigned by CMS under a very tight time frame. Hay Group completed each project within the time and quality criteria set by CMS.

Based on our experience with the CY2007 and CY2006 bid review process, we formalized both our approach and our allocation of responsibilities among team member reviewers (who are more junior actuaries) and team leaders (who are all senior actuaries). This allocation of roles and responsibilities had not changed significantly from the CY2007 and CY2006 bid review projects, as described below. Additionally for the 2010 bid review process, we made changes to provide additional quality control, to ensure greater consistency among reviews, and to strengthen our review documentation.

Our bid review process consisted of the following steps. Prior to receiving the bid allocations, we reviewed potential bid assignments for conflicts of interest; applied for access to HPMS and completed required computer based training; and participated in CMS web-based training supplemented by internal Hay Group training. Once bids were assigned, we grouped them by sponsor, certifying actuary, and plan contact; and assigned each bid to a Hay Group review team.

Regarding the bid review tasks themselves, we made initial contact with plan sponsors and certifying actuaries and downloaded supporting documentation from HPMS. We reviewed bids in detail using tools provided by CMS and identified bid anomalies and potential problems. On this basis, we discussed the problems and issues identified in the bid review with the plan sponsor and signing actuary and requested additional information from plan sponsors as necessary. Using the plan sponsor's responses, we summarized our actuaries' conclusions on each of the bid review items in the appropriate tool as specified by CMS. Remaining issues were resolved in consultation with CMS as necessary. We documented review results for each item reviewed and made a final "pass/fail" recommendation to CMS, based on: CMS' bid form instructions; supplemental data and review guidelines provided by CMS; and appropriate Actuarial Standards of Practice. We reviewed Rebate Reallocation Resubmissions flagged by CMS for review. Finally, we uploaded the review documentation to HPMS.

2006 & 2007 Bid Review Projects

The Hay Group team reviewed more than 1,760 bids from contractors proposing to provide MA and PD plans for 2007. In addition, the Hay Group team reviewed over 700 bids from contractors proposing to provide Part D Plans under the Medicare Prescription Drug program for 2006. For both projects, the bids were assigned by CMS under a very tight time frame to permit CMS to meet its obligations under the Prescription Drug Plan legislation.

All bids were reviewed in two steps. First, a junior actuary reviewed the bids and the supporting documentation and made a recommendation on whether or not the bid should be accepted. Then a senior actuary reviewed the work product of the junior actuary and the recommendation. If the Hay Group senior actuary determined that there were problems with the bid then the actuary contacted the bidder's actuary to obtain additional information in support of the bid.

The senior actuary then submitted the recommendation to CMS. If the recommendation was to fail the bid, and CMS agreed, then the senior actuary discussed the problems with the bidder's actuary. In most cases this resulted in a resubmission. The Hay Group actuarial team then reviewed the resubmission to determine if the changes made would result in a bid that passed the CMS guidelines.

New Jersey Department of Banking and Insurance 20 West Street, 11th Floor Trenton, NJ 08625 Mr. Neil Vance (609) 292-5727 x50338	
Contract Number & Title	T-2672 Actuarial Services Health Insurance Premium Review – Cycle I Grant
Contract Dollar Amount	\$420,000 for the period of 2012-2014
Contract Number & Title	T-2672 Actuarial Services Health Insurance Premium Review – Cycle II Grant
Contract Dollar Amount	\$380,000 for the period of 2010-2011
Period of Performance	2011 – Present
Key Project Staff	Yuri Nisenzon Grady Catterall Sanjit Puri

Description of the Project

In the course of the first contract (Cycle 1) Hay Group was assisting the New Jersey Department of Banking and Insurance (DOBI) to redesign their processes for reviewing health insurance premium rate filings. In this engagement we evaluated the existing DOBI review standards and processes specific to health insurance and developed specific recommendations for DOBI on ways to improve the review standards and processes, meet HHS reporting requirements, and make information more available and accessible for the public.

