

STATE OF CALIFORNIA  
**STANDARD AGREEMENT**  
 STD 213 (Rev 06/03)

AGREEMENT NUMBER <b>13-C-032</b>
REGISTRATION NUMBER

- This Agreement is entered into between the State Agency and the Contractor named below:  

STATE AGENCY'S NAME	California Health Benefit Exchange
CONTRACTOR'S NAME	<b>Milliman, Inc.</b>
- The term of this Agreement is: November 1, 2013 through June 30, 2014
- The maximum amount of this Agreement is: \$ 150,000.00  
One hundred and fifty thousand dollars and no cents
- The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work	2 Pages
Exhibit B – Budget Detail and Payment Provisions	2 Pages
Exhibit C – General Terms and Conditions	10 Pages
Exhibit D – Special Terms and Conditions	5 Pages
Exhibit E -- Additional Provisions	4 Pages
Exhibit E, Attachment 1 - Resumes	6 Pages

Items shown with an Asterisk (\*), are hereby incorporated by reference and made part of this agreement as if attached hereto.  
 These documents can be viewed at [www.ols.dgs.ca.gov/Standard+Language](http://www.ols.dgs.ca.gov/Standard+Language)

**IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.**

<b>CONTRACTOR</b>		California Department of General Services Use Only
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.) Milliman, Inc.		
BY (Authorized Signature) 	DATE SIGNED (Do not type) 3-26-14	
PRINTED NAME AND TITLE OF PERSON SIGNING Robert G. Cosway, Principal		
ADDRESS 4370 La Jolla Village Drive, Suite 700 San Diego, CA 92122-1249		
<b>STATE OF CALIFORNIA</b>		
AGENCY NAME California Health Benefit Exchange		
BY (Authorized Signature) 	DATE SIGNED (Do not type) 3/28/14	
PRINTED NAME AND TITLE OF PERSON SIGNING David Maxwell-Jolly, Chief Deputy Executive Director, Strategy		
ADDRESS 560 J Street, Suite 290, Sacramento, CA 95814		

Exempt per:  
**Government Code  
 Section 100505**

**Exhibit A  
(Standard Agreement)**

**SCOPE OF WORK**

**Purpose:** Under the Affordable Care Act, California received Establishment grants to support the California Health Benefit Exchange (Exchange) planning and implementation activities. The Exchange has been created to improve the health of all Californians by assuring their access to affordable high quality health care. The Exchange began enrollment for health insurance in October 2013. The Exchange requires actuarial analysis on an interim basis until its Chief Actuary position can be filled.

**A. General Scope or Tasks:** The Contractor shall provide consulting services to provide interim actuarial analysis for issues resulting from the initial implementation of the Exchange.

1. The Contractor shall evaluate actuarial implications on when policies that were not grandfathered and are not compliant with the Affordable Care Act could be ended and evaluate the financial and operational impact to the Exchange of proposed changes in Federal and/or State policy, regulation, or guidance. This may require urgent, time critical analysis including overnight and weekend support.
2. The Exchange shall further identify additional tasks and fund those through an amendment to this agreement.

**B. Reporting Headquarters Location:**

The Contractor is required to perform all services under this Agreement on site at the Exchange, unless directed otherwise by the project representative listed in this Exhibit. The Exchange office is located at 560 J Street, Suite 290, Sacramento, CA 95814. Travel and expenses for reporting to this Headquarters location shall not be reimbursed.

**C. Contract Deliverables:**

1. The Contractor understands that all recommendations and contract deliverables must comply with the Patient Protection and Affordable Care Act of 2010, as well as sections 15438, 15439, and 100501 through 100521 of the Government Code; 1346.2 and 1366.6 of the Health and Safety Code; 10112.3 and 10112.4 of the Insurance Code.
2. The Contractor shall provide all deliverables within the timeframe specified and required by the State.
3. The Contractor understands and acknowledges that all deliverables must be reviewed, approved and accepted by the State.

**Exhibit A**  
**(Standard Agreement)**

4. The Contractor understands that any State-requested revisions to any deliverable shall be incorporated by the Contractor within seven (7) calendar days from the date in which the State provided its feedback, unless a different timeframe is required and specified by the State.
5. In the event the State requires additional refinements and modifications for any deliverable which occurs after that deliverable has been previously accepted by the State, the Contractor shall be required to make the additional revisions until the revised deliverable is accepted and approved by the State.
6. The Contractor shall be paid for services rendered under this Agreement in accordance with Exhibit B – Budget Detail and Payment Provisions.

**D. Project Representatives:**

The representatives for this project, during the term of this Agreement, shall be:

<b>State Program Representative</b>	<b>Contractor Representative:</b>
Yolanda Richardson California Health Benefit Exchange 560 J Street, Suite 290 Sacramento, CA 95814 (916) 323-3601 T (916) 323-3564 F	Milliman, Inc. Robert G. Cosway 4370 La Jolla Village Drive, Suite 700 San Diego, CA 92122-1249 (858) 557-5302

**EXHIBIT B  
(Standard Agreement)**

**BUDGET DETAIL AND PAYMENT PROVISIONS**

**A. Invoicing and Payment**

1. The maximum amount payable under this agreement shall not exceed \$150,000.00.
2. For services satisfactorily rendered in material compliance with Exhibit A, Statement of Work, and upon receipt and approval of the invoice(s), the State, agrees to pay the Contractor for said services at an hourly rates as established in the fee schedule below. The Contractor shall submit an invoice indicating the hours expended by each level of staff, supported by brief report which summarizes both completed tasks and allowable hours toward contract deliverables.

<i>Staff Category</i>	<i>Rate</i>
Principal	\$530
Senior Consultant	\$400
Senior Analyst	\$300
Analyst	\$200
Clerical	\$80

**No overtime or travel expenses shall be reimbursed under this Agreement.**

3. Invoices shall include the Agreement Number and CFDA Code 93.525 and shall be submitted in triplicate not more frequently than monthly in arrears to:

California Health Benefit Exchange  
Attn: Accounting  
560 J Street, Suite 290  
Sacramento, CA 95814

Invoices shall:

- a. Be prepared on agency/company letterhead. If invoices are not on agency/company letterhead, invoices must be signed by an authorized official, employee, or agent certifying that the expenditures claimed represent actual expenses for the service performed under this Agreement.
- b. Bear the Contractor's name as shown on the Agreement.
- c. Identify the billing and/or performance period covered by the invoice.
- d. Itemize the costs for the billing period in the same or greater level of detail as indicated in this Agreement. Only those costs and/or cost categories expressly identified as allowable in this agreement may be reimbursed.

Any invoices submitted without the above-referenced information may be returned to the Contractor for further re-processing.

**EXHIBIT B  
(Standard Agreement)**

**B. Federal Funding and Qualified Health Plan (QHP) Assessment Contingency Clause**

If the receipt of federal grant funds and the collection of fees assessed from QHPs are collectively not sufficient to provide the funds for this program, the Exchange shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to the Contractor to reflect the reduced amount.

**C. Prompt Payment Clause**

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

**D. Review**

The California Health Benefit Exchange reserves the right to review service levels and billing procedures as they impact charges against this Agreement.

**E. Final Billing**

Invoices for services must be received by the State within 90 days following each state fiscal year, or 90 days following the end of the contract term, whichever comes first. The final invoice must include the statement "Final Billing."

**F. Nonresident Tax Withholdings**

Payments to all nonresidents may be subject to withholding. Nonresident payees performing services in California or receiving rent, lease, or royalty payments from property (real or personal) located in California will have seven percent of their total payments withheld for state income taxes. However, no withholding is required if total payments to the payee are \$1,500 or less for the calendar year.

## **EXHIBIT C (Standard Agreement)**

### **GENERAL TERMS AND CONDITIONS**

**A. APPROVAL:**

This Agreement is of no force or effect until signed by both parties.

**B. AMENDMENT:**

This Agreement may be amended by mutual consent of the parties. No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

**C. ASSIGNMENT:**

This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.

**D. AUDIT:**

Contractor agrees that the awarding department ("the State") and the Bureau of State Audits, Health and Human Services, or their designated representatives, shall have the right to review and to copy any records and supporting documentation directly pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of ten (10) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include the same right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (45 CFR Section 155.1210, GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).

**E. INDEMNIFICATION:**

Contractor agrees to indemnify, defend and save harmless the State, its officers, trustees, agents and employees from any and all claims, losses, costs, liabilities, damages or deficiencies, including interest, penalties and attorneys' fees, which:

- (i) Arise out of, are due to, or are alleged to arise out of or be due to, a breach by the Contractor of any of its representations, warranties, covenants or other obligations contained in this Agreement, provided that Contractor's indemnification obligations under this subsection shall be subject to the Limitation of Liability provision in this Section E, or
- (ii) Are caused by or result from or are alleged to arise out of or result from, the Contractor's acts or omissions constituting bad faith, willful misfeasance, gross negligence or fraud in its duties under this Agreement, or
- (iii) Accrue or result, or are alleged to accrue or result, to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation

## **EXHIBIT C (Standard Agreement)**

furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement on behalf of Contractor, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement, or

- (iv) Arise out of, are due to, or are alleged to arise out of or be due to, any claim or allegation of infringement, misappropriation or violation of any United States patent, copyright, trademark, trade secret, domain name or other intellectual property right comprising or involving any of the Subject Inventions, Prior Inventions or other Inventions provided in any way by Contractor and used, reproduced or otherwise exploited by the State in connection with any of the Agreement Programs or any Turnover thereof; or
- (v) Arise out of, are due to or are alleged to arise out of or be due to, any violation of HIPAA, the HIPAA Regulations, HITECH Act, other security or privacy laws, or any other laws, by Contractor or any subcontractor or agent under Contractor's control.

If and to the extent that the Contractor has knowledge of a claim that it believes may develop into an action that would be subject to this Agreement, the Contractor shall promptly notify the State of the claim.

**Right to Tender or Undertake Defense.** If the State is named a party in any judicial, administrative, or other proceeding arising out of or in connection with a breach of this Agreement or a matter for which the Contractor is obligated to indemnify the State under this Agreement, then the State will have the option at any time to either (i) tender its defense to Contractor, in which case Contractor will provide qualified attorneys, consultants, and other appropriate professionals to represent the State's interests at Contractor's expense, or (ii) undertake its own defense, choosing the attorneys, consultants, and other appropriate professionals to represent its interests, in which case Contractor will be responsible for and shall pay reasonable fees and expenses of such attorneys, consultants, and other appropriate professionals. If the State elects option (ii) above, the Contractor shall be afforded a reasonable opportunity to participate in the defense and attend the legal proceedings at its own expense; however, the State shall have sole control of the defense.

