

**RFP for Actuarial Services for
Major Medical Insurance Rate Review
Questions and Answers**

October 25, 2013

Background Questions:

1. Which specific major medical health products are included in the RFP?

Vermont Health Connect (Health Benefit Exchange) Filings (2), Grandfathered Small and Nongroup filings, Large Group Manual Filings, Factor filings (e.g. benefit relativity, medical and pharmaceutical trend, administrative expense and contribution to reserves, stop loss,)

2. Is it expected/preferred by Vermont that there will be multiple contacts awarded?

It is expected that one contract will be awarded. Depending on the proposals, however, it is possible that two bidders will be selected, and the work may be allocated between the two based on experience and expertise.

3. What is the contract period for the contract arising from this RFP?

The contract will be for one year beginning January 1, 2014.

4. Who was the last consulting firm that performed the work?

The Board has not previously employed an actuarial consulting firm for rate filings because it has only assumed broadened jurisdiction over the filings starting in 2014. The Vermont Department of Financial Regulation, a separate state entity, has employed Oliver Wyman for this task.

5. On Page 11 of the RFP, under 7.4 Contract Terms, it appears that there is missing wordage after the beginning of the 4th sentence, which starts with “Acknowledgment of Terms...” and then the sentence is not completed. Are there any missing words here?

This is a typographical error. “Acknowledgement of Terms” was intended to be the subheading of the following paragraph, which begins “A statement from the Vendor . . .”



6. Which consultant was selected to perform the services described in the RFP for “Technical Assistance for Rate Review of Health Benefit Exchange Plans” that the Green Mountain Care Board (GMCB) issued on April 12, 2013? Has that consultant performed any other services (besides those described in the April RFP) for the GMCB or the Department of Financial Regulation (DFR)?

Wakely Consulting Group was selected and performed the services; the contract may be viewed at http://gmcboard.vermont.gov/Contract_Grants. All GMCB contracts may be viewed on the website.

7. What Evaluation Factors are used for choosing the successful bidder?

Members of the team score each of the bidders on items such as experience, responsiveness to specifications, costs, and capacity to perform.

8. Will you share the Evaluation Sheet and perform a debriefing if requested at the end of the process?

All bids and bid review results are available once a contract has been executed with a successful bidder and may be requested in writing.

General Questions:

9. Does Vermont use the SERFF system for rate review?

Yes.

10. What other systems and tools are used during the rate review process? (i.e. HIOS, Vermont Health Connect)

The Board has looked to external economic indicators such as the Consumer Price Index and CMS National Health Expenditure Projections when deciding whether a proposed rate is affordable and promotes access to quality health care.

11. The GMCB currently provides public communications of rate filing decisions which are contained on the “GMCB Rate Review Decisions” page of the website. Is it anticipated that these documents will remain the primary communication of filings and decisions to consumers, or is part of the transparency process for the vendor to create more consumer friendly explanations of proposed rate filings and decisions for the public?

The Board will be launching a separate rate review website in January 2014 that is more consumer friendly. Communications between the chosen vendor and the insurer concerning individual filings will be posted on the website, with the exclusion of confidential materials. In that respect, it is expected that the vendor will present



information in a manner that is most understandable to the reader, including members of the public.

12. The references section requests the following: *Provide the names, addresses, and phone numbers of at least three companies or State Agencies that the individual you are proposing has performed similar work within the last 3 years. Should responders provide three references for the lead individual only or for all individuals proposed on the team?*

It is sufficient to provide the references for the lead only, but may be helpful to provide further references for other team members or for the organization as a whole.

13. Please confirm that, per Section 7.4 of the RFP, a respondent may include exceptions or additional provisions in the Acknowledgment of Terms described in that Section. (It is understood that these will be considered by the GMCB when making an award.) If a respondent is proposing any exceptions or additional provisions, should it note that on its Certificate of Compliance (Attachment A)?

Yes. The Board will consider proposals containing exceptions that do not substantively change the nature of the contract or the deliverables. Any requests for exceptions will be subject to review by the Vermont Attorney General's Office.

Scope of Work Questions:

14. Please indicate the average number of rate filings for Individual, Small Group and Large Group business that Vermont anticipates to receive for 2014. What are the workload projections and timeframe(s) of filing submissions? Will any internal staff also be doing rate review, or assisting in the rate review, and, if so, what roles and how many?