The engagement had two primary components:

1. A comprehensive actuarial study of the state’s health insurance rate filing and approval process leading to recommendations for improvements and/or redesign of the process;
2. Development of a database to capture data from the rate filings and support analysis and reporting on the rate filings.

Our final deliverables included a “Rate Review Process” report in which we analyzed the existing rate review process in New Jersey and developed specific recommendations for improvements. We developed the standard templates that can be filled out by carriers with the information pertinent to analyze the sources of the premium increases and to ensure that the premium rates are actuarially supported. We also produced a “Rate Review Instructions Manual” to explain and guide carriers through the new reporting requirements and how to use the newly available tools.

We are currently engaged in the second stage of the project (Cycle II). Our current work includes the development of the tools to adjust the experience data in rate filings. It includes (1) formulas for adjusting data for large claims, changes in mix of business, and changes in mandated health benefits; (2) tools to evaluate the trend assumption information in rate filings, including methods for calculating historical trends and identifying the appropriate levels of detail in trend assumptions; and (3) methods of evaluating the reasonableness of trend assumptions, including estimation techniques using time series methods, comparisons among carriers, and national estimates.

We are developing the objective tests for evaluating unfair discrimination by plan or rating factor, a description of the necessary data for such tests, a description of the credibility criteria, and evaluating the pros and cons of using loss ratios to quantify unfair discrimination.

We have been tasked with advising DOBI on the impact of risk sharing programs under the ACA, commonly known as the “3 Rs”: reinsurance, risk corridors, and risk adjustment. The reinsurance and risk corridor programs will be transitional programs in effect for the three years, 2014-2016, while the risk adjustment program will begin in 2014 and be ongoing. Also, the reinsurance program focuses on the individual market, while the other two programs will apply to both the individual and small group markets. The Hay Group team is reviewing New Jersey’s rate review processes and determining the impact of the implementation of the 3 Rs, to identify changes that may be needed to the current review procedures and identify whether any new or revised rate filing requirements are needed.

For this part of the project, the team is working closely with the State to identify any issues arising from the establishment of an Exchange in New Jersey. We are also following the emerging HHS regulations and guidance and using them to advise DOBI on their impact on rate making and rate review.

Our team is conducting a legal analysis of the provisions of the ACA, as well as any federal rules (proposed or final) and any other guidance from HHS, including white papers, FAQs or fact sheets, guidance from the NAIC, and information provided by the American Academy of Actuaries. The team provides a summary of pertinent issues and questions to DOBI. We also contact other states to understand how they anticipate reacting to the new ACA rate leveling programs in their rate review processes.

This project demonstrates Hay Group’s ability to work closely with regulators, analyze and organize large data sets, make critical analyses and insights regarding the information and disclosures that health insurance companies submit to state regulators in support of their rate filings. Like the work we have done for CMS, we needed a strong team, with various skills, to meet DOBI’s demanding requirements. Like the CMS bid review project, we keep our focus on the goals while dealing with unexpected obstacles. We have performed the work efficiently, deploying people with the appropriate skills to do the work in a timely and cost efficient manner, while maintaining appropriate quality controls.

Sponsoring Agency:	California Department of Insurance 45 Fremont Street Suite 2300 San Francisco, CA 94105
Technical Representative:	Mr. Adam Cole General Counsel (415) 538-4010
Type of Project(s):	Review of Individual Rate Filings
Period of Performance:	2010
Project Title(s):	Actuarial Review of Proposed Rate Increases
Key Project Staff:	David Axene, Project Lead John Fritz David Bohmfalk Josh Axene

Description of the Project(s):

The insurance department forwarded to us specific rate filings (i.e., Anthem Blue Cross, Blue Shield of California, HealthNet, and Aetna) for us to review. We started with the highly visible Anthem Blue Cross rate filing and reviewed it in full detail. During the course of this we identified significant errors/mistakes in the filing, which had to be corrected. Anthem and resulted in lower rate increases for its members. Upon correction of its rate filing, we reviewed the subsequent filing as well. Multiple rate filings were reviewed for Anthem Blue Cross. Similar reviews were completed for the Blue Shield of California, HealthNet and Aetna, including multiple rate filings for each.