**Right to Control Resolution.** Notwithstanding that the State may have tendered its defense to the Contractor, neither party shall settle, compromise or resolve any claims, causes of action, liabilities or damages against the State without the consent of the other party, which consent shall not be unreasonably withheld. Any such resolution will not relieve the Contractor of its obligation to indemnify the State.

**Limitation of Liability.** Contractor shall perform all services in accordance with applicable professional standards. The parties agree that Contractor shall not be liable to the State, whether in tort, contract, or otherwise, for any damages in excess of 3 times the professional fees paid to Contractor with respect to the work in question. In no event shall Contractor or the State be liable under this contract for lost profits or any other type of

## **EXHIBIT C (Standard Agreement)**

incidental or consequential damages. The foregoing limitations shall not apply in the event of any intentional fraud or willful misconduct of Contractor.

**F. DISPUTES:**

Disputes shall be administered in accordance with Paragraph A of Exhibit D of this Agreement. During any dispute, Contractor shall continue with the responsibilities under this Agreement, unless directed otherwise by the State in writing.

**G. TERMINATION FOR CAUSE:**

The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided, unless otherwise agreed to by the State in writing. Such right of termination shall be without prejudice to any other remedies available to the State. Upon receipt of any notice terminating this Agreement, the Contractor shall immediately discontinue all activities affected, unless the notice directs otherwise, and the State may proceed with the work in any manner deemed proper by the State. In such event, the State shall pay the Contractor only the reasonable value of the services rendered, and all costs to the State shall be deducted from any sum due the Contractor. The State may, at its sole discretion, offer an opportunity to cure any breach prior to terminating for default.

**H. INDEPENDENT CONTRACTOR:**

Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State except for purposes of Civil Code Section 1798.24.

**I. RECYCLING CERTIFICATION:**

The Contractor shall certify in writing under penalty of perjury the minimum, if not exact, percentage of recycled content, both post-consumer waste and secondary waste as defined in the Public Contract Code, Sections 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract Code, Section 12209. Contractor may certify that the product contains zero recycled content.

**J. NON-DISCRIMINATION CLAUSE:**

During the performance of this Agreement, Contractor and its subcontractors, as well as their agents and employees, shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, sexual orientation, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (including health impairments related to or associated with a diagnosis of cancer for which a person has been rehabilitated or cured), age (over 40), marital status, and use of family and medical care leave pursuant to state or federal law. Contractor and subcontractors, as well as their agents and employees, shall ensure that the evaluation and treatment of their employees and applicants for



## **EXHIBIT C (Standard Agreement)**

employment are free from such discrimination and harassment. The Contractor and subcontractors, as well as their agents and employees, shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (Title 2, California Code of Regulations, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

### **K. CONTRACTOR CERTIFICATION CLAUSES:**

1. STATEMENT OF COMPLIANCE:

Contractor has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

2. DRUG-FREE WORKPLACE REQUIREMENTS:

Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
  - 1) The dangers of drug abuse in the workplace;
  - 2) The person's or organization's policy of maintaining a drug-free workplace;
  - 3) Any available counseling, rehabilitation and employee assistance programs; and
  - 4) Penalties that may be imposed upon employees for drug abuse violations.
- c. Every employee who works on the proposed Agreement will:
  - 1) Receive a copy of the company's drug-free workplace policy statement; and

## **EXHIBIT C (Standard Agreement)**

- 2) Agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the State determines that any of the following has occurred: (1) the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (GC 8350 et seq.)

3. **NATIONAL LABOR RELATIONS BOARD CERTIFICATION:**

Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two (2)-year period because of Contractor's failure to comply with an order of a Federal court which orders Contractor to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

4. **DOING BUSINESS WITH THE STATE OF CALIFORNIA:**

- a. **CONFLICT OF INTEREST:**

Contractor acknowledges the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement the Contractor shall contact the State immediately for clarification.

- 1) **Current State Employees (PCC 10410):**

- a) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- b) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

- 2) **Former State Employees (PCC 10411):**

- a) For the two (2)-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transaction, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

## **EXHIBIT C (Standard Agreement)**

- b) For the twelve (12)-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the twelve (12)-month period prior to his or her leaving state service.
- 3) If Contractor violates any provisions of the above paragraphs, such action by Contractor shall render this Agreement void. (PCC 10420).
- 4) Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e)).

**b. LABOR CODE/WORKERS' COMPENSATION:**

Contractor acknowledges the provisions of law which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor agrees to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700.)

**c. AMERICANS WITH DISABILITIES ACT:**

Contractor certifies that it complies with the Americans with Disabilities Act (ADA) of 1990, as amended, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

**d. CONTRACTOR NAME CHANGE:**

Contractor acknowledges that an amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

**e. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:**

- 1) Contractor acknowledges that, when agreements are to be performed in the state by corporations, the State will verify that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- 2) "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

## **EXHIBIT C (Standard Agreement)**

3) Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

f. **RESOLUTION:**

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

g. **AIR OR WATER POLLUTION VIOLATION:**

Contractor acknowledges that, under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation or provisions of federal law relating to air or water pollution.

h. **PAYEE DATA RECORD FORM STD 204:**

Contractor acknowledges that this form must be completed by all contractors that are not another state agency or other government entity.

**L. TIMELINESS:**

Time is of the essence in this Agreement.

**M. COMPENSATION:**

The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.

**N. GOVERNING LAW:**

This Agreement shall be administered, construed, and enforced according to the laws of the State of California (without regard to any conflict of law provisions) to the extent such laws have not been preempted by applicable federal law. Any suit brought hereunder (including any action to compel arbitration or to enforce any award or judgment rendered thereby) shall be brought in the state or federal courts sitting in Sacramento, California, the parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

## **EXHIBIT C (Standard Agreement)**

### **O. ANTITRUST CLAIMS:**

The Contractor by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes sections set out below.

1. The Government Code Chapter on Antitrust claims contains the following definitions:
  - a. "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.
  - b. "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.
2. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.
3. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.
4. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

### **P. CHILD SUPPORT COMPLIANCE ACT:**

In accordance with the Child Support Compliance Act,

## **EXHIBIT C (Standard Agreement)**

1. The Contractor acknowledges the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and
2. The Contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

### **Q. UNENFORCEABLE PROVISION:**

Should one or more provisions of this contract be held by any court to be invalid, void or unenforceable, the remaining shall nevertheless remain and continue in full force and effect.

### **R. UNION ORGANIZING:**

By signing this Agreement, Contractor hereby acknowledges the applicability of Government Code Section 16645 through Section 16649 to this Agreement and agrees to the following:

1. Contractor will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
2. No state funds received under this agreement will be used to assist, promote or deter union organizing.
3. Contractor will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the general public for holding meetings.
4. If Contractor incurs costs, or makes expenditures to assist, promote or deter union organizing, Contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and that Contractor shall provide those records to the Attorney General upon request.
5. Contractor will be liable to the State for the amount of any funds expended in violation of the requirements of Government.

### **S. DOMESTIC PARTNERS:**

Notwithstanding any other provision of law, no state agency may enter into any contract for the acquisition of goods or services in the amount of one hundred thousand dollars (\$100,000) or more with a contractor who, in the provision of benefits, discriminates between employees with spouses and employees with domestic partners, or discriminates between employees with spouses or domestic partners of a different sex and employees

## **EXHIBIT C (Standard Agreement)**

with spouses or domestic partners of the same sex, or discriminates between same-sex and different-sex domestic partners of employees or between same-sex and different-sex spouses of employees.

### **T. LEGAL SERVICES REQUIREMENTS:**

For all contracts that provide legal services:

1. The contractor shall agree to adhere to legal cost and billing guidelines designated by the state agency.
2. The contractor shall adhere to litigation plans designated by the state agency.
3. The contractor shall adhere to case phasing of activities designated by the state agency.
4. The contractor shall submit and adhere to legal budgets as designated by the state agency.
5. The contractor shall maintain legal malpractice insurance in an amount not less than the amount designated by the state agency.
6. The contractor shall submit to legal bill audits and law firm audits if requested by the state agency. The audits may be conducted by employees or designees of the state agency or by any legal cost control providers retained by the state agency for that purpose.

### **U. MINIMUM PRO-BONO CERTIFICATION:**

For all contracts over \$50,000 that provide legal services, the Contractor agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the contract equal to the less of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its contract with the State. Failure to make a good faith effort may be cause for non-renewal of a State contract for legal services, and may be taken into account when determining the award of future contracts with the State for legal services.

### **V. PRIORITY HIRING CONSIDERATIONS FOR RECIPIENTS OF AID:**

If this Contract includes services in excess of \$200,000, the Contractor shall give priority consideration in filling vacancies in positions funded by the Contract to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code §10353. This requirement shall not interfere with or require a violation of a collective bargaining agreement, a federal affirmative action obligation for hiring disabled veterans of the Vietnam era, or nondiscrimination compliance laws of California and does not require the employment of unqualified recipients of aid.

**EXHIBIT D  
(Standard Agreement)**

**SPECIAL TERMS AND CONDITIONS**

**A. Dispute Provisions**

1. The parties shall deal in good faith and attempt to resolve disputes informally. If the dispute persists, Contractor shall submit a written dispute notice to the Exchange Project Representative within 15 calendar days after the date of the action causing the dispute. The written dispute notice shall contain the following information:
  - a. the decision or issue under dispute;
  - b. the reason(s) Contractor believes the decision or position taken by the Exchange is in error (if applicable, reference pertinent contract provisions);
  - c. identification of all documents and substance of all oral communication which support Contractor's position; and
  - d. the dollar amount in dispute, if applicable.
2. The Exchange Project Representative, within 15 calendar days after receipt of the dispute notice, shall issue a written decision regarding the dispute. The written decision shall include the following information:
  - a. a description of the dispute;
  - b. a reference to pertinent contract provisions, if applicable;
  - c. a statement of the factual areas of agreement or disagreement; and
  - d. a statement of the representative's decision with supporting rationale
3. If the Contractor is not satisfied with the decision of the Exchange Project Representative, the Contractor may, within 15 calendar days of the Exchange Project Representative's decision, submit a written appeal to the Exchange Executive Director. The Executive Director shall then issue a final decision on the dispute within 30 days after receiving Contractor's written appeal. If the Executive Director fails to render a final decision within 30 days after receipt of Contractor's written appeal, it shall be deemed a final decision adverse to the Contractor's contentions. The Executive Director's final decision shall be conclusive and binding regarding the dispute unless Contractor commences an action in a court of competent jurisdiction to contest such decision within 30 days following the date of the final decision.
4. Pending the final resolution of any dispute arising under, related to or involving this Contract, Contractor agrees to diligently proceed with the performance of this Contract, including the delivery of Goods or providing of services in accordance with the Exchange's instructions. Contractor's failure to diligently proceed in accordance with the Exchange's instructions shall be considered a material breach of this Contract.

