

February 3, 2014

02/04/14 10:19:53AM  
West Virginia Purchasing Division

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

Re: RFQ – Solicitation Number INS14014

Dear MS Melton:

Wakely Consulting Group is pleased to provide to the State of West Virginia a quote in response to Solicitation Number INS14014. We fully understand the PURPOSE AND SCOPE of the desired consulting services as well as “**Contract Services**” as outlined in the Solicitation’s SPECIFICATIONS and are eminently qualified to fulfill all requirements of your solicitation.

If Wakely Consulting Group is awarded the proposed contract, Ronald D. Burkhart and I, from our Louisville, Kentucky office, will be the “principal service personnel” responsible for fulfilling all contract obligations – however actuaries from other Wakely Consulting Group offices will be called on as necessary for the timely completion of assignments.

Individually, Ron and I more than satisfy all QUALIFICATIONS shown in Section 3 of the SPECIFICATIONS. We are each Members of the American Academy of Actuaries. Ron is an ASA and I am an FSA. We each have more than 20 years of experience reviewing rate and form filings for life and health products (long term care plans, health benefit plans, medical supplement plans, other supplemental health products (including credit life and health). More recently we have been involved in the development of regulations, and the review of rate and policy forms under the Affordable Care Act. During this time, we have been continuously under contract to provide rate and form review services to one or more state insurance regulators and have remained subject to all Actuarial Standards of Practice, including ASOP No. 8 and issues involving actual or potential Conflict of Interest.

Both Ron and I have provided expert witness and expert consulting services for multiple state regulators, (including state Offices of the Attorney General) at rate hearings and other insurance regulatory matters. Rate hearings included medical and long term care rate filings. Other regulatory matters include financial and insurance management reviews, credit life & health audits, and examinations with respect to actuarial projections.

We have provided testimony on multiple insurance issues before judicial, legislative, and executive bodies with respect to actuarial and insurance management issues.

Any and all requirements for contracting with the State of West Virginia, whether or not they are addressed in this cover letter, have been met or will be met by Wakely Consulting Group and its employees prior to the effective date of the contract.

In addition, Wakely Consulting Group respects the potential need of Other Government Entities of West Virginia other than the Offices of the Insurance Commissioner to benefit from the

knowledge and expertise of our actuarial and insurance management consultants. For this reason we welcome the opportunity to serve by extending to all Other Government Entities of West Virginia the prices, terms, and conditions of this bid and subsequent contract to such entities in keeping with Section 48 of the INSTRUCTIONS TO VENDORS SUBMITTING BIDS.

I look forward to working with your Insurance Commissioner and Director of Rates and Forms.

Sincerely,



D. Dale Hyers, FSA, MAAA, CLU

Managing Director (Louisville)

[DaleH@wakely.com](mailto:DaleH@wakely.com)

Enclosures:

- Pricing Page – RFQ Exhibit A, Page 23 (in sealed envelope)
- Solicitation – RFQ Page 1
- Certification and Signature Page – RFQ Page 44
- Addendum Acknowledgement Form – Addendum Number 1 Page 9
- Notarized Purchasing Affidavit – RFQ Page 46
- Vendor Preference Certificate – RFQ Page 47
- Designation of Contract Manager – RFQ Page 22
- Hyers and Burkhardt resumes



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

**Solicitation**

NUMBER
INS14014

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF:
EVELYN MELTON 304-558-2306

VENDOR

RFQ COPY  
 TYPE NAME/ADDRESS HERE  
 Wakely Consulting Group  
 8011 New Lagrange Rd, #2  
 Louisville, KY 40222

SHIP TO

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

DATE PRINTED
01/02/2014

BID OPENING DATE: 02/04/2014 BID OPENING TIME 1:30PM

LINE	QUANTITY	UOP	CAT NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	HR		946-12		
THE WEST VIRGINIA PURCHASING DIVISION IS SOLICITING BIDS ON BEHALF OF THE DEPARTMENT OF REVENUE, OFFICES OF THE INSURANCE COMMISSIONER TO ESTABLISH AN OPEN-END CONTRACT FOR CONSULTING SERVICES AND ACTUARIAL RATE REVIEW OF LIFE AND HEALTH RELATED PRODUCT FILINGS PER THE ATTACHED SPECIFICATIONS & INSTRUCTIONS TO BIDDERS.  ACTUARIAL SERVICES						
***** THIS IS THE END OF RFQ INS14014 ***** TOTAL:						

