



**California Health Benefit Exchange
(Covered California)
RFP 2015-26 Actuarial Services**

February 8, 2016

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1. INTRODUCTION

1.1 Overview

You are invited to review and respond to this Request for Proposal (RFP). To submit a proposal to provide the requested services, you must comply with the instructions contained in this document as well as the requirements stated in the Scope of Work (SOW), Contractor Response Guidelines, and Attachment 2-D: Cost Worksheet. By submitting an offer, your company agrees to the terms and conditions stated in this RFP.

Read this document carefully. Responses to this RFP must be submitted to the California Health Benefit Exchange (Covered California) contact noted in Section 1.3 below.

1.2 Key Action Dates

Contractors are advised of the key dates and times shown below and are expected to adhere to them. All times noted in this document are Pacific Standard Time (PST).

KEY ACTION DATES

Request for Proposal Release Date:	February 8, 2016
Questions Due Date:	February 15, 2016 by 3:00 PM PST
Responses Posted By:	February 17, 2016
Proposals Due Date:	March 1, 2016 by 3:00 PM PST
Interviews:	March 8-9, 2016
Notice of Intent to Award	Week of March 18, 2016
Estimated Term Dates:	April 1, 2016 – June 30, 2018

1.3 Contact

Sheryl Brewer
California Health Benefit Exchange
E-mail address: HBEXSolicitation@covered.ca.gov

1601 Exposition Blvd.
Sacramento, CA 95815

Seven (7) copies of the Final Proposal are due by the stated deadline to the contact at the mailing address indicated in this section.

1.4 Contract Amount

Responses shall not exceed \$956,000 in total costs. Responses that exceed this amount will not be considered for selection.

1.5 Bidder's Questions

Bidders shall submit any questions regarding this RFP by the due date specified in the Key Action Dates table in Section 1.2. Only e-mail inquiries addressed to the contact person listed in Section 1.3 will be accepted. Bidders shall provide specific information to enable the state to identify and respond to their questions. When submitting inquiries, please reference the RFP number. At its discretion, Covered California may contact an inquirer to seek clarification of any inquiry received. Bidders that fail to report a known or suspected problem with the RFP or fail to seek clarification or correction of the RFP, shall submit a proposal at their own risk.

1.6 Submission of Final Proposals

- A. Preparation: Proposals are to be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this RFP. Expensive bindings, colored displays, promotional materials, etc., are not necessary or desired. Emphasis should be concentrated on conformance to the RFP instructions, responsiveness to the RFP requirements, completeness and clarity of content.
- B. Bidder's Cost: Costs for developing proposals or attending Bidder conferences are entirely the responsibility of the Bidder and shall not be chargeable to Covered California.
- C. Completion of Proposals: Proposals must be complete in all respects as described in the requirements established within the RFP. A Final Proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind. A Final Proposal must be rejected if any such defect or irregularity constitutes a material deviation from the RFP requirements as determined by Covered California in its sole discretion. The Final Proposal must contain all items required in the RFP.
- D. False or Misleading Statements: Proposals which contain false or misleading statements, or which provide references which do not support an attribute or condition claimed by the Bidder, may be rejected. If, in the opinion of Covered California, such information was intended to mislead Covered California in its evaluation of the proposal, and the attribute, condition, or capability is a requirement of this RFP, it will be the basis for rejection of the proposal.

Issuance of this RFP in no way constitutes a commitment by the State of California to award a contract. Covered California reserves the right to reject any or all proposals received if Covered California determines that it is in Covered California's best interest to do so. Assumptions made by the Bidder in responding to this RFP do not obligate Covered California in any way.

Additionally, assumptions may make the proposal conditional and be cause for the offer to be rejected. Responses to this RFP will be assessed based on determining the "Best Value" and the selection, if made, will be to a single Bidder. The SOW and proposal may be made a part of the resulting Contract.

1.7 Format of Proposals

This RFP requires Bidder(s) to submit a final phase proposal that contains all required Administrative and Technical Attachments and Exhibits and shall be submitted in a sealed envelope or container when shipped to Covered California by the dates and times shown in Section 1.2 Key Dates. The sealed package must be plainly marked with the (1) RFP number and title, (2) Bidder name and address, and (3) must be marked with "DO NOT OPEN", as shown in the following example:

RFP 2015-26: Actuarial Services
Attention: Sheryl Brewer
California Health Benefit Exchange
1601 Exposition Blvd.
Sacramento, CA 95815
DO NOT OPEN

Hardcopy proposals shall be on standard 8 ½" x 11" paper. Electronic versions shall be stored in a Covered California-designated central repository and remain the sole property of Covered California.

Bidder shall submit seven (7) sets of copies for all Administrative/Technical Attachments and Exhibits in the sealed Envelope or Container. In the Bidder's best interest, one (1) set should be titled as being the "Master Copy" and the remaining six (6) as additional copies. Bidder shall also provide a CD-ROM with the appropriate Administrative and Technical Attachments and Exhibits in searchable text format (e.g., Word, searchable PDF). Each copy shall be titled and unbound including the additional copies.

