



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

Request for Quotation

RFQ NUMBER
INS11012

PAGE
1

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

RFQ COPY
 TYPE NAME/ADDRESS HERE

VENDOR

SHIP TO

INSURANCE COMMISSION

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

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
03/21/2011				

BID OPENING DATE: 04/27/2011 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	LS		220-34		
<p style="text-align: center;">REQUEST FOR INFORMATION</p> <p>THE WEST VIRGINIA PURCHASING DIVISION, FOR THE AGENCY, THE WEST VIRGINIA INSURANCE COMMISSION, IS REQUESTING INFORMATION TO FULFIL THE NEW FEDERAL PATIENT PROTECTION AND AFFORDABLE CARE ACT (ACA) REQUIREMENTS PER THE ATTACHED SPECIFICATIONS.</p> <p>NOTE: THIS IS FOR INFORMATION PURPOSES ONLY. NO PURCHASE ORDER/CONTRACT WILL BE ISSUED VIA THIS RFI.</p> <p>INQUIRIES:</p> <p>TECHNICAL QUESTIONS MUST BE SUBMITTED IN WRITING TO SHELLY MURRAY IN THE WEST VIRGINIA PURCHASING DIVISION VIA MAIL AT THE ADDRESS SHOWN AT THE TOP OF THIS RFI, VIA FAX AT 304-558-4115, OR VIA E-MAIL AT SHELLY.L.MURRAY@WV.GOV. DEADLINE FOR ALL TECHNICAL QUESTIONS IS 04/11/2011 AT THE CLOSE OF BUSINESS. ALL TECHNICAL QUESTIONS RECEIVED, IF ANY, WILL BE ADDRESSED BY ADDENDUM AFTER THE DEADLINE.</p>						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						

SIGNATURE	TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE

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

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

1. Awards will be made in the best interest of the State of West Virginia.
2. The State may accept or reject in part, or in whole, any bid.
3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
5. Payment may only be made after the delivery and acceptance of goods or services.
6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.htm and is hereby made part of the agreement. Provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.

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

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).



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RODNEY V

INSURANCE COMMISSION

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***** THIS IS THE END OF RFQ INS11012 ***** TOTAL: _____						

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WV Offices of the Insurance Commissioner
REQUEST FOR INFORMATION
NO. INS11012
Actuarial and Economic Modeling of
West Virginia's Health Insurance Exchange

NOTICES/INSTRUCTIONS

1.1 INTRODUCTION

This request is for information only to assist the WV Offices of the Insurance Commissioner in determining how best to fulfill the new federal Patient Protection and Affordable Care Act (ACA) requirements described herein.

Please be advised that this may be a two-step process. Should the state determine to proceed with a solicitation based on the responses to this Request for Information (RFI), phase two will then be either a formal Request for Proposal (RFP) or Request for Quotation (RFQ) to be handled in accordance with West Virginia purchasing policies and procedures.

1.2 PURPOSE

The purpose of this Request for Information (RFI) is for the State of West Virginia to gather expert advice as well as examples of best approaches to develop and implement a health insurance Exchange in West Virginia. We are looking specifically for advice on the type and extent of services that we will need including specialized actuarial services; economic and policy modeling; market and consumer research; as well as the development and implementation of a risk adjustment mechanism. All activity will focus on implementing the provisions of the Patient Protection and Affordable Care Act regarding the development and implementation of the health insurance Exchange. The health insurance Exchange impacts a cross-section of West Virginia residents with possible border state market overlap; of which, we are requesting recommendations for a single, regional or a multi-state exchange.

1.3 BACKGROUND

On March 23, 2010, the President signed into law the Patient Protection and Affordable Care Act. On March 30, 2010, the Health Care and Education Reconciliation Act of 2010 was signed into law. The two laws are collectively referred to as the Affordable Care Act. The Affordable Care Act includes a wide variety of provisions designed to expand coverage, provide more health care choices, enhance

the quality of health care for all Americans, hold insurance companies more accountable, and lower health care costs.

The Affordable Care Act provides each State with the option to set up a State-operated health insurance Exchange. If a State elects not to operate an Exchange, or in the case of an Exchange that does not meet the requirements of the law, the Department of Health and Human Services (HHS) shall (directly or through agreements with a not-for profit entity) establish and operate such Exchange within the State. An Exchange is an organized marketplace to help individuals and small businesses buy health insurance in a way that permits easy comparison of available plan options based on price, benefits, and quality. By pooling people together, reducing transaction costs, and increasing price and quality transparency, Exchanges create more efficient and competitive health insurance markets for individuals and small employers.