**B. Termination Without Cause**

This Agreement may be terminated without cause by the State upon 30 days written notice to the contractor.



## **EXHIBIT D (Standard Agreement)**

### **C. Debarment and Suspension**

For federally funded agreements, Contractor certifies that to the best of his/her knowledge and belief he/she and their principals or affiliates or any sub-contractor utilized under this agreement, are not debarred or suspended from federal financial assistance programs and activities nor proposed for debarment, declared ineligible, or voluntarily excluded from participation in covered transactions by any federal department or agency. The Contractor also certifies that it or any of its sub-contractors are not listed on the Excluded Parties Listing System (<http://www.sam.gov>) (Executive Order 12549, 7 CFR Part 3017, 45 CFR Part 76, and 44 CFR Part 17).

### **D. Certification Regarding Lobbying**

Applicable to Grants, Subgrants, Cooperative Agreements, and Contracts Exceeding \$100,000 in Federal Funds.

1. For Agreements with Contractors who are State entities not under the authority of the Governor, or cities, private firms or agencies which are receiving in excess of \$100,000 in federal funds from the California Health Benefit Exchange to perform services. By signing this Agreement the Contractor certifies that to the best of his or her knowledge and belief, that:
  - a. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of a Federal contract, the making of a Federal grant, the making of a Federal loan, the entering into of a cooperative agreement, and the extension, continuation, renewal, amendment, or modification of a Federal contract, grant, loan, or cooperative agreement.
  - b. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal Grant or agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.
  - c. The Contractor shall require that the language of this certification be included in the award documents for all covered subawards exceeding \$100,000 in Federal funds at all appropriate tiers and that all subrecipients shall certify and disclose accordingly.
2. This certification is a prerequisite for making or entering into this transaction and is imposed by Section 1352, Title 31, U. S. Code. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Any person who fails to file the required certification shall be subject to a civil penalty of no less than \$10,000 and not more than \$100,000 for each such failure.

## **EXHIBIT D (Standard Agreement)**

### **E. Computer Software Copyrights**

Contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this contract for the acquisition, operation or maintenance of computer software in violation of copyright laws.

### **F. A-133 Audit**

To the extent applicable, pursuant to Office of Management and Budget (OMB) Circular A-133 §\_\_.200 "Audit Requirements", non-federal entities that expend \$500,000 or more in a year in Federal awards from all sources combined shall have a single or program-specific audit conducted for that year in accordance with the provisions of OMB Circular A-133. All OMB Circular A-133 audit reports shall meet the reporting requirements established in OMB §\_\_.320 "Report Submission" and a copy shall be forwarded to the California Health Benefit Exchange.

### **G. Executive Compensation Reporting**

To the extent applicable, pursuant to 2 C.F.R. Part 170, certain subrecipients of federal awards that in the previous fiscal year received 80% or more of their annual gross revenues from Federal procurement contracts and subcontracts and Federal financial assistance subject to the Transparency Act, as defined at 2 C.F.R. 170.320 (and subawards); and \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act (and subawards); and the public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or Section 6104 of the Internal Revenue Code of 1986, the subrecipient must report the names and total compensation of each of the subrecipient's five most highly compensated executives for the subrecipient's preceding completed fiscal year.

### **H. Subcontractors**

(Applicable to agreements in which the Contractor subcontracts out a portion of the work) Nothing contained in this Agreement or otherwise shall create any contractual relationship between the Exchange and any subcontractors, and no subcontractor shall relieve the Contractor of its responsibilities and obligations hereunder. The Contractor agrees to be fully responsible to the Exchange for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the obligation of the Exchange to make payments to the Contractor. As a result, the Exchange shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

## **EXHIBIT D (Standard Agreement)**

### **I. Insurance Requirements**

When Contractor submits a signed contract to the State, Contractor shall furnish to the State a certificate of insurance, stating that there is:

1. General liability insurance presently in effect for the Contractor of not less than \$1,000,000 per occurrence for bodily injury and property damage liability combined; and
2. Automobile liability, including non-owned auto liability, of not less than \$1,000,000 per occurrence for volunteers and paid employees providing services supported by this Agreement. The certificate of insurance will include provisions a, b, and c, in their entirety:
  - a. That the insurer will not cancel the insured's coverage without 30 days' prior written notice to the State.
  - b. That the State of California, its officers, agents, employees, and servants are included as additional insured, but only insofar as the operations under this contract are concerned.
  - c. That the State will not be responsible for any premiums or assessment on the policy.

Contractor agrees that the general and automobile liability insurance herein provided for shall be in effect at all times during the term of this contract. In the event said insurance coverage expires at any time or times during the term of this contract, Contractor agrees to provide prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of the contract, or for a period of not less than one year. New certificates of insurance shall be timely provided to the Exchange, and Contractor agrees that no work or services shall be performed prior to the giving of such approval. In the event the Contractor fails to keep in effect at all times insurance coverage as herein provided, the State may, in addition to any other remedies it may have, terminate this contract upon occurrence of such event.

The Contractor shall require its subcontractors/vendors under this Agreement, other than units of local government which are similarly self-insured, to maintain adequate insurance coverage for general liability and automobile liability including non-owned auto liability, and further, the Contractor shall require all of its subcontractors/vendors to hold the Contractor and the Exchange harmless. The subcontractors'/vendors' Certificate of Insurance shall also have the Contractor, not the State, as the certificate holder and additional insured. The Contractor shall maintain certificates of insurance for all its subcontractors/vendors.

The State will not provide for nor compensate Contractor for any insurance premiums or costs for any type or amount of insurance.

By signing this Agreement, the Contractor hereby warrants that it carries Workers' Compensation Insurance on all of its employees who will be engaged in the

**EXHIBIT D**  
**(Standard Agreement)**

performance of this Agreement. If staff provided by the Contractor is defined as independent contractors, this clause does not apply.

**EXHIBIT E**  
**(Standard Agreement)**

**ADDITIONAL PROVISIONS**

**A. Intellectual Property Rights**

1. Subject to Section A(4) and A(5) below, all deliverables as defined in the Scope of Work originated or prepared by the Contractor pursuant to this agreement including papers, reports, charts, and other documentation, but not including Contractor's administrative communications and records relating to this Agreement, shall upon delivery and acceptance by the California Health Benefit Exchange become the exclusive property of the California Health Benefit Exchange and may be copyrighted by the California Health Benefit Exchange.
2. Subject to Section A(4) and A(5) below, all inventions, discoveries or improvements of the techniques or programs or materials developed pursuant to this agreement shall be the property of California Health Benefit Exchange.
3. This Agreement shall not preclude the Contractor from developing materials outside this Agreement, which are competitive, irrespective of their similarity to materials which might be delivered to the California Health Benefit Exchange pursuant to this Agreement. All preexisting intellectual property, copyrights, trademarks and products shall be the sole property of the Contractor.
4. Contractor shall retain all rights, title and interest (including, without limitation, all copyrights, patents, service marks, trademarks, trade secret and other intellectual property rights) in and to all technical or internal designs, methods, ideas, concepts, know-how, techniques, generic documents and templates that have been previously developed by Contractor or developed during the course of the provision of the Services provided such generic documents or templates do not contain any California Health Benefit Exchange confidential information or proprietary data and provided that no State funds are used for such development ("Contractor Tools"). Rights and ownership by Contractor of Contractor Tools shall not extend to or include all or any part of California Health Benefit Exchange's proprietary data or confidential information. To the extent that Contractor may include in the materials any Contractor Tools, Contractor agrees that California Health Benefit Exchange shall be deemed to have a fully paid up license to make copies of the Contractor Tools as part of this engagement for its internal business purposes and provided that such materials cannot be modified or distributed outside the California Health Benefit Exchange without the written permission of Contractor or except as otherwise permitted hereunder.
5. Contractor's work is prepared solely for the use and benefit of California Health Benefit Exchange in accordance with its statutory and regulatory requirements. Contractor recognizes that materials it delivers to California Health Benefit Exchange may be public records subject to disclosure to third parties, however,

## **EXHIBIT E (Standard Agreement)**

Contractor does not intend to benefit and assumes no duty or liability to any third parties who receive Contractor's work and may include disclaimer language on its work product so stating. California Health Benefit Exchange agrees not to remove any such disclaimer language from Contractor's work. To the extent that Contractor's work is not subject to disclosure under applicable public records laws, California Health Benefit Exchange agrees that it shall not disclose Contractor's work product to third parties without first providing Contractor written notice and opportunity to object to disclosure; provided, however, that California Health Benefit Exchange may distribute Contractor's work to (i) its professional service providers who are subject to a duty of confidentiality and who agree to not use Contractor's work product for any purpose other than to provide services to California Health Benefit Exchange, or (ii) any applicable regulatory or governmental agency, as required.

### **B. Confidentiality**

The Contractor agrees to protect the personal information of all individuals by following applicable federal and state privacy and security requirements.

All financial, statistical, personal, technical, and other data and information related to the California Health Benefit Exchange's operations that are not publicly available and that become available to Contractor shall be protected during or after its relationship with the California Health Benefit Exchange by Contractor from unauthorized use and disclosure. Contractor agrees that Contractor shall not use any Confidential Information for any purpose other than carrying out the provisions of the Agreement.

Confidential Information includes, but is not limited to, all proprietary information of the California Health Benefit Exchange including without limitation: the Deliverables; trade secrets; know-how; concepts; methods; techniques; designs; drawings; specifications; computer programs, including the State's software; support materials; information regarding the State's business operations and plans; client, customer, or supplier lists; pricing information; marketing plans or information; or other records concerning the State's finances, contracts, services, or personnel. "Confidential Information" does not include information that: (i) was in the public domain at the time of the State's communication thereof to the Contractor; (ii) enters the public domain through no fault of the Contractor subsequent to the time of the State's communication thereof to the Contractor; (iii) was in the Contractor's possession free of any obligation of confidentiality at the time of the State's communication thereof to the Contractor; (iv) is developed by the Contractor completely independent from the Confidential Information of the State; or (v) is required by law or regulation to be disclosed, but only to the extent and for the purpose of such required disclosure after providing the State with advance written notice if reasonably possible such that the State is afforded an opportunity to contest the disclosure or seek an appropriate protective order.

