DVHA Routing Form

Revision Date 5/1/12

Type of Agreement: **Contract** Agreement #: **21410** Form of Agreement: **Amendment** Amendment #: **3**

Name of Recipient: **Wakely Consulting Group** Vendor #: **308514**

Program Manager : **Lindsey Tucker** Phone #: **802-871-7523**

Agreement Manager: **Kate Jones** Phone #: **802-879-8256**

Brief Explanation of Agreement: **Increase funding and extend contract term for actuary services performed under the new Financing Plan**

Start Date: **February 10, 2012** End Date: **04/30/2013** Maximum Amount: **$5,045,750.14**

Amendments Only: Maximum Prior Amount: **$4,883,685.14** Percentage of Change: **3.32%**

Bid Process (Contracts Only): ☒ Standard ☐ Simplified ☐ Sole Source ☐ Statutory ☐ Master Contract SOW

Funding Source

ACA Exchange 93.525	**$5,030,009.14**		
Special: IDF	**$15,741.00**		

Contents of Attached Packet

☒ AA-14 ☒ Attachments A, B, C & F ☐ Attachment G - Academic Research

☐ Sole Source Memo ☐ Attachment D - Modifications to C & F ☐ MOU

☒ Qualitative/Justification Memo ☐ Attachment E - Business Associate Agreement ☒ Other: **Amend 1, 2 & Base**

Reviewer		Reviewer Initials	Date In	Date Out
DVHA Grant & Contract Administrator	**Kate Jones**	K.J.	Nov 09, 2012	
DVHA BO	**Jill Gould**	J.G.	Nov 09, 2012	
DVHA Commissioner or Designee	**Lindsey Tucker, Dpty Commissioner**	M.L.	Nov 09, 2012	
AHS Attorney General	**Seth Steinzor, AAG**	S.S.	Nov 09, 2012	
Following Approvals for Contracts Only:				
AHS CIO	**Angela Rouelle**	A.R.	Nov 09, 2012	
AHS Central Office	**Martha Giglio**	M.G.	Nov 09, 2012	
AHS Secretary	**Doug Racine, Sec**	J.G.	Nov 09, 2012	

Vision Account Codes: **$5,030,009.14: 3410010000/507600/22005/41704 - $15,741: 3410010000/507600/21500/41470**

☐ FFATA Entry ☐ Grant Tracking Module Vision PO #: Initials & Date: Approval & B/C:

STATE OF VERMONT CONTRACT SUMMARY AND CERTIFICATION - - - - - - - - - - Form AA-14 (8/22/11)

Note: All sections are required. Incomplete forms will be returned to department.

I. CONTRACT INFORMATION:

Agency/Department: AHS / DVHA **Contract #:** 21410 **Amendment #:** 3

Vendor Name: Wakely Consulting Group VISION Vendor No: 308514

Vendor Address: One Constitution Center, Boston, MA 02129

Starting Date: 2/10/2012 **Ending Date:** 04/30/2013 **Amendment Date:** 11/14/2012

Summary of agreement or amendment: Increase maximum amount and extend length of agreement for actuary services performed under the Financing Plan.

II. FINANCIAL INFORMATION

Maximum Payable: $5,045,750.14 Prior Maximum: $ 4,883,685.14 Prior Contract # (If Renewal):

Current Amendment: $162,065.00 Cumulative amendments: $ 3,545,762.50 % Cumulative Change: 236.39 %

Business Unit(s): 3410; ; - [notes:] **VISION Account(s): 507600;**

II. PERFORMANCE INFORMATION

Does this Agreement include Performance Measures tied to Outcomes and/or financial reward/penalties? ☒ Yes ☐ No

Estimated Funding Split: G-Fund % S-Fund % F-Fund 99.70 % GC-Fund % Other .3 %

III. PUBLIC COMPETITION

The agency has taken reasonable steps to control the price of the contract or procurement grant and to allow qualified organizations to compete for the work authorized by this contract. The agency has done this through:

☒ Standard bid or RFP ☐ Simplified Bid ☐ Sole Sourced ☐ Qualification Based Selection ☐ Statutory

IV. TYPE OF AGREEMENT & PERFORMANCE INFORMATION

Check all that apply: ☐ Service ☒ Personal Service ☐ Architect/Engineer ☐ Construction ☐ Marketing ☐ Information Technology ☐ Other, describe:

V. SUITABILITY FOR CONTRACT FOR SERVICE

☒ Yes ☐ No ☐ n/a If this is a Personal Service contract, does this agreement meet all 3 parts of the "ABC" definition of independent contractor? (See Bulletin 3.5) If NO, then contractor must be paid through Payroll

VI. CONTRACTING PLAN APPLICABLE:

Are one or more contract or terms & conditions provisions waived under a pre-approved Contracting Plan? ☐ Yes ☒ No

VII. CONFLICT OF INTEREST

By signing below, I certify that no person able to control or influence award of this contract had a pecuniary interest in its award or performance, either personally or through a member of his or her household, family, or business.