SIGNATURE <i>D. Dale Myers</i>	TELEPHONE 502-426-8497	DATE February 3, 2014
TITLE Managing Director	FEIN 59-3554482	ADDRESS CHANGES TO BE NOTED ABOVE

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

**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.

Wakely Consulting Group  
(Company)

D. Dale Hyers  
(Authorized Signature)

D. Dale Hyers, Managing Director  
(Representative Name, Title)

(502) 426-8497                      (502) 426- 4519  
(Phone Number)                      (Fax Number)

02/03/2014  
(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.

Wakely Consulting Group

Company

D1 Dale Hyers

Authorized Signature

February 3, 2014

Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.  
 Revised 6/8/2012

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 exceed 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: Wakely Consulting Group

Authorized Signature: D. Dale Hyers Date: 02/03/2014

State of Kentucky

County of Jefferson, to-wit:

Taken, subscribed, and sworn to before me this 02 day of February, 2014

My Commission expires July 23, 2016.

**AFFIX SEAL HERE**

**NOTARY PUBLIC**

Jennifer Mattingly  
Purchasing Affidavit (Revised 07/01/2012)



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.
7. Application is made for preference as a non-resident small, women- and minority-owned business, in accordance with West Virginia Code §5A-3-59 and West Virginia Code of State Rules. Bidder has been or expects to be approved prior to contract award by the Purchasing Division as a certified small, women- and minority-owned business.

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: Wakely Consulting Group

Signed: Dale Hyers

Date: February 3, 2014

Title: Managing Director

REQUEST FOR QUOTATION  
INS14014

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

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**10. VENDOR DEFAULT:**

**10.1.** The following shall be considered a vendor default under this Contract.

10.1.1. Failure to perform Contract Services in accordance with the requirements contained herein.

10.1.2. Failure to comply with other specifications and requirements contained herein.

10.1.3. Failure to comply with any laws, rules, and ordinances applicable to the Contract Services provided under this Contract.

10.1.4. Failure to remedy deficient performance upon request.

**10.2.** The following remedies shall be available to Agency upon default.

10.2.1. Cancellation of the Contract.

10.2.2. Cancellation of one or more release orders issued under this Contract.

10.2.3. Any other remedies available in equity.

**11. MISCELLANEOUS:**

**11.1. Contract Manager:** During its performance of this Contract, Vendor must designate and maintain a primary contract manager responsible for overseeing Vendor's responsibilities under this Contract. The Contract manager must be available during normal business hours to address any customer service or other issues related to this Contract. Vendor should list its Contract manager and his or her contact information below.

**Contract Manager:** Ronald D. Burkhart  
**Telephone Number:** (502) 426-8497  
**Fax Number:** (502) 426-4519  
**Email Address:** RonB@wakely.com



**D. Dale Hyers, *Managing Director***

<b>Experience</b>	<p>Prior to joining Wakely Consulting Group, Dale was the President and co-founder of Hyers &amp; Levy an actuarial, insurance management and health care management consulting firm. His actuarial training and experience began at Aetna Life &amp; Casualty Insurance Company in Hartford, Connecticut. It continued at Integon Life Insurance Corporation in Winston-Salem, North Carolina, and Capital Holding Corporation in Louisville, Kentucky. He left Capital Holding to start Hyers &amp; Levy in 1983.</p> <p>Dale has written a chapter on pricing of health care benefits that appears in a book published by the American Hospital Association. This book is titled <u>HOSPITAL-SPONSORED HEALTH MAINTENANCE ORGANIZATIONS: Issues for Decision-Makers</u>. His chapter is titled "Understanding the Rate Making Process." He is also the editor of a study <u>Hospital Cost Analysis by DRG</u> to provide a "standard" for measuring the effectiveness of hospital medical cost management programs.</p> <p>Dale has been a consulting actuary and provided expert testimony at hearings for numerous Departments of Insurance on a broad range of life and health insurance issues. He has been an expert witness for both the Maine and Michigan Attorney General's Offices and as interveners in Blue Cross/Blue Shield rate hearings, and has provided expert testimony before judicial and legislative bodies, at arbitration hearings, and in numerous court cases with respect to health insurance, marketing, underwriting, pricing and insurance management issues.</p>
<b>Professional Credentials</b>	<ul style="list-style-type: none"><li>• Fellow, Society of Actuaries (F.S.A.)</li><li>• Member, American Academy of Actuaries (M.A.A.A.)</li><li>• Member, American Society of Chartered Life Underwriters (C.L.U.)</li></ul>
<b>Areas of Specialization</b>	<ul style="list-style-type: none"><li>• Product Development</li><li>• Marketing, Underwriting &amp; Pricing</li><li>• Valuation</li><li>• Provider Capitulations</li><li>• Managed Care Contracting</li><li>• Insurance Management</li><li>• Expert Witness &amp; Testimony</li></ul>
<b>Education</b>	<ul style="list-style-type: none"><li>• M.A. Mathematics, University of Kentucky</li><li>• B.S. Carson-Newman College</li></ul>