## **EXHIBIT E (Standard Agreement)**

At the conclusion of its relationship with the California Health Benefit Exchange, Contractor shall return any and all records or copies of records relating to the California health Benefit Exchange, or its business, or its Confidential Information. Contractor shall take such steps as may be reasonably necessary to prevent disclosure of Confidential Information to others and shall not disclose Confidential Information to others without the prior written consent of the California Health Benefit Exchange. Contractor agrees that Confidential Information disclosed to it under the terms of this Agreement may be disclosed only to its employees or agents who have a need to know such Confidential Information. Notwithstanding the foregoing and conditioned on continued compliance with the confidentiality obligations herein, Contractor shall be permitted to retain one (1) copy of all information received from the State to meet its professional documentation requirements.

This Agreement not to disclose Confidential Information will continue to apply after termination of this Agreement, and until such time as the Confidential Information becomes public knowledge through no fault of its own. Contractor will report to the California Health Benefit Exchange any and all unauthorized disclosures of Confidential Information. Contractor acknowledges that any publication or disclosure of Confidential Information to others may cause immediate and irreparable harm to the California Health Benefit Exchange, and if Contractor should publish or disclose Confidential Information to others, California Health Benefit Exchange shall be entitled to injunctive relief or any other remedies to which it is entitled under law or equity, without posting a bond.

### **C. Resumes**

Resumes of personnel the Contractor will use to provide services under this Agreement are included as **Exhibit E – Attachment 1**, and made a part herein by this reference.

### **D. Evaluation of Contractor**

Contractor is hereby notified that the State will evaluate the Contractor's performance for compliance with the terms of this Agreement within 60 days of the completion of the Agreement. The evaluation shall be prepared on a "Contract/Contractor Evaluation," STD Form 4. If the performance of the Contractor is not satisfactory, the State shall send a copy of the evaluation to the California Department of General Services, Office of Legal Services, within five working days after the completion of the evaluation. Contractor shall be notified and sent a copy of the unsatisfactory evaluation within 15 days after its completion.

### **E. Review of Deliverables**

The California Health Benefit Exchange reserves the right to review the Deliverables following Contractor's delivery of each to the California Health Benefit Exchange to determine whether the Deliverables conform to the specifications and to the California

## **EXHIBIT E** **(Standard Agreement)**

Health Benefit Exchange's satisfaction, and to either: reject a Deliverable if it fails to conform to the specifications and to the California Health Benefit Exchange's satisfaction or has defects (collectively, "errors"); or to accept each Deliverable if it has no such errors ("Acceptance"). If the California Health Benefit Exchange rejects the Deliverables, Contractor shall, at the California Health Benefit Exchange's request, promptly correct all such errors and, thereafter, the California Health Benefit Exchange shall again have the opportunity to review the Deliverables. If Contractor is not able to correct all errors in the Deliverables within 30 days following their receipt by the California Health Benefit Exchange, the California Health Benefit Exchange shall have the right to terminate this Agreement, which termination shall be deemed due to Contractor's default. In the event of any such termination, Contractor shall return all payments previously made to Contractor under this Agreement.

### **F. Severability**

If any provision in this Agreement is invalid or unenforceable in any jurisdiction, the other provisions herein shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to effectuate the purpose and intent of this Agreement, and the invalidity or unenforceability of any provision in this Agreement in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction.

### **G. Waiver of Breach**

The waiver by the California Health Benefit Exchange of any breach by Contractor of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by Contractor.

### **H. Contractor Limitations**

Contractor acknowledges that, in governmental contracting, even the appearance of a conflict of interest is harmful to the interest of the State. Thus, Contractor agrees to refrain from any practices, activities or relationships that could reasonably be considered to be in conflict with Contractor's fully performing his/her obligations to the State under the terms of this Contract. Contractor shall inquire about and require disclosure by its Staff and Subcontractors of all activities that may create an appearance of conflict. In the event that Contractor is uncertain whether the appearance of a conflict of interest may reasonably exist, Contractor shall submit to the State Project Manager a full disclosure statement setting forth the relevant details of any activity which the Contractor reasonably believes may have the appearance of a conflict of interest for the State's consideration and direction. Failure to promptly submit a disclosure statement setting forth the relevant details for the State consideration and direction shall be grounds for Termination of this Contract.

Consistent with the Public Contract Code Section 10365.5, no person, firm or subsidiary who has been awarded a consulting services contract may submit a bid, nor be



**EXHIBIT E**  
**(Standard Agreement)**

awarded a contract, for the provision of the services, procurement of goods or supplies, or any other related action that is required, suggested, or otherwise deemed appropriate in the product of the consulting service contract. This does not apply to:

- (a) Any person, firm, or subsidiary thereof who is awarded a subcontract of a consulting services contract which amounts to no more than 10 percent of the total monetary value of the consulting services contract.
- (b) Consulting services contracts subject to Chapter 10 (commencing with [Section 4525](#)) of Division 5 of Title 1 of the Government Code.

**I. Future Contract Services**

The services performed under this Agreement may provide a basis for future services. If directed by the Exchange at the Exchange's sole discretion and agreed upon by the Contractor, and subject to Board approval, the parties may amend this Agreement's Statement of Work (Exhibit A) and Budget Detail and Payment Provisions (Exhibit B) to include additional services, including services arising out of the Agreement.

**J. Statement of Economic Interests**

The Contractor understands that the Contractor's key staff performing work under this Agreement are required to file a Form 700 Statement of Economic Interests with the Exchange within 30 days of execution of this Agreement. If any key staff are added to work on this Agreement, such staff must file the Form 700 within 30 days of their addition.

**K. Choice of Law and Venue**

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California, without regard to its conflict of laws principles. Any action brought in connection with this Agreement shall be brought in the state and federal courts located in the county of Sacramento and the parties hereby irrevocably consent to the jurisdiction of such courts. The execution of this agreement shall impose no personal liability on the directors, officers or employees of Contractor and in the event of breach, non-performance or other default, the parties agree not to seek personal judgment against the officers, directors or employees of the other but to look to the assets of Milliman for satisfaction of any claim hereunder.

## **EXHIBIT E, Attachment 1 Resumes**

**Robert G. Cosway**  
**FSA, MAAA, EA**  
**Consulting Actuary**

### **Current responsibility:**

Bob is a principal in the San Diego office of Milliman. He joined the firm in 1980.

### **Experience:**

Bob specializes in a variety of healthcare areas, including medical, dental, and disability. He works with managed healthcare organizations, healthcare providers, PSOs (provider sponsored organizations), carriers, Blue Cross Blue Shield plans, reinsurance companies, multiple employer trusts (METs), and governments. In addition to his significant experience with CHAMPUS populations and CHAMPUS Tricare programs, Bob actively consults with clients offering benefit programs to commercial, Medicare, and Medicaid populations.

Bob provides consulting services in the following areas: strategic planning, risk assessment and management, provider reimbursement and incentive systems, pricing, projection of healthcare costs, experience analysis, healthcare management practice improvement, and information systems.

### **Professional Designations:**

Fellow, Society of Actuaries  
Member, American Academy of Actuaries  
Enrolled Actuary, ERISA (inactive)

### **Education:**

BS and MS, Mathematics, Massachusetts Institute of Technology

## **EXHIBIT E, Attachment 1 Resumes**

**Rebekah D. Bayram**  
**FSA, MAAA, EA**  
**Actuary**

### **Current Responsibility:**

Rebekah is an actuary with the San Diego office of Milliman. She has 12 years of actuarial and consulting experience.

### **Experience:**

Rebekah's area of expertise is employee and healthcare group plans. She has worked with clients in both the public and private sector on a wide range of retirement and healthcare plans.

Rebekah has extensive experience in employer-sponsored retirement plans:

Valuation of pension and retiree health and welfare liabilities  
Benefit design studies and projections  
Experience studies  
Actuarial audits  
GASB 45 valuations  
Funding issues for OPEB plans

### **Healthcare Experience Includes:**

- Projection of health costs based on analysis of experience, plan changes, and trends.
- Modeling and comparing cost of billed charges versus Medicaid reimbursement.
- Modeling cost and enrollment of state premium assistance programs.
- Projecting liabilities for claims incurred but not reported.

### **Professional Designations:**

Fellow, Society of Actuaries  
Member, American Academy of Actuaries  
Enrolled Actuary, ERISA

### **Education:**

BA, Mathematics, Rutgers University

## **EXHIBIT E, Attachment 1 Resumes**

**Thomas J. Parciak**  
**FSA, MAAA**  
**Actuary**

### **Current Responsibility:**

Tom is a consulting actuary with the San Diego office of Milliman. He joined the firm in 2011.

### **Experience:**

Tom has nearly 40 years of experience as a health and welfare benefits actuary, most recently specializing in actuarial and general consulting services for large employers. These services included the pricing and management of health and welfare benefits programs, vendor selection and management, and strategic health care consulting.

He held various positions with several insurance companies prior to entering consulting. Immediately prior, he served as chief actuary and head of product development for a large New England-based insurer.

He was responsible for the development, technical support and the ongoing management of Aon's National Prescription Drug Coalition, a purchasing coalition of large national employers formed in 2001. At the end of 2010, the coalition consisted of 12 large employers with nearly one million covered lives, and over \$1 billion in drug spend. He was also responsible for Aon's national health plan discount database and associated reporting tools. At the end of 2010, he was a Senior Vice President at Aon Consulting in Somerset, New Jersey.

He also valued and certified statutory reserves and insurance department rate filings for a regional PPO and a client who maintained a captive insurance company.

### **Professional Designations:**

- Fellow, Society of Actuaries
- Member, American Academy of Actuaries

### **Education:**

- A.B., Mathematics, College of the Holy Cross
- Graduate Studies, Mathematics, Florida State University

## **EXHIBIT E, Attachment 1 Resumes**

### **John H. Rogers Project Manager and Data Analyst**

#### **Current Responsibility:**

John is a project manager and data analyst with the San Diego office of Milliman. He joined the firm in 2011, and has been working in project management since 2007.

#### **Experience:**

John has performed day-to-day project management for the development of pharmaceutical claim software and the analysis of reimbursements for pharmaceutical claims. He has also conducted data and actuarial analysis in support of pharmacy benefits and health plan sponsors.

As the project manager for a pharmaceutical claims experience software development team, John has regularly developed project goals and deliverables in collaboration with senior management and stakeholders. Additionally, he has proactively identified and managed project dependencies leading to the resolution of potential crises. John is also the project manager for the software supporting a public employer health plan database.