☐ Yes ☒ No Is there an "appearance" of a conflict of interest so that a reasonable person may conclude that this party was selected for improper reasons: (If yes, explain)

VIII. PRIOR APPROVALS REQUIRED OR REQUESTED

☒ Yes ☐ No Agreement must be approved by the Attorney General under 3 VSA §311(a)(10) (personal service)

☒ Yes ☐ No I request the Attorney General review this agreement as to form
No, already performed by in-house AAG or counsel: _____ (initial)

☐ Yes ☒ No Agreement must be approved by the Comm. of DII; for IT hardware, software or services and Telecommunications over $100,000

☐ Yes ☒ No Agreement must be approved by the CMO; for Marketing services over $15,000

☐ Yes ☒ No Agreement must be approved by Comm. Human Resources (privatization and retiree contracts)

☒ Yes ☐ No Agreement must be approved by the Secretary of Administration E.B. M.G. A.R.

IX. AGENCY/DEPARTMENT HEAD CERTIFICATION; APPROVAL

I have made reasonable inquiry as to the accuracy of the above information:

Nov 09, 2012 — E-SIGNed by Mark Larson on 2012-Nov-09 — Date — Agency / Department Head

Nov 09, 2012 — E-SIGNed by Jim Giffin on 2012-Nov-09 — Date — Agency Secretary or Other Department Head (if required)

Nov 09, 2012 — E-SIGNed by Seth Steinzor on 2012-Nov-09 — Date — Approval by Attorney General

Nov 30, 2012 — E-SIGNed by Michael Clasen on 2012-Nov-30 — Date — Approved by Commissioner of Human Resources

Date CIO Date CMO Date Secretary of Administration

VERMONT

State of Vermont
Department of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston VT 05495-2807
dvha.vermont.gov

Agency of Human Services
[Phone] 802-879-5900
[Fax] 802-879-5651

To: Jeb Spaulding, Secretary of Administration M.C.

Through: Doug Racine, Secretary of the Agency of Human Services D.R.

From: Mark Larson, Commissioner of DVHA M.L.

Date: November 28, 2012

RE: Wakely Consulting Group Contract #21410, Amendment 3 Justification

PROPOSED CONTRACT TERM: February 10, 2012 – April 30, 2013

PROPOSED MAXIMUM AMOUNT: $5,045,750.14

In January 2012, DVHA was awarded a Level 1 Exchange Establishment Grant from the federal Department of Health and Human Services (HHS) to further its Exchange planning and development efforts. DVHA has been working with Wakely Consulting for assistance with the planning, design, and development of Vermont's Health Benefits Exchange. This amendment extends the agreement until April of 2013 and adds a deliverable related to actuarial service in support of the development of the financing plans required by Act 48.

The actuarial work for the financing plan included in this amendment is a crucial portion of implementing Vermont's Exchange. The Secretary of Administration is scheduled to propose a financing plan to the Vermont State Legislature in January of 2013, and we need these services quickly to ensure that the required work can be complete to accommodate this deadline.

Wakely offers significant experience working with other States undergoing this process. In order to meet the aggressive deadlines ahead, it is necessary to employ the use of Wakely to assist with this component of the Health Benefits Exchange.

The funding for this contract will be covered by the 100% Federal Funding Participation for the term of the contract except for $50K in general fund in support of the new deliverable related to the financing plan specific to non-Exchange related aspects of this work. This contract complies with all mandatory provisions of AOA Bulletin 3.5. DVHA looks forward to the approval of this contract amendment.

AMENDMENT

It is agreed by and between the State of Vermont, Department of Vermont Health Access (hereafter called the "State") and Wakely Consulting Group, Inc., (hereafter called the "Contractor") that the contract on the subject of assisting with the second year of planning, designing, and developing Vermont's Health Benefits Exchange effective February 10, 2012, is hereby amended as follows:

1. By deleting from Amendment #2 on page 1 of 14, Section 1 Maximum Amount, and substituting in lieu thereof the following:

3. Maximum Amount. In consideration of the services to be performed by Contract, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed $ 5,045,750.14.