**Ronald D. Burkhart, Consultant (Louisville Office)**

<b>Experience</b>	<p>Prior to joining Wakely Consulting Group, Ron was a Consultant with Hyers &amp; Levy an actuarial, insurance management and health care management consulting firm. Ron's actuarial and analytical training began in at National Life and Accident Company in Nashville, Tennessee, and continued at two Blue Cross/Blue Shield organizations and a hospital-based HMO insurer.</p> <p>Ron has been a consulting actuary for the Kentucky Department of Insurance, Hawaii Division of Insurance, Indiana Department of Insurance, Maine Attorney General's Office, Maryland Insurance Administration, Michigan Bureau of Insurance, Tennessee Department of Commerce &amp; Insurance, and Vermont Department of Banking Insurance Securities &amp; Health Care Administration. He has been a consultant to both the Maine and Michigan Attorney General's Offices and as interveners in Blue Cross/Blue Shield rate hearings.</p> <p>Ron has provided expert testimony at Long Term Care rate hearings for the Kentucky Department of Insurance and before judicial and legislative bodies with respect to health insurance, marketing, underwriting, pricing and insurance management issues.</p> <p>Ron has many years of experience in observing, analyzing and measuring health cost data and the effect of cost management techniques on the cost of health care. He was the primary analytical contributor to the study <u>Hospital Cost Analysis by DRG</u>. This study was published by Hyers &amp; Levy to provide a "standard" for measuring the effectiveness of hospital medical cost management programs.</p>
<b>Professional Credentials</b>	<ul style="list-style-type: none"><li>• Associate, Society of Actuaries (A.S.A.)</li><li>• Member, American Academy of Actuaries (M.A.A.A.)</li></ul>
<b>Areas of Specialization</b>	<ul style="list-style-type: none"><li>• Product Development</li><li>• Pricing</li><li>• Valuation</li><li>• Provider Capitations</li><li>• Managed Care Contracting</li><li>• Expert Witness Support</li></ul>
<b>Education</b>	<ul style="list-style-type: none"><li>• B.S. Mathematics, David Lipscomb College</li></ul>

**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	\$ 230/hour	\$	\$ 230,00
2	2 (1st Renewal)	Actuarial Rate Review of Life and Health product filings and consulting services.	1000	\$ 235/hour	\$	\$ 235,000
3	3 (2nd Renewal)	Actuarial Rate Review of Life and Health product filings and consulting services.	1000	\$ 240/hour	\$	\$ 240,000
<b>Overall Total Price -----&gt;</b>						<b>\$ 705,000</b>

**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:** Wakely Consulting Group

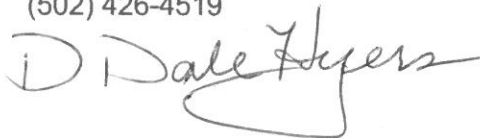
**Address:** 8011 New Lagrange Road, #2  
Louisville KY 40222

**E-Mail:** DaleH@wakely.com

**Fax#:** (502) 426-4519

**Phone#** (502) 426-4519

**Signature:**



**Date:** 02/03/2014