His analysis includes Retiree Drug Subsidies (RDS), reimbursement auditing of PBM arrangements, and modeling of reimbursements under prospective PBM contracts. John has also reviewed of pharmacy benefit agreements, terms and conditions for pharmacy plan sponsors and assisted in the implementation of a new Part D sponsor.

Prior to joining Milliman, John served as the Executive Officer of USS *Chinook* and Patrol Coastal Crew *INDIA*. He was responsible for day-to-day operations including project management of a major maintenance availability and overhaul. He is experienced in the monitoring and reporting of project milestones as well as representing government interests while closely interacting with third-party contractors and subcontractors. John received an honorable discharge from the United States Navy in 2011.

#### **Education:**

- MS, Computer Science, Naval Postgraduate School
- BS, Mathematics, Massachusetts Institute of Technology

## **EXHIBIT E, Attachment 1 Resumes**

**Barbara Abbott**  
**ASA, MAAA**  
**Associate Actuary**

### **Current Responsibility:**

Barbara is an associate actuary with the San Diego office of Milliman. She joined the firm in 2008. She is an Associate of the Society of Actuaries, and is currently working towards Fellowship.

### **Experience:**

Since joining Milliman, Barbara has performed work for a variety of different clients, including Medicaid managed care organizations, Medicare Advantage plans, and large state plans. Her experience includes:

- Medicaid data grouping and analysis
- Claim reserve analysis
- Pharmacy data grouping and analysis
- Medicare Advantage bid development
- Premium normalization study to adjust for differences in morbidity, geographic variation, and plan design differences

### **Professional Designations:**

Associate, Society of Actuaries  
Member, American Academy of Actuaries

### **Education:**

BS (honors), Mathematics and Statistics,  
University of Vermont

## **EXHIBIT E, Attachment 1 Resumes**

### **Scott McEachern Actuary Analyst**

#### **Current Responsibility:**

Scott was hired by Milliman's San Diego office in October 2009. He has his BS in Statistics from the University of California, Santa Barbara. He is currently working towards his Associateship in the Society of Actuaries.

#### **Experience:**

Scott has worked on a variety of projects including: IBNR reserving, cost benchmarking, stoploss adjustments, and various research based projects.

Scott has also worked on many different pharmacy based projects, including: PBM contract review, PBM RFP solicitation and analysis, PBM market check analyses, and various other pharmacy projects.

#### **Education:**

BS, Statistics,  
University of California, Santa Barbara

STATE OF CALIFORNIA  
**STANDARD AGREEMENT AMENDMENT**  
 STD. 213 A (Rev 6/03)

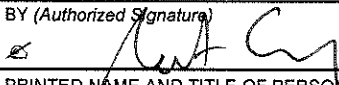
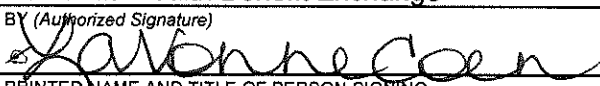
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AGREEMENT NUMBER	AMENDMENT NUMBER
<b>13-C-049</b>	<b>A1</b>
REGISTRATION NUMBER	

1. This Agreement is entered into between the State Agency and Contractor named below:  
STATE AGENCY'S NAME  
**California Health Benefit Exchange**  
CONTRACTOR'S NAME  
**Milliman, Inc.**
2. The term of this Agreement is **March 10, 2014** Through **December 31, 2015**
3. The maximum amount of this Agreement after this **\$815,375.00**  
**Eight hundred fifteen thousand three hundred seventy-five dollars and no cents**
4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:
  - I. **Purpose:** The purpose of this amendment is to extend the end of the term to December 31, 2015, update the contact information in Exhibit A, sections O and R, update the address in Exhibit B, section A.3, and update final billing provision in Exhibit B, section E.
  - II. Exhibit A, Scope of Work (16 pages), is hereby updated and replaced in its entirety.
  - III. Exhibit B, Budget Detail and Payment Provisions (2 pages), is hereby updated and replaced in its entirety.

All other terms and conditions shall remain the same.

**IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.**

<b>CONTRACTOR</b>		<b>CALIFORNIA</b> Department of General Services Use Only
<small>CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.)</small> Milliman, Inc.		
<small>BY (Authorized Signature)</small> 	<small>DATE SIGNED (Do not type)</small> 02/19/2015	
<small>PRINTED NAME AND TITLE OF PERSON SIGNING</small> Robert G. Cosway, Principal and Consulting Actuary		
<small>ADDRESS</small> 4370 La Jolla Village Drive, Suite 700, San Diego, CA 92122-1249		
<b>STATE OF CALIFORNIA</b>		
<small>AGENCY NAME</small> California Health Benefit Exchange		
<small>BY (Authorized Signature)</small> 	<small>DATE SIGNED (Do not type)</small> 2/23/15	
<small>PRINTED NAME AND TITLE OF PERSON SIGNING</small> LaVonne Coen, Deputy Chief Operations Officer		
<small>ADDRESS</small> 1601 Exposition Blvd., Sacramento, CA 95815		
		<input checked="" type="checkbox"/> Exempt per: Gov. Code sec. 100505



**Exhibit A**  
**(Standard Agreement)**

**SCOPE OF WORK**

**A. Purpose:**

The Contractor shall provide actuarial services to support a range of activities related to the California Health Benefit Exchange's (Exchange) Plan Management, specifically for its recertification/decertification and certification of new Qualified Health Plans (QHP) in 2014 for the 2015 Plan Year. In addition, the Exchange will need actuarial services to support operation of its ongoing business in an efficient and effective fashion. All due dates for individual tasks are proposed and changes may be needed. Any changes will be worked out in advance with the Contractor.

**B. QHP Rate Review (Task 1):**

1. Overview of Task: The Contractor shall review all rates submitted by all QHP bidders for reasonableness, compliance with existing and new laws and analyze rates for every rating region and metal level which includes a comparison to 2014 Rates, if applicable.

The Contractor shall analyze premium rates proposed by QHP bidders using the Uniform Rate Review Templates (URRT) and Supplemental Rate Review Templates (SRRT) and any other forms or backup data including Actuarial Memoranda and evaluate the submission documenting the total cost of care in each rating regions or other areas of interest.

The Contractor shall validate and document the medical loss ratio, administrative costs, actuarial assumptions regarding trend and enrollment, the implementation of the 3Rs (Reinsurance, Risk Corridors, and Risk Adjustment), the proposed profit margin, the inclusion of an appropriate participation fee the Exchange, and ensure that no inappropriate rating factors are used to adjust rates for adverse selection or induced utilization except where permitted. The Contractor shall also analyze and provide recommendations to the Exchange regarding any assumptions and inputs proposed by the bidder.

The Contractor shall compare QHP rate competitiveness within a geographic rating region and in the aggregate.

The Contractor shall analyze rate proposals for both Individual and Small Business Health Options Program (SHOP) exchanges.

The Contractor will summarize the rates submitted by all QHP bidders in an Excel pivot table spreadsheet so the Exchange can effectively review the rates submitted. The Contractor will also summarize the submitted rates by rating region and metal level. Note that the analyses described in this section for Task 1 will be completed for both the individual and small group QHP bids.

**Exhibit A  
(Standard Agreement)**

**Work Plan for QHP Rate Review**

<b>Subtask</b>	<b>Description</b>	<b>Proposed Due Dates</b>
<b>A</b>	Prepare preliminary summary of rates	May 15, 2014
<b>B</b>	Provide estimates for the total cost of care by rating region using data from the bid submissions	May 15, 2014
<b>C</b>	Update the summary of rates based on updated URRT and SRRT, and Actuarial Memoranda from QHP bidders based on the Exchange's negotiations with bidders	June 15, 2014

2. Prepare preliminary summary of rates (Subtask A):
  - a. The Contractor will support the Exchange's review of the QHP bidder's submissions, and provide detailed summaries of the bid details by metal level and rating region, for the 2015 plan year.
  - b. The Contractor will prepare summaries of the price proposals in a standardized format and help the Exchange understand the methods and assumptions used by the carriers in their bids. The summary reports shall include the following information:
    - i. Comparisons of lowest and second lowest silver and bronze rates by rating area;
    - ii. Summaries of the number of plans and bidders by rating area;
    - iii. The metal slopes used by bidders, comparing the different rating factors used by bidder and metal tier;
    - iv. A measure of the spread of rates offered for a given benefit plan and rating area;
    - v. Summaries of the material assumptions used by bidders in the rate development including, but not limited to, trend, the index rate, 3R assumptions, exchange participation fees and the paid-to-allowed assumption; and,
    - vi. Summaries of rating area adjustments.
  - c. The Contractor will meet with the Exchange to discuss other items to add to the summaries. Additional summaries must be pre-approved, in writing, by the Exchange Program Representative listed in Item R of this Exhibit. All pre-approval documents must be submitted with the Contractor's invoice, only those additional summaries with pre-approval shall be reimbursable. Additional summaries may include, but are not limited to, the following:
    - i. A summary comparing the 2014 rates with 2015 bids;
    - ii. Summarizing the data at a more specific level within rating regions, as some bidders could offer coverage in only part of the region; and,
    - iii. A summary of rates within rating regions, essentially combining the network coverage analysis with the rate analysis.

**Exhibit A**  
**(Standard Agreement)**

d. Contractor Limitations

- i. The Contractor will not participate in discussions between the Exchange and bidders, nor will the Contractor make recommendations to the Exchange relative to its procurement decisions.
  - ii. The Contractor's deliverables related to rate review will be limited to the information noted in Item B of this Exhibit.
  - iii. The Contractor will not offer an opinion on the rates submitted, but will provide detailed rate summaries for the Exchange). The Contractor will not opine on the reasonableness of rates for state regulatory purposes. Ultimately this assessment will be performed by the carrier's regulator, which in most cases is the California Department of Managed Health Care (DMHC). The Contractor's summaries can be used by the Exchange to understand each carrier's 2015 premium rates, as well as the changes from 2014 to 2015.
  - iv. The Contractor will perform a review of each carrier's rate development for broad compliance with the ACA and DMHC requirements. The deliverable for this review will be a list of issues that the Exchange could discuss with the carrier. The Contractor will not identify any regulatory compliance issues.
  - v. The Exchange will provide the Contractor with an Excel pivot table spreadsheet database containing summarized information about the rates by carrier and region. This database will be used for the compliance review. The Contractor will create summaries to help the Exchange check that the bidders are following 2015 rating requirements. For example, the Contractor will summarize the factors used in the development of premium rates from the index rate so the Exchange can verify that only the allowed factors were used.
3. Provide estimates for the total cost of care by rating region using data from the bid submissions (Subtask B):
- a. Total cost of care is defined as the sum of the health costs paid by the carrier and the health costs paid by the member through cost sharing such as deductibles and copays. As such, total cost of care can be estimated mechanically by dividing the medical cost portion of the premium rates by the actuarial value of each plan. This can be done using information available in the bid submission documents, which include URRTs, SRRTs, and actuarial memoranda.
  - b. The Contractor will use the information in the URRTs and SRRTs to provide estimates for the total cost of care by carrier, and will provide the Exchange with a summary comparing the differences by carrier in the statewide average cost of care. The Contractor will also use the rating factors submitted with the bids to estimate total cost of care by rating region and carrier.