1.4 **CURRENT CIRCUMSTANCE/SITUATION**

The West Virginia Offices of the Insurance Commissioner (OIC) were designated by former Governor Manchin to oversee the development of the Exchange.

The conceptual plans for the Exchange have progressed more quickly than in many other states due to West Virginia's participation in the State Health Access Program (SHAP) grant, which was issued by the Health Resources and Services Administration in September 2009 which helped the state begin planning and research prior to the passage of ACA.

West Virginia also received the Planning Exchange Grant (PEG) in the amount of \$1 million. The PEG is serving as the primary source of funding for major research activities.

1.4.1 Features

The Exchange will carry out a number of functions as required by the Affordable Care Act, including certifying qualified health plans, administering premium tax credits and cost-sharing reductions, responding to consumer requests for assistance, and providing an easy-to-use online eligibility and enrollment system that will be available via the web. Written materials will be developed so as to provide information to individuals so that they understand the options available to them, amount of potential subsidy and directions on how to enroll in the Exchange.

The state of West Virginia also has the expectation that the eligibility for the Exchange will be developed and coordinated with eligibility and enrollment of existing and newly expanded Medicaid and CHIP programs, as is required under the Affordable Care Act. We are seeking input on what programs and services are available to achieve this objective and what we can learn from other states that have already developed this capacity.

West Virginia's goal is to have a fully functional Exchange by 2013 with appropriate

specifications that will allow for certification by HHS as required under the Affordable Care Act, and to have the Exchange in beta test mode by July 2012 and seeks input on time-line and resources required for each objective.

1.4.2 Abilities

Having accurate information on various aspects of the health insurance market is essential for states developing plans for the health insurance Exchange. Such information serves as the backbone of any actuarial models; business and operational plans; education and outreach plans; technological assessment plans; and, ultimately, the development of an overall project strategic plan. This data, its analysis and information will be essential when educating and discussing policy directions with executive and legislative policymakers; the pending Exchange board; consumer groups; private carriers; producers; and all other interested stakeholder groups.

West Virginia continues to perform extensive research as part of the planning and development for the health insurance Exchange. The OIC has been able to build upon already existing efforts by performing further analysis of existing market dynamics and measuring the number of consumers and businesses. The State is continually gathering information via public meetings, focus groups and open solicitation on what issues need further research to make policy and operational decisions for the health insurance Exchange. This RFI will provide the State with a great deal of insight on how to proceed and how to best scope necessary assumptions.

1.4.3 Technical - Please use the following guidance for all discussion, advice and responses.

All discussion will include both Exchange and broader market decisions that will affect the Exchange. Target responses to key decision points and assumptions based on the West Virginia individual and small employer market in 2014. States can choose to define 'small employer' as 50 or fewer employees until January 2016, but starting in 2016 'small employer' will mean 100 or fewer employees. Beginning in 2017 states can choose to open the Exchange to large employers.

Individuals – Uninsured – *Subsidy Eligible* 139-400% FPL – with the option of developing a Basic Health Plan for those 139-200% FPL

Individuals- Uninsured- *Non-Subsidy Eligible* <139% - Medicaid - >400%

Individuals – Insured – *Subsidy Eligible* 139-400% - with the option of developing a Basic Health Plan for those 139-400% FPL

Individuals – Insured – *Non-subsidy Eligible* >400% FPL who may wish to participate in the exchange because of a better deal

Employers – Small - ≤ 50 employees, including those eligible for tax credit (which employers must have fewer than 25 employees and average annual wages less than \$50,000 to be eligible for the tax credit)

Employers – Small – 51 to 100 employees

Employers – Large - >100 employees

Questions to consider:

What is the likely take-up of Exchange coverage among people with incomes between 139% and 400% poverty guidelines?

Should the State establish a basic health program for people up to 200% of poverty?

How can the Exchange ensure continuity of care for individuals who fluctuate between the Medicaid program and private coverage through the Exchange?

Using spreadsheet and micro-simulation consider time, financial resources, personnel, and adaptability of the model for future state modeling needs.