2. By deleting from the original contract on page 1 of 36, Section 4 Contract Term and substituting in lieu thereof the following:

4. Contract Term. The period of the Contractor's performance shall begin on February 10, 2012 and end on April 30, 2013.

3. By adding to Attachment A, Specification of Work to be Performed, as previously changed under Amendments 1 and 2, the following:

Section 12: Financing Plan

Robin Lunge shall serve as the State's primary contact for the Financing Plan project under this contract; however, Katharine London, from the University of Massachusetts' Center for Health Law and Economics (CHLE), shall serve as the Contractor's primary contact and as the overall Financing Plan project manager. The project manager will maintain a work schedule and monitor work products for this contract, as well as coordinate different projects among various State contractors, including both the University of Massachusetts and Wakely Consulting Group. Such contacts may be changed by written notice to the other party. The work under this contract supports the State's two Financing Plans required by Section 9 of Act 48 of 2011.

Ms. London will direct the work of the Contractor on this project. Upon request, the Contractor shall participate in at least two meetings in Vermont and will attend up to three additional in-person meetings, if they are needed, to advance the project. The Contractor shall participate in weekly phone meetings with State personnel to further refine parameters and assumptions and to provide updates on the work. The State may waive participation in the weekly calls when it is not necessary for the Contractor to participate.

This contract is funded in part by federal funds. All terms of this contract are subject to any requirements necessary to obtain and maintain such funding. The Contractor and the State acknowledge that some of the work performed under this contract is interrelated with other development work occurring simultaneously, including the work currently performed by another State contractor, the University of Massachusetts, which also supports the financing plans. When relevant and needed, the Contractor and its subcontractors will coordinate with other State contractors to ensure that the financing plans are consistent with other research and work being completed.

Scope of Services to Be Provided

The Contractor shall, at the request of the University of Massachusetts' CHLE, which is project lead for each of the listed projects below, perform the following services and submit deliverables as described herein.

The Contractor shall participate and support the following five tasks with appropriate actuarial analysis:

- Task 2.1: Provide base coverage estimates
- Task 2.2: Federal financial contribution estimates
- Task 2.3: Health care reform costs and savings estimates
- Task 2.4: Financing options
- Deliverable Support Task: Support with drafting reports and presentations

Task 2.1: Provide base coverage estimates

The Contractor will assist in the development of projected medical and long term care services and support claim costs for Green Mountain Care. The following populations or benefits shall be included in Green Mountain Care cost estimates:

- Medicaid
- Uninsured
- Small Group
- Individual
- Large Group – including:
  - Fully insured
  - School employees
  - Municipal Employees
  - State employees
  - Self-insured employers choosing to participate.
- Medicare supplemental products offered through Green Mountain Care

The following populations may not be included directly in the Green Mountain Care, but the financing plans may require the Contractor to assist with aggregate cost estimates or estimates for unique financing mechanisms for these populations:

- The employees of self-insured employers choosing not to participate in Green Mountain Care
- Medicare benefits
- Medicare supplement insurance policies
- VA, Tri-Care, Federal employees
- Retirees with Out-of-State coverage

The Contractor shall not be required to perform work associated with Workers Compensation or Property Casualty Claims.

The Contractor will source claims data to use as a basis for the projection for each target population. It is anticipated that the Contractor will target the Vermont Healthcare Claims Uniform Reporting and Evaluation System (VHCURES) as the primary data set in order to develop

the base coverage estimates. The VHCURES database contains healthcare claims for Vermont residents and non-residents receiving care in Vermont. Should the Contractor determine, with input from Vermont and the CHLE, that the data set does not pass data reasonableness checks, the Contractor will pursue other alternative data sources, which could include: the use of Vermont Medicaid data, Department of Insurance data (such as the Supplemental Health Care Exhibit filed annually by health insurers), large employer or large carrier data, Medicare data, or other data sets that can be used as a baseline proxy of costs.

The Contractor understands that the CHLE will be available to import, clean, and merge data sets; therefore, the Contractor's role will be limited to assisting with reviewing the data extraction and summarizing specifications.

The Contractor will design and develop a benefit cost model that will use the sourced data and project claim costs for the target period. Costs will be adjusted for:

- Benefit coverage, including essential benefit amounts;
- Cost-sharing design, including minimum actuarial value (AV) requirements;
- Consideration of the number, characteristics and assumed health care costs of each target population, including any selection adjustments expected as a result of policy decisions as well as pent up demand;
- Claims run-out, which is further complicated by the mixture of reporting lag patterns in the VHCURES data set;
- Adjustments to account for the impact of seasonality on the claims data;
- The target projection period by applying unit cost and utilization trend factors;
- Adjustments used to improve the credibility of the data set;
- Target reimbursement (as a percent of Medicare or all payer basis);
- Other adjustments needed to reflect Green Mountain Care and specifications, which might include network decisions or formulary decisions.