**Exhibit A  
(Standard Agreement)**

4. Update the summary of rates based on updated URRTs, SRRTs, and Actuarial Memoranda from QHP bidders based on the Exchange's negotiations with bidders (Subtask C):
  - a. The Exchange intends to actively negotiate with bidders, which may result in revised bids. The Contractor will update the summary prepared under Subtask A based on any revised bids from the carriers. If directed by the Exchange, the Contractor will also assist the Exchange to prepare materials reporting on rates and rate changes from 2014 to 2015 for public distribution.

**C. Actuarial Analysis of Proposed Rates for 2015 Plan Year (Task 2):**

1. Overview of Task: The Contractor shall perform actuarial analysis of the proposed rates by rating region and metal level. The Contractor shall include the impact of the reinsurance and risk adjustment programs for the 2015 plan year.

The Contractor will perform actuarial analysis of the proposed rates by rating region and metal level as described in Item B (Task 1) above. The Contractor will analyze the impact of the reinsurance and risk adjustment programs for the 2015 plan year, according to the following work plan.

**Work Plan for Task 2**

<b>Subtask</b>	<b>Description</b>	<b>Proposed Due Dates</b>
<b>A</b>	Summarize each bidders' proposed pricing relativities of plans at different metal levels and compare the change in the relative regional factors used by bidders between their 2014 and 2015 bids	May 15, 2014
<b>B</b>	Calculate the expected impact of the reinsurance program for the 2015 plan year	May 15, 2014
<b>C</b>	Calculate the expected impact of the risk adjustment program for the 2015 plan year	May 15, 2014

2. Summarize each bidders' proposed pricing relativities of plans at different metal levels and compare the change in the relative regional factors used by bidders between their 2014 and 2015 bids (Subtask A):
  - a. The Contractor shall summarize each issuer's proposed pricing relativities of the plans at different metal levels compared to each other and compared to relativities expected by (1) the metal level differences, and (2) the expected health insurance premium rate relativities. Pricing relativities refers to the relative price that the bidders have assigned to each of the metal level.

**Exhibit A  
(Standard Agreement)**

- b. The Contractor will compare the change in the relative regional factors used by the carriers between their 2014 and 2015 QHP bids, and between all issuers submitting 2015 QHP bids.
3. Calculate the expected impact of the reinsurance program for the 2015 plan year (Subtask B):
  - a. The Contractor will estimate the impact of the reinsurance program on the 2015 premiums. Carriers will have different methods to determine this impact that could produce a range of appropriate estimates. As a result, the Contractor's estimate will be a range.
4. Calculate the expected impact of the risk adjustment program for the 2015 plan year (Subtask C):
  - a. The Contractor will summarize each bidder's risk adjustment assumptions for both their 2014 and 2015 bids.
5. As the Exchange intends to actively negotiate with bidders again this year, which may result in revised bids, the Contractor may, at the direction of the Exchange, be required to update the analyses for items 2 and 4 under this provision after the revised bids are submitted. If the Exchange requests these updates, it must be done prior to the update work commencing in writing. All requests for updates must be submitted with the Contractor's invoice, and shall not be reimbursable unless prior approval from the Exchange was obtained.

**D. Risk Assessment (Task 3):**

1. Overview of Task: The Contractor shall analyze demographic risk based on enrollment data supplied by California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) reports or QHPs and impact of enrollment information on proposed rates for 2015.

The Contractor shall recommend and conduct additional analyses on enrollment data to inform the QHP recertification process.

The Contractor shall use a commercially available risk assessment analytic tool or algorithm to compare and analyze risk mix and distribution across QHPs, including detailed comparison by region and by metal level. Some of the analysis will use the HHS/HCC risk adjustment model that will be used in the calculation of transfer payments at the close of the plan year. In order to establish a preliminary estimate of the risk distribution between QHPs, the Contractor shall also complete a preliminary analysis based on the age/gender of the enrolled membership, and then periodic updates using prescription drug claims experience, when available.

**Exhibit A  
(Standard Agreement)**

**Work Plan for Task 3**

<b>Subtask</b>	<b>Description</b>	<b>Proposed Due Dates</b>
<b>A</b>	Compare and analyze age/gender demographics across QHPs	April 1, 2014
<b>B</b>	Compare and analyze preliminary risk scores using a prescription drug risk model. Repeat this analysis with 3, 6, 9, and 12 months of prescription drug claims experience	April 30, 2014 July 31, 2014 October 31, 2014 January 31, 2015
<b>C</b>	Compare and analyze risk scores using the HHS HCC risk adjustment model results from QHPs	March 31, 2015
<b>D</b>	Compare and analyze condition categories using calculated HCCs from HHS HCC risk adjustment model run by QHPs	March 31, 2015

2. Compare and analyze age/gender demographics across QHPs (Subtask A):
  - a. The Contractor will analyze the risk distribution across QHPs using age-adjusted and gender information already collected by the Exchange. The Exchange will provide the Contractor with enrollment data at the member level to be used to summarize differences in age and gender by QHP.
  - b. The Contractor's deliverable will include some preliminary analysis about which QHPs are expected to receive transfer payments and which QHPs are expected to pay transfer payments, purely based on the age/gender demographics, allowing for the ACA age-rating constraints.
3. Compare and analyze preliminary risk scores using a prescription drug risk model when prescription drug data becomes available. (Subtask B):
  - a. The Contractor shall conduct this analysis quarterly or as requested by the Exchange, starting when data becomes available. In addition to providing preliminary analysis about which QHPs are expected to receive transfer payments and which QHPs are expected to pay transfer payments, the Contractor's reports to the Exchange will also include clinical information about the risk assigned to each QHP, including information about the rates of the following conditions by QHP, region, and metal level:
    - i. Congestive heart failure
    - ii. Diabetes mellitus
    - iii. Hypertension
    - iv. COPD
    - v. Chest pain
    - vi. Back pain

**Exhibit A  
(Standard Agreement)**

4. Compare and analyze risk scores using the HHS HCC risk adjustment model results from QHPs (Subtask C):
  - a. The Contractor will design a template for the QHPs to submit a summary of the risk score for each QHP for the 2014 plan year. After the Exchange receives the QHP risk score information from the QHPs, the Contractor will aggregate and analyze the results, providing an additional estimate of which QHPs are expected to receive transfer payments and which QHPs are expected to pay transfer payments. These results will not be the final transfer payment amounts, since there are other plans participating in the single risk pool that are not participating in the Exchange.
  - b. Contractor will prepare a short report summarizing the findings from all of the QHPs. The focus of this subtask is on the financial impact of the risk adjustment transfer payments. The timing of this analysis is intended to be an early estimate of the amount of the transfer payments, prior to the final calculation performed by CCIIO.
5. Compare and analyze condition categories using calculated HCCs from HHS HCC risk adjustment model run by QHPs (Subtask D):
  - a. The Contractor will conduct a clinical analysis of the HHS HCC risk model results, and split this information by metal level.
  - b. The deliverables for this subtask will include a template for the QHPs to submit summarized hierarchical condition categories and a report discussing the clinical findings from all of the QHPs. The focus of this subtask is on the clinical conditions in the Exchange population. The Contractor's actuaries will prepare the data work, but will bring in clinical expertise from other consultants within the Contractor's firm.
  - c. Under the condition of the Exchange gathering claims data from the QHPs on a timely basis, the Contractor can revise this analysis to run the various risk adjustment models on the claims data instead of the carriers.

**E. Cost Calculations (Task 4):**

Overview of Task: The Contractor shall calculate the cost for the entire rating grid (all products) in all regions using the Centers for Medicare & Medicaid Services (CMS) 3:1 age ratio.

**Work Plan for Task 4**

<b>Subtask</b>	<b>Description</b>	<b>Proposed Due Dates</b>
<b>A</b>	Prepare preliminary costs for the entire rating grid for the Exchange to use in rate negotiations with the bidders.	May 22, 2014
<b>B</b>	Update the costs for the entire rating grid.	June 1, 2014

**Exhibit A  
 (Standard Agreement)**

<b>C</b>	Prepare summary materials of rates for the rating grid for the Exchange to use in press materials	June 20, 2014
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1. Prepare preliminary retail costs for the entire rating grid for the Exchange to use in rate negotiations with the bidders (Subtask A):
  - a. The Contractor will calculate the retail cost for the entire rating grid in all regions of California, using the representative premium rate together with the regional factors in the issuer's SRRTs to split out the representative premium rate into the 19 regions in California. The Contractor will then calculate the premiums for individuals at every age using the CMS 3:1 age ratios.
2. Update the retail costs and prepare the tax-advantaged cost for the entire rating grid (Subtask B):
  - a. The Contractor will update the analysis for Subtask A after bidders submit revised bids based on the negotiations with the Exchange. The Contractor will also prepare the tax-advantaged costs for the entire rating grid for five (5) representative income levels of the Exchange's choosing.

**F. Pediatric Dental Rates Analysis ( including Family Dental Plans) (Task 5):**

1. The Contractor shall analyze pediatric dental rates for both embedded individual health plans and for standalone dental plans and for family dental plans;

**Work Plan for Task 5**

Subtask	Description	Proposed Due Dates
<b>A</b>	Summarize preliminary dental bids	May 31, 2014
<b>B</b>	Summarize final dental bids, based on updated submissions from carriers after negotiations with the Exchange.	June 15, 2014

2. Summarize preliminary dental bids (Subtask A):
  - a. For standalone dental plans, the Contractor will summarize the submitted rates by rating region, plan and network.
3. Summarize final dental bids, based on updated submissions from carriers after negotiations with the Exchange (Subtask B):
  - a. The Contractor will update the analysis for Subtask A after bidders submit revised bids based on the negotiations with the Exchange.