1.4.4 Actuarial Services and Economic Modeling- In order to design and successfully implement an Exchange, the state must have a clear and comprehensive understanding of its uninsured and underinsured population. Using any existing literature, Federal surveys or data that the State has collected to this point up-date, expand or otherwise enhance this information to support the development of Exchange goals and design of the Exchange.

a) Explain design, planning, implementation and analysis of all technical and statistical needs in these areas:

- Explain open enrollment strategies and impact of such strategies could have on the insurance market, inside and outside of the exchange;
 - Analyze Risk Adjustment methodologies and recommend best approaches to comply with state and federal goals;
 - Assess reinsurance options;
 - Analyze various reforms and the impact such reforms, potential and actual, will likely have on premiums in different markets;
 - Determine what measures should be used to define success;
 - Explain the options regarding the methodologies for standardization and operationalizing the actuarial valuation of different benefit levels in the Exchange in accordance with the state and federal laws;
 - Recommend methodologies to standardize and enforce the new medical loss ratio requirement in federal law;
 - Assess adverse selection impacts of various legislative and policy decisions.
-
- Model the impact of merging small and non-group markets, including the impact on premiums for individual consumers and for small employers and their workers.
 - Modeling the impact on premiums and access to coverage of increasing the definition of small group market to include

employers with up to 100 employees before 2016 and starting in 2016;

- Make recommendations to ensure that insurers' pooling practices maximize the benefits of shared risk, including positive impacts for consumers on rates.
- Model likely behavior in non-group, small group and large group market in response to specified market changes and policy decisions;
- Model the impact of the self-insured market on the Exchange and recommend various approaches to mitigate adverse impact;
- Model the cost of state-mandated benefits to assess the financial impact of non-public and public funding insurance coverage for induced terminations (abortions);
- Discuss the impact of migration between public health, public sector and commercial health insurance plans and programs based on price, tax benefits, benefit and plan designs and the effects on state insurance and tax laws;
- Develop methodologies to measure the cost of state-mandated benefits, including estimations of the net costs of mandates (taking into account the effect of savings resulting from coverage and proper delivery of mandated services), marginal costs (taking into account coverage for mandated benefits that insurance plans already provide), and estimations of out-of-pocket costs to consumers if coverage for mandated benefits is not provided;
- Analyze the potential benefits or detriments of standardized benefit plans.

b) The Exchange must be financially sustainable by January 2015 and the State must determine the best way to meet this requirement. Provide recommendations and analysis on the following:

- What will the estimated annual costs of exchange operations be, starting in 2015?
- Develop and analyze various models for maintaining necessary funding for the exchange starting in 2015, including through assessments on insurers.

c) Provide a qualitative discussion of the existing financial, physical, cultural and other socio-economic barriers for individuals, employers and carriers in West Virginia as a whole and regionally to identify, purchase, enroll and maintain enrollment in health insurance coverage and how these issues may impact the Exchange and the sustainability of the Exchange.

- Evaluate and discuss the impact of the Exchange on Medicaid, Medicare and other government programs and how to accommodate those impacts.

For example: Number of potential enrollees of public health plans and frequency of turnover between public and private coverage.

- Evaluate and discuss the potential solutions for the financial burden of obtaining health coverage – specifically, how federal subsidies and cost sharing will impact Medicaid, CHIP and other government program eligibles and enrollees.

1.5 **RESPONSE REQUIREMENTS**

Please keep your response to twenty (20) pages or less, 11 point font, 1.5 line spacing with a table of contents and numbered pages with tabbed sections. As it is anticipated that firms will submit brochures and marketing information, and the State may not be able to copy such material, firms are requested to provide three (3) copies of all. RFI response should contain the following:

- **Contact Information**

Please provide the following contact information:

- Company Name
- Address
- Name of the individual who will act as primary point of contact for inquiries
- Contact Person's Telephone Number
- Contact Person's Email Address

- **Comments**

All advice should be provided in the context of complying with all federal and state laws that are currently established or proposed to address the Affordable Care Act.

Responses should include recommendations on governance of the Exchange and whether specific functions should be performed by existing state entities, by newly created state entities, regional entities or by other outside entities, keeping in mind that current state strengths and resources should be leveraged, while maximizing opportunities to improve health care delivery and financing infrastructure.

Please provide your evaluative comments on the project description and requirements outlined in this document. Include any suggestions or advice regarding the design, implementation, management, technology, etc. of this contemplated project. Detail what additional information or clarifications would be needed in order to prepare a comprehensive proposal in the future.

- **Approach**

Based on the project information provided to date, briefly describe the approach you would recommend for this project and why.

1.6 **SUBMISSION OF INFORMATION**

Submit written responses and literature no later than 04/27/2011 to:

To:
Purchasing Division

2019 Washing Street, East
PO Box 50130
Charleston, WV 25305-0130

The outside of the envelope or package(s) should be clearly marked:

Vendor:

Buyer: Shelly Murray

Req#: INS11012

Opening Date: 04/27/2011

Opening Time: 1:30

1.7 **OUTCOME**

The State of West Virginia does not guarantee any formal solicitation will be generated based on this RFI.