Sponsoring Agency:	Blue Shield of California
Technical Representative:	Ms. Amy Yao, FSA, MAAA (415) 229-6150
Type of Project(s):	Review of Rate Filing to both California Department of Insurance and the Department of Managed Health Care
Period of Performance:	2010 – 2011
Project Title(s):	Review of Rate Filing
Key Project Staff:	David V. Axene, project director John Fritz Josh Axene

Description of the Project(s):

AHP was retained by Blue Shield of California to review its rate filings to the two California review organizations, the Department of Insurance and the Department of Managed Health Care. AHP had been selected by the Department of Insurance to review other Blue Shield filings in 2010. Blue Shield of California decided to contract with the same organization that had been used by the Department to provide a similar review for its upcoming rate filings. A report was prepared and submitted to both the client and the regulators in an independent fashion.

Appendix A - Required Attachments

1. Certification and Signature Page
2. Addendum Acknowledgement Form
3. Purchasing Affidavit
4. Certificate of Liability Insurance

CERTIFICATION AND SIGNATURE PAGE

By signing below, I certify that I have reviewed this Solicitation in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this bid or proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

Hay Group, Inc
(Company)

Sanjit Puri
(Authorized Signature)

Sanjit Puri, Principal
(Representative Name, Title)

703-841-3100 703-841-3108
(Phone Number) (Fax Number)

2/3/2014
(Date)

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: INS14014

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

(Check the box next to each addendum received)

<input checked="" type="checkbox"/>	Addendum No. 1	<input type="checkbox"/>	Addendum No. 6
<input type="checkbox"/>	Addendum No. 2	<input type="checkbox"/>	Addendum No. 7
<input type="checkbox"/>	Addendum No. 3	<input type="checkbox"/>	Addendum No. 8
<input type="checkbox"/>	Addendum No. 4	<input type="checkbox"/>	Addendum No. 9
<input type="checkbox"/>	Addendum No. 5	<input type="checkbox"/>	Addendum No. 10

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further 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.

Hay Group, Inc. _____

Company

Sanjit Puri

Authorized Signature

2/3/2014 _____

Date

NOTE: This addendum acknowledgment should be submitted with the bid to expedite document processing.

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

MANDATE: Under W. Va. Code §5A-3-10a, 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: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. 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.

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.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"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.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Hay Group, Inc.

Authorized Signature: _____ Date: 2/3/2014

State of Virginia

County of Arlington, to-wit:

Taken, subscribed, and sworn to before me this 3 day of February, 2014.

My Commission expires 7/31/2015, 20 .

AFFIX SEAL HERE

NOTARY PUBLIC Ashley Renee McBride

Ashley Renee McBride
NOTARY PUBLIC
Commonwealth of Virginia
Reg. #7506941
My Commission Expires 7/31/2015



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
1/20/2014

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

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

PRODUCER Altus Partners, Inc 919 Conestoga Road Building 3, Suite 111 Rosemont PA 19010	CONTACT NAME: Jaclyn Rosci PHONE (A/C No. Ext): (610) 526-9130 E-MAIL ADDRESS: jroschi@altuspartners.com	FAX (A/C, No): (610) 526-2021
	INSURER(S) AFFORDING COVERAGE	
INSURED Hay Group The Wanamaker Building 100 Penn Square East Philadelphia PA 19107-3388	INSURER A: Pacific Indemnity NAIC # 20346	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** WC Only 13-14 **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR VVVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below			71701314	03/01/2013	03/01/2014	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 Certificate is issued as evidence of insurance per policy terms, conditions and exclusions.

CERTIFICATE HOLDER State of West Virginia Depart. of Administration Purchasing Division 2019 Washington Street East Charleston, WV 25305-0130	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Jaclyn Rosci/KMD
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