**Exhibit A  
(Standard Agreement)**

**G. Recommendations (Task 6):**

1. Overview of Task: The Contractor shall recommend content and format for periodic ad hoc utilization and financial performance from QHPs if requested by the Exchange and shall coordinate with clinical analytics vendor selected by the Exchange.

**Work Plan for Task 6**

<b>Subtask</b>	<b>Description</b>	<b>Proposed Due Dates</b>
<b>A</b>	Prepare submission guidelines for mid-year utilization and financial performance from QHPs	June 30, 2014
<b>B</b>	Prepare submission guidelines for year-end utilization and financial performance from QHPs	December 31, 2014

2. Prepare submission guidelines for mid-year utilization and financial performance from QHPs (Subtask A):
  - a. The Contractor will recommend metrics for the Exchange to monitor, and can develop submission guidelines for other metrics that the Exchange wants to monitor within its purview as an active purchaser.
  - b. The Contractor will also prepare submission guidelines for the financial performance of the QHPs as of mid-year 2014.
3. Prepare submission guidelines for year-end utilization and financial performance from QHPs (Subtask B):
  - a. In addition to requesting the same metrics requested at the mid-year review under Subtask A, the Contractor will suggest metrics that make sense to report on an annual basis.

**H. Market Shelf Analysis (Task 7):**

1. Overview of Task: The Contractor shall provide a market shelf analysis for each pricing region including:
  - a. Product and pricing for 2015
  - b. Identify pricing impacts of changes derived from provider networks and network design for each QHP as proposed for 2015 with clear call out of changes from 2014
  - c. Document change in pricing for each QHP and the relative change in rank order for 2015 vs 2014
  - d. Based on 2014 enrollment, provide estimates of market shift due to price and/or network changes
  - e. Assist with portfolio analysis for each region based on proposed 2015 QHP's

**Exhibit A  
(Standard Agreement)**

**Work Plan for Task 7**

<b>Subtask</b>	<b>Description</b>	<b>Proposed Due Dates</b>
<b>A</b>	Summarize products and pricing for 2015	May 15, 2014
<b>B</b>	Identify pricing impacts of changes derived from provider networks and network design for each QHP	May 22, 2014
<b>C</b>	Document change in pricing for each QHP and the relative change in rank order for 2015 versus 2014	May 22, 2014
<b>D</b>	Based on 2014 enrollment, provide estimates of market shift due to price and/or network changes	June 1, 2014
<b>E</b>	Assist with portfolio analysis for each region based on proposed 2015 QHPs	May 15, 2014

2. Summarize products and pricing for 2015 (Subtask A):
  - a. The Contractor will assist the Exchange by summarizing products and pricing for 2015. The Contractor will do this for both the individual and small group markets. This summary will include splits by region and metal level. The Contractor will also highlight which plans are the standard plan designs and which are the alternative plan designs. The Contractor will highlight which carriers have the lowest and second lowest cost plans at each metal level. This analysis will include both Exchange and off-exchange products. The Contractor will collect benefit design and premium information for off-exchange products from public rate filings and URRTs. The Contractor will explore whether the Exchange can obtain additional information directly from the California Department of Insurance (CDI) and DMHC. The deliverable to the Exchange will be a set of 19 exhibits, one (1) for each rating region, with the complete summary of 2015 products and pricing in that region.
3. Identify pricing impacts of changes derived from provider networks and network design for each QHP as proposed for 2015 with clear call out of changes from 2014 (Subtask B):
  - a. The Contractor will identify pricing impacts of changes derived from provider networks and network design for each QHP as proposed for 2015 with clear call out of changes from 2014.
4. Document change in pricing for each QHP and the relative change in rank order for 2015 vs 2014 (Subtask C):
  - a. The Contractor will document the change in pricing for each QHP by region and metal level by matching each plan up to the most comparable plan offered in the 2014 Marketplace. The Contractor will also identify whether the carrier moved up or down in the rank order for each region and metal level. The deliverable will be a set of 19 exhibits, one (1) for each rating region, with the documentation of the carrier's change in pricing and the change in rank order for each plan.

**Exhibit A  
(Standard Agreement)**

5. Based on 2014 enrollment, provide estimates of market shift due to price and/or network changes (Subtask D):
  - a. The Contractor will make a set of observations about the 2014 enrollment for use in a market shift analysis, and will identify how much of the enrollment by region is in the following plans:
    - i. Lowest cost plan by metal level
    - ii. Lowest cost plan offered by large carrier
    - iii. Lowest cost Kaiser plan by metal level (since Kaiser members only use Kaiser doctors)
  - b. The Contractor will provide a set of assumptions about the expected "stickiness" of members to their current plan and their tendency toward the lower cost options identified above. The deliverable will include a set of three (3) scenarios about market shift for 2015 enrollment. The first of three (3) scenarios will assume low member migration. The second of the three (3) scenarios will reflect input the Exchange's marketing efforts. The third scenario will assume that enrollment shifts to the new lowest cost plans by metal level or large carrier, based on patterns observed in the 2014 market.
6. Assist with portfolio analysis for each region based on proposed 2015 QHPs (Subtask E):
  - a. The Contractor will prepare a summary of the offerings in each region based on the proposed 2015 QHPs. The Contractor will work with the Exchange to identify items of interest. The deliverable will be a set of exhibits, one (1) for each of the questions posed.
- I. **Analysis of tiered provider network approaches (Task 8):**

Working with the Exchange, Contractor will assist with any data collection efforts and analysis related to this task. This will include examining the in-network benefit incentive differentials between the two (2) tiers and analyzing utilization differential projected by the bidder.
- J. **Effectiveness and value of pricing structure evaluation within and across rating regions (Task 9):**
  1. Overview of Task: The Contractor will evaluate the effectiveness and value of the pricing structure within a region and analyze the competitive environment within a region and across regions. Perform analyses regarding the most appropriate number and configuration of rating regions including possible recommended changes that would provide broader consumer access across rating regions that would make the marketplace more competitive, more consumer-friendly and further support the Exchange's effort to stimulate a more competitive marketplace.

**Exhibit A  
(Standard Agreement)**

**Work Plan for Task 9**

<b>Subtask</b>	<b>Description</b>	<b>Proposed Due Dates</b>
<b>A</b>	Map the regions by enrollment and price	April 15, 2014
<b>B</b>	Analysis of Subtask A	May 31, 2014

2. Map the regions by enrollment and price (Subtask A):
  - a. The Contractor will provide analysis, but will not make recommendations to the Exchange relative to the definition of regions.
  - b. The Contractor will work with the Exchange to obtain 2014 enrollment data and map consumer behavior. Enrollment data will allow the Contractor to analyze actual choices consumers made and determine if pricing structures in a region were competitive. For each region, the Contractor will analyze enrollment by issuer and QHP. The Contractor can determine the market share of each issuer and QHP.
  - c. The Contractor can display this information using mapping tools to support the Exchange's understanding of the regional variation in enrollment, price, and relative competitiveness.
3. Analysis of Subtask A:
  - a. Contractor will evaluate the benefits and limitations of the various regional configurations. The Contractor will prepare a narrative to accompany this analysis.

**K. Actuarial certifications (Task 10):**

1. The Contractor will provide actuarial certifications as needed for the Exchange to comply with its public, regulatory, and legal requirements, with some limitations. This is not intended to replace the advice that an actuary would provide to a health plan, and the Contractor reserves the rights to decline any requests that restrict the actions of another actuary to apply their own assumptions and judgments. In particular, the Contractor is not able to opine on a health plan's rate filing or submitted rates, as this could create a conflict of interest with other work performed by the Contractor. The subtasks and timelines for Task 10 will depend on the certification requested.

**L. 2015 Standard Benefit Plan Design Support and Actuarial Values (Task 11):**

1. Overview of Task: The Contractor will provide analytic support for review of the 2014 Exchange standard benefit plan designs in preparation for the 2015 plan year, including the embedding of the pediatric dental Essential Health Benefit. The Contractor will provide support and advice by modeling changes the Exchange may want to consider for 2015 standard benefit plan designs. Contractor will provide 2015 actuarial values of standard benefit plan designs utilizing the federal calculator. The Contractor will assist the Exchange by running the federal actuarial value calculator for the 2015 plan designs, and

**Exhibit A  
(Standard Agreement)**

will provide actuarial memos to support the proposed actuarial values of these standard plan designs. The Contractor will provide actuarial memos to support proposed actuarial values of 2015 standard benefit plan designs, if requested by the Exchange.

**Work Plan for Task 11**

<b>Subtask</b>	<b>Description</b>	<b>Proposed Due Dates</b>
<b>A</b>	Run proposed plan designs through federal actuarial value calculator and Milliman Health Cost Guidelines pricing tools	March 8, 2014
<b>B</b>	Run revised plan designs through federal actuarial value calculator and Milliman Health Cost Guidelines pricing tools	March 8, 2014
<b>C</b>	Provide actuarial memorandums to support proposed actuarial values of 2015 standard benefit plan designs, if requested	April 15, 2014

1. Run proposed plan designs through federal actuarial value calculator and Milliman Health Cost Guidelines pricing tools (Subtask A):
  - a. The Contractor will run proposed plan designs through the federal actuarial value calculator and Milliman Health Cost Guidelines pricing tools. The deliverable will be an exhibit comparing the actuarial value calculated for each standard plan design using the 2014 federal actuarial value calculator and the 2015 federal actuarial value calculator, with discussion about why the numbers are different.
2. Run revised plan designs through federal actuarial value calculator and Milliman Health Cost Guidelines pricing tools (Subtask B):
  - a. The Contractor will update our calculations about the federal actuarial value as well as use Milliman's pricing tools to estimate pricing relativities using the final benefit plans.
3. Provide actuarial memorandums to support proposed actuarial values of 2015 standard benefit plan designs, if requested (Subtask C):
  - a. The Contractor will provide actuarial memorandums to support the proposed actuarial values of the 2015 standard benefit plan designs, if requested by the Exchange. The actuarial memos will follow industry standard requirements regarding disclosure of methodology used, data reliance statements, and limitations of analysis. The Contractor will also identify any non-standard adjustments to the actuarial value that were calculated outside of the federal actuarial value calculator.

**M. Ad Hoc Actuarial Assistance (Task 12):**

1. The Contractor shall assist with other actuarial duties which may arise from the overall implementation of the Exchange. All tasks performed under this provision must have

**Exhibit A  
(Standard Agreement)**

prior approval, in writing, from the Exchange program representative listed in Item R of this Exhibit. All approvals must be submitted with the Contractor's invoice.