The Board anticipates it will receive two dozen filings in 2014 from two carriers. To put this in perspective, the Board received almost 50 in 2012 and 32 so far in 2013. There are two Health Benefit Exchange filings for small groups and individuals, which we anticipate will be filed mid-March 2014. Currently, BCBSVT files separate "factor" filings, and if the practice continues, they would be filing four annual factor filings in January, two semi-annual trend factor filings in February and September, and filings on administrative expenses and contribution to reserves annually in the second quarter. BCBSVT also files large group manual rate filings two times a year, each covering two quarters.

MVP, in addition to its Exchange filing, files grandfathered small group and nongroup filings semi-annually, as well as large group HMO and PPO filings also filed semi-annually. It is presumed that the filings for the first and second quarters will be received during approximately 3 to 4 months prior to effective date.



There are three Board staff that are assigned to work on rate review: the Health Policy Director and two analysts, one of whom is assigned to spend approximately 40% time on rate review.

15. Given that one deliverable is “sensitivity to, and familiarity with, the Vermont Insurance market...”, will bidders besides the current incumbent be at a significant disadvantage, since only the incumbents has reviewed the Rate Filings? What level of familiarity with the Vermont Insurance market is required?

As stated above, the Board has not previously employed an actuary to review rate filings, and will begin to do so starting January 2014 when its jurisdiction over rate filings is broadened. (The Department of Financial Regulation employed Oliver Wyman to review rates.)

Non-incumbent bidders will not be materially disadvantaged because it is possible for any bidder to demonstrate in its response its knowledge of and capacity to learn and understand Vermont’s insurance market. Vermont has several requirements in addition to those under the ACA for filings. These requirements can be found in Vermont statutory law, each of the two insurers is familiar with these requirements, and the filings typically conform to these requirements.

16. Could the deliverable to “perform a migration analysis” be defined in greater detail? Will the fact that all other bidders besides the incumbent have not seen the pricing assumptions of the current insurers be detrimental in completing the deliverable? How can this be addressed?

As an example, the “Catamount” health plan, outlined in 8 V.S.A. § 4080f, will no longer be available to subscribers, who will move to plans in the Health Benefit Exchange. Because provider reimbursement rates differ for Catamount and the Exchange, a migration analysis would analyze the effect of the migration of Catamount members to Exchange plans.

We expect any bidder other than the incumbent would need to spend some time familiarizing itself with pricing assumptions, but in such a small state, with only two major providers in the Exchange and relatively few filings outside of the Exchange, any disadvantage at the onset should not be a barrier to completing the deliverable.

17. How many hours are anticipated annually for the work included in the scope of this contract?

This is an area that cannot be answered with precision. As stated, there will approximately 24 rate filings through the course of 2014. We expect that all but two – the two Health Benefit Exchange filings – will be routine. Work during the period that the Exchange filings are under review will be more intense, and will most likely require a presence in Vermont to attend rate review hearings (see response to Question 18, below).



The principal focus of the work will be to provide analysis of pending rate filings, but as time and workload allow, the successful bidder will also assist the Board with examination and analysis of related policy issues.

It is notable that newly enacted Vermont law, 8 V.S.A. § 4062(as amended by Act No. 79) limits the duration of time that the Board will be able to retain a rate filing before a decision must be issued to 90 days after receipt. This will also limit the time which may be spent on actuarial review of the filing. It is anticipated that insurers will be encouraged to provide the Board with more complete and accurate filings at the onset and will provide requested information in a timely manner, to ensure that it will meet its burden to prove the need for any rate increase. By statute, actuarial opinions must be posted to the Board's website no later than 60 days following receipt of the filing, although the law allows for a 30-day extension if an insurer has not provided timely information.

18. How many in-person meetings are anticipated with the consultants? What is the anticipated frequency of phone or web meetings?

In-person meetings will be held as needed, and we anticipate no more than one per quarter. The consultant will be expected to attend rate hearings for the Exchange products, likely to be held in June. Phone and web communications will be frequent at times but will vary with the filing schedule.

19. The RFP indicates that the GMCB must approve, disapprove or modify filings within 90 days of submission. How much of this timeline is allocated to the actuarial review including drafting of an actuarial opinion?

It is expected that the actuarial review, including drafting of an opinion, will be completed no later than 45 days following receipt of the filing via SERFF. (See also Question and Response no. 15).