The Contractor will use up to three scenarios of covered services and up to three cost-sharing options to develop the base coverage estimates.

Task 2.2: Federal financial contribution estimates

The Contractor will collaborate with the CHLE and the State on estimating federal contributions to the costs for the various populations, such as Medicaid, Medicare, individuals, and employers. Given that Vermont itself is a managed care organization (MCO), there will likely be some complexity in the funding arrangement. The Contractor will support assessing policy implications of the federal contribution under a renewed Section 1115 waiver.

The Contractor will be in a supportive role for this task, as the CHLE will be the primary entity for developing sources and amounts of financial contributions.

Task 2.3: Health care reform costs and savings estimates

The Contractor will collaborate with CHLE and the State in constructing estimates of the likely impact of delivery model changes, payment reform efforts, changes to health care operations related to Exchanges and health care reform, and tax reform. The Contractor will rely substantially on previously prepared reports and analyses performed by Wakely Consulting Group, KPMG, PHPG, Craig Stevens, The Department of Labor and other to-be-identified credible data/information sources.

The Contractor will be in a supportive role for this task, as CHLE will be primary for developing cost savings for administrative amounts. The Contractor will collaborate on reform topics and savings issues related to claims cost.

Task 2.4: Financing Options

The Contractor will collaborate with CHLE and the State on the financial model architecture that allows for the robust evaluation of two health care financing options:

1) public/private-funded coverage for those remaining uninsured after full implementation of ACA, and
2) public financing in 2015 for all individuals with non-federally financed coverage.

The Contractor will be in a supportive role for this task, but will deliver claims cost estimates prepared under Task 2.1 as primary input. The financing plans will require an understanding of factors related to the demographics of these populations, including: the impacts of benefit design, cost-sharing differences, pent-up demand, and other characteristics on health care costs and utilization.

The Contractor recognizes that some of the items noted under Section 2.4 of the RFP, including premiums, cost sharing, and projected utilization and spending growth, require an understanding of health care analytics. The Contractor plans to assist in estimating the impact of these scenarios.

The Contractor will not be responsible for the development of the financing model and analysis of revenue sources, and interactions of revenue sources, sustainability, and long term forecasts of revenue, but will support CHLE and the State in their analysis.

Staffing

The below table identifies the Contractor's key staff, their qualifications and the number of hours they will be assigned to the project.

Key Staff Name	Qualifications	Estimated Hours
Julia Lambert	FSA, MAAA (Principal)	31
Julie Peper	FSA, MAAA (Senior Consulting Actuary)	36
Crystal Bradley/Dave Neiman	FSA, MAAA (Senior Actuary)	244
To be Identified	FSA or ASA, MAAA (Consulting Actuary)	50
To be Identified	Actuarial Analyst	40

Exhibit II presents the hours by task for each key staff person.

Deliverables

Contractor will produce the following deliverables:

1. In collaboration with the CHLE, projected medical and long term services and support claim costs by population;
2. A benefit cost model that will project claim costs for the target period;

3. Expert advice and consultation on development of estimates of federal revenues, costs and savings attributable to changes in the health care delivery, payment, and operational systems, and development of financing options;
4. Interim deliverables as negotiated and approved between the parties. Robin Lunge may negotiate and approve interim deliverables on behalf of the State.
5. At least two meetings in Vermont and weekly phone meetings scheduled with the State to provide updates on the work. The Contractor will participate in phone calls with both the CHLE and the State, regarding necessary data and assumptions, in order to become familiar with Vermont data and staff resources and to document Vermont's final decisions on which scenarios to model;
6. In collaboration with the CHLE and the state, reports and presentations. The Contractor will assist the CHLE and the State in the development of the final report, the summary document, and presentations. The Contractor's role will be to provide model results and content that can be incorporated into the report, as well as to develop and review content related to model methodologies, related caveats, or limiting conditions.

The deliverable provision of this contract is severable from the remaining provisions of the contract. If any part of this deliverable is invalid, or if any application thereof to any person or circumstance is invalid, the invalidity shall not affect other provisions or applications which can be given effect without the invalid provision or application

Performance Measures

Performance of these Deliverables will be considered successful if the following conditions are true:

- The projections provided and models used comport with established actuarial standards.
- Deliverables are produced in a prompt fashion allowing for production of a final report to the legislature due January 15, 2013;
- The Contractor provides advice and comments in a prompt fashion.