**N. Coordinate with other Exchange Contractors:**

During the course of this agreement, the Contractor may be required to coordinate their efforts with other Exchange vendors, including but not limited to clinical and network analytics vendor(s), if requested but the Exchange.

**O. Reporting Headquarters Location:**

The Contractor is required to perform all services under this Agreement on site at the Exchange, unless directed otherwise by the project representative listed in this Exhibit. The Exchange office is located at 1601 Exposition Boulevard, Sacramento, California, 95815. Travel and expenses for reporting to this Headquarters location shall not be reimbursed.

**P. Contract Deliverables:**

1. The Contractor understands that all recommendations and contract deliverables must comply with the Patient Protection and Affordable Care Act of 2010, as well as sections 15438, 15439, and 100501 through 100521 of the Government Code; 1346.2 and 1366.6 of the Health and Safety Code; 10112.3 and 10112.4 of the Insurance Code.
2. The Contractor shall provide all deliverables within the timeframe specified and required by the State.
3. The Contractor understands and acknowledges that all deliverables must be reviewed, approved and accepted by the State.
4. The Contractor understands that any State-requested revisions to any deliverable shall be incorporated by the Contractor within seven (7) calendar days from the date in which the State provided its feedback, unless a different timeframe is required and specified by the State.
5. In the event the State requires additional refinements and modifications for any deliverable which occurs after that deliverable has been previously accepted by the State, the Contractor shall be required to make the additional revisions until the revised deliverable is accepted and approved by the State.
6. The Contractor shall be paid for services rendered under this Agreement in accordance with Exhibit B – Budget Detail and Payment Provisions.
7. Contract Deliverables under this agreement include, but are not limited to, the following:

**Exhibit A**  
**(Standard Agreement)**

- a. Produce visual representation of these costs using mapping software or other tools that makes the information accessible. A complete communication packet is needed for each rating region.
- b. Develop a modified rating submission and review process for 2015 and a robust rating and submission process for 2016 largely automating the process with the participating health plans.
- c. Provide reports on actuarial and related topics as needed to support the Exchange analytic needs.

**Q. Limitations of Contractor and Procedures for Approval of Work on Deliverables**

1. Contractor and California Health Benefit Exchange have conducted specific pre-contracting discussions regarding the nature, kind and applications of limitations identified by Contractor and have agreed on how to manage these limitations on Contractor's part.
2. Contractor has identified limitations regarding major reports and analyses issued by Covered California that contain formal policy statements or recommendations.
3. In these situations, a consultant or staff of Covered California will provide the opinion or conclusion of Covered California rather than Contractor, but Contractor's data and assumptions underlying a Covered California report, analysis or opinion can be relied upon.
4. Covered California accepts Contractor's preference to avoid making formal policy recommendations on behalf of Covered California and performing carrier comparisons beyond providing the exhibits that would contain transparent data-driven summaries.
5. None of these limitations will preclude the ability of Contractor to meet the deliverables requirements outlined in this Statement of Work.
6. The following procedures for approval of work in this contract shall be followed:
  - a. Major tasks shall be defined as discrete work projects which are estimated to take more than 20 hours of services under this contract. Contractor shall provide a brief written work plan for every major task upon request. Major tasks require prior approval of the work plan prior to the Contractor's commencement of work. A written work plan shall contain a description of the discrete work to be accomplished, personnel to be utilized and number of anticipated hours for each Contractor's staff level.
  - b. Intermediate tasks requested by any Covered California individual that require between 2-20 hours also require prior approval but do not require a written work plan.

**Exhibit A  
(Standard Agreement)**

- c. Minor tasks require less than 2 hours of Contractor's time and if the task is clear and if it is requested by a Covered California individual may be performed without prior approval by Contractor. Please copy Don Sherman on any Minor tasks to allow Covered California to track time and expenditures.
- 7. The Project Representative will be copied on all requests and approvals referenced above for all major, intermediate and minor tasks.

**R. Project Representatives:**

The representatives for this project, during the term of this Agreement, shall be:

<b>State Program Representative</b>	<b>Contractor Representative:</b>
Anne Price California Health Benefit Exchange 1601 Exposition Boulevard Sacramento, CA 95815 (916) 228-8660 T <a href="mailto:Anne.Price@covered.ca.gov">Anne.Price@covered.ca.gov</a>	Milliman, Inc. Robert Cosway 4370 La Jolla Village Drive, Suite 700 San Diego, CA 92122 858-587-5302 – T 858-597-0111 – F <a href="mailto:bob.cosway@milliman.com">bob.cosway@milliman.com</a>

**S. Contract Extension Options:**

The Exchange may, at its sole discretion, extend the term of the contract for an additional two (2), one (1) year extensions. If mutually agreed upon by the Exchange and the Contractor, this Agreement shall be amended to include additional services and funding.



**EXHIBIT B  
(Standard Agreement)**

**BUDGET DETAIL AND PAYMENT PROVISIONS**

**A. Invoicing and Payment**

1. The maximum amount payable under this agreement shall not exceed \$815,375.
2. For services satisfactorily rendered in material compliance with Exhibit A, Statement of Work, and upon receipt and approval of the invoice(s), the State, agrees to pay the Contractor for said services at an hourly rates as established in the fee schedule below. The Contractor shall submit an invoice indicating the hours expended by each level of staff, supported by brief report which summarizes both completed tasks and allowable hours toward contract deliverables.

<i>Staff Category</i>	<i>Rate</i>
Principal	\$515
Actuary	\$370
Associate Actuary	\$350
Healthcare Management Consultant	\$290
Actuarial Analyst	\$235
Dental Consulting Actuary	\$400
Analyst	\$180

**No overtime or travel expenses shall be reimbursed under this Agreement.**

3. Invoices shall include the Agreement Number and CFDA Code 93.525 and shall be submitted in triplicate not more frequently than monthly in arrears to:

California Health Benefit Exchange  
Attn: Accounting  
P.O. Box 13908  
Sacramento, CA 95853

Invoices shall:

- a. Be prepared on agency/company letterhead. If invoices are not on agency/company letterhead, invoices must be signed by an authorized official, employee, or agent certifying that the expenditures claimed represent actual expenses for the service performed under this Agreement.
- b. Bear the Contractor's name as shown on the Agreement.
- c. Identify the billing and/or performance period covered by the invoice.
- d. Itemize the costs for the billing period in the same or greater level of detail as indicated in this Agreement. Only those costs and/or cost categories expressly identified as allowable in this agreement may be reimbursed.

Any invoices submitted without the above-referenced information may be returned to the Contractor for further re-processing.

**EXHIBIT B  
(Standard Agreement)**

**B. Federal Funding and Qualified Health Plan (QHP) Assessment Contingency Clause**

If the receipt of federal grant funds and the collection of fees assessed from QHPs are collectively not sufficient to provide the funds for this program, the Exchange shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to the Contractor to reflect the reduced amount.

**C. Prompt Payment Clause**

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

**D. Review**

The California Health Benefit Exchange reserves the right to review service levels and billing procedures as they impact charges against this Agreement.

**E. Final Billing**

Invoices for services must be received by the State within 30 days following each state fiscal year, federal grant period (12/31/2015), or 30 days following the end of the contract term, whichever comes first. The final invoice must include the statement "Final Billing". For every member of the Contractor's group, the final invoice must include a completed Form 700 Leaving Office Statement of Economic Interest properly completed for each Designated Filer in the Contractor's group. The final invoice will not be considered complete or accurate unless it is submitted with a Form 700 Leaving Office Statement of Economic Interest for Designated Filers. Further, a final invoice submitted without all of the required Form 700 filings will automatically be considered a "disputed" invoice. Disputed invoices are not subject to Government Code Section 927 prompt payment requirements until the dispute is resolved.

**F. Nonresident Tax Withholdings**

Payments to all nonresidents may be subject to withholding. Nonresident payees performing services in California or receiving rent, lease, or royalty payments from property (real or personal) located in California will have seven percent of their total payments withheld for state income taxes. However, no withholding is required if total payments to the payee are \$1,500 or less for the calendar year.

**STANDARD AGREEMENT AMENDMENT**

STD. 213 A (Rev 6/03)

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED

Pages \_\_\_\_\_

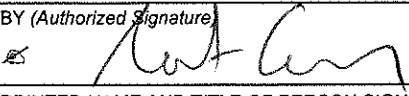
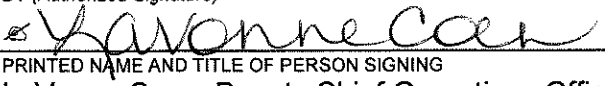
AGREEMENT NUMBER	AMENDMENT NUMBER
<b>13-C-049</b>	<b>A2</b>
REGISTRATION NUMBER	

1. This Agreement is entered into between the State Agency and Contractor named below:  
STATE AGENCY'S NAME  
**California Health Benefit Exchange**  
CONTRACTOR'S NAME  
**Milliman, Inc.**
2. The term of this Agreement is **March 10, 2014** Through **April 30, 2016**
3. The maximum amount of this Agreement after this **\$815,375.00**  
**Eight Hundred Fifteen Thousand Three Hundred Seventy-Five Dollars and No Cents**
4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

I. **Purpose:** The purpose of this amendment is to extend the end of the term to April 30, 2016.

All other terms and conditions shall remain the same.

**IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.**

<b>CONTRACTOR</b>		<b>CALIFORNIA</b> Department of General Services Use Only
<small>CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.)</small> <b>Milliman, Inc.</b>		
<small>BY (Authorized Signature)</small> 	<small>DATE SIGNED (Do not type)</small> <b>11/5/2015</b>	
<small>PRINTED NAME AND TITLE OF PERSON SIGNING</small> <b>Robert G. Cosway, Principal and Consulting Actuary</b>		
<small>ADDRESS</small> <b>4370 La Jolla Village Drive, Suite 700, San Diego, CA 92122-1249</b>		
<b>STATE OF CALIFORNIA</b>		
<small>AGENCY NAME</small> <b>California Health Benefit Exchange</b>		<input checked="" type="checkbox"/> Exempt per: Gov. Code Sec. 100505
<small>BY (Authorized Signature)</small> 	<small>DATE SIGNED (Do not type)</small> <b>11/6/15</b>	
<small>PRINTED NAME AND TITLE OF PERSON SIGNING</small> <b>LaVonne Coen, Deputy Chief Operations Officer</b>		
<small>ADDRESS</small> <b>1601 Exposition Blvd., Sacramento, CA 95815</b>		