Limited Use of Analyses

All modeling, assumptions, adjustments and other calculations, projections, and estimates developed by the Contractor are intended to be used for policy development and are not intended to be used by Vermont for producing budgets or setting rates.

4. By deleting from Amendment 2, beginning on page 9 of 14, number 6 of Attachment B Payment Provisions, and substituting in lieu thereof the following:

6. Total maximum payable under this contract shall not exceed $5,045,750.14.

Fee Schedule	
Deliverable	Amount
Section 1: Exchange Operations/Business Functions	
Call Center	$82,578.50
Financial Management	$56,720.00
Program Integrity	$61,206.00
Exchange Staffing	$14,695.00

Exchange Evaluation	$43,855.00
Level 2 Establishment Grant Application	$279,511.00
	$538,565.50
Section 2: SHOP/Individual & Employee Responsibility/Enrollment	
SHOP Exchange	$128,670.00
Individual and Employer Responsibility Determinations	$41,780.00
Enrollment in Qualified Health Plans	$24,907.14
	$195,357.14
Section 3: Health Insurance Market Reform	
Analysis of the Impact of the Exchange on the Commercial Insurance Market Outside the Exchange	$60,500.00
Risk-Leveling Programs	$57,143.00
Certification of Qualified Health Plans (QHPs)	$46,060.00
Consumer Satisfaction Surveys	$22,655.00
	$186,358.00
QHP Plan Design	
Phase 2	$63,368.00
Phase 3	$147,859.00
Project Management	$232,000.00
Assistance to GMMB Inc. on design of navigator program	$75,000.00
	$518,227.00
Section 4: Ad Hoc Tasks	
Up to 1100 hours at a blended rate of $275 per hour	**$302,500.00**
Section 5: Exchange Certification Requirements	
Crosswalk Matrix Template	$13,014.75
Final Populated Matrix	$39,044.25
	$52,059.00
Section 6: Procurement Action Comparative Analysis	
Comparative Analysis Summary Report	**$20,790.00**
Section 7: IT Gap Analysis	
Summary IT Gap Analysis Narrative	$104,553.75
Final IT Gap Analysis Narrative	$104,553.75
	$209,107.50
Section 8: Subject Matter Expertise	
$300 per hour blended rate, not to exceed 90 hours	**$75,000.00**
Section 9: Large Group & Association Migration	
Data request, $300 per hour blended rate	$4,000.00
Initial Findings, $300 per hour blended rate	$12,000.00
Large Group and Association Analysis Report, $300 per hour blended rate	$24,000.00
	$40,000.00
Section 10: Target Operating Model Workshop Assistance	
Workshop #1	$19,981.50

Workshop #2	$19,981.50
Workshop #3	$19,981.50
Workshop #4	$19,981.50
	$79,926.00
Section 11: Business Requirements	
Plan Management BRD	$200,000.00
Anonymous Browsing / Comparison Shopping BRD	$200,000.00
Eligibility (SHOP only) BRD	$200,000.00
Enrollment BRD	$200,000.00
Small Business Online Capabilities BRD	$200,000.00
Individual Online Capabilities & decision Support Tools BRD	$200,000.00
Financial Management BRD	$200,000.00
Premium Tax Credit & Cost Sharing BRD	$200,000.00
Premium Billing BRD	$200,000.00
Customer Service (Call Center) BRD	$200,000.00
Conops Draft and Completion of BRD's and SRS (as approved by State)	$336,040.00
	$2,336,040.00
Section 12: Financing Plan	
2.1: Base coverage estimates	$49,560.00
2.2: Federal financial contribution estimates	$17,185.00
2.3: Health care reform costs and savings estimates	$16,080.00
2.4: Financing options	$25,660.00
Deliverable Support Task: Support with drafting reports and presentations	$16,460.00
	$124,945.00
Travel Allowance	
	$366,875.00
Total	**$5,045,750.14**

This amendment consists of 9 pages. Except as modified by this amendment and any previous amendments, all provisions of this contract (#21410), dated February 10, 2012, shall remain unchanged and in full force and effect.

STATE OF VERMONT

DEPARTMENT OF VERMONT HEALTH ACCESS

MARK LARSON, COMMISSIONER DATE

CONTRACTOR

WAKELY CONSULTING GROUP, INC.

PATRICK HOLLAND, MANAGING DIRECTOR DATE