Proposals not submitted under sealed cover may be rejected.

1.8 Rejection of Proposals

Deviations, whether or not intentional, may cause a proposal to be non-responsive and not considered for award. Covered California may reject any or all proposals and may waive any immaterial deviation or defect in a proposal. Covered California's waiver of any immaterial deviation or defect shall in no way modify the RFP documents or excuse the Bidder from full compliance with the RFP specifications if awarded a contract. **FINAL PROPOSALS NOT RECEIVED BY THE DATE AND TIME SPECIFIED IN SECTION 1.2 KEY ACTION DATES OR NOT SEALED**, will remain unopened and be maintained by the Contact listed in Section 1.3 separately from proposals that have been timely received.

Proposals received after expiration of the deadline shall not be submitted to the Evaluation Team nor considered except upon written approval of the Chief Deputy Executive Director, or his/her authorized designee, specifying the reason(s) for acceptance and consideration of the proposal(s) received after expiration of the deadline.

1.9 Errors in Final Proposals

An error in the Final Proposal may cause the rejection of that proposal; however, Covered California may, **AT ITS SOLE OPTION**, retain the proposal and make certain corrections. In determining if a correction will be made, Covered California will consider the conformance of the proposal to the format and content required by the RFP, and any unusual complexity of the format and content required by the RFP.

- A. If the Bidder's intent, as determined by Covered California, is clearly established based on review of the complete Final Proposal submittal, Covered California may at its sole option correct an error based on that established intent.
- B. Covered California may at its sole option correct obvious clerical errors.
- C. A Bidder may modify a bid after submission by withdrawing its original bid and resubmitting a new bid prior to the bid submission deadline. Bidder modifications offered in any other manner, oral or written, will not be considered.
- D. A Bidder may withdraw its bid by submitting a written withdrawal request to Covered California, signed by the Bidder or an authorized agent. A Bidder may thereafter submit a new bid prior to the bid submission deadline. Bids may not be withdrawn without cause subsequent to bid submission deadline.
- E. Covered California may modify the RFP prior to the bid submission deadline by the issuance of an addendum to the website.
- F. Covered California reserves the right to reject any bid that does not satisfy the requirements set forth in the RFP. Covered California is not required to award a contract. Before submitting a response to this RFP, Bidders should review, correct all errors, and confirm compliance with the RFP requirements.
- G. All proposals must be based on the Model Contract provided with this solicitation (Scope of Work provided in Section 3, and contract General Terms and Conditions provided in Attachment 2). Bidders must submit as part of their response any exceptions to the Model Contract that they wish to negotiate. Bidder exceptions must be documented in an attachment labeled "Proposal Contract Exceptions." All Model Contract exceptions must be included in the Bidder Proposal at the time of its submission. No additional exceptions may be presented during contract negotiations.
- H. No oral understanding or contract shall be binding on either party.

1.10 Protest

A protest may be submitted according to the procedures set forth below. If a Bidder has submitted a proposal which it believes to be totally responsive to the requirements of the solicitation process and believes the Bidder should have been selected, according to Section 5.3 - Evaluation Criteria, and the Bidder believes Covered California has incorrectly selected another Bidder for the award, the Bidder may submit a protest of the selection as described below. Protests regarding selection of the "successful Bidder" will be heard and resolved by Covered California's Executive Director.

All protests must be made in writing, signed by an individual who is authorized to contractually bind the Bidder, and contain a statement of the reason(s) for protest, citing the law, rule, regulation, or procedures on which the protest is based. The protester must provide facts and evidence to support their claim. Certified or registered mail must be used unless delivered in person, in which case the protester should obtain a receipt of delivery. The final day to receive a protest is five (5) business days after Bidder selection. Protests must be mailed or delivered to:

Mailing Address:
California Health Benefit Exchange
Attn: Peter Lee, Executive Director
1601 Exposition Blvd.
Sacramento, CA 95815

1.11 Disposition of Bids

Upon bid opening, all documents submitted in response to this RFP will become the property of the State of California. Government Code Section 100508(a)(1) exempts from disclosure under the Public Records Act all deliberative processes, communications, or portions of negotiations with entities contracting or seeking to contract with Covered California and entities with which Covered California is considering a contract. Items included within the exemption include, but are not limited to, score sheets and proposals submitted by Bidders for purposes and any evaluation of competing for a contract. Covered California may, at its discretion, waive this exemption.

1.12 Contract Execution and Performance

Performance shall start no later than the express date set forth in the RFP by Covered California after all approvals have been obtained and the contract is fully executed. Should the Contractor fail to commence work at the agreed upon date and time, Covered California, upon five (5) days written notice to the Contractor, reserves the right to terminate the contract. In addition, the Contractor shall be liable to Covered California for the difference between Contractor's bid price and the actual cost of performing work by the replacement contractor.

All performance under the contract shall be completed on or before the termination date of the contract.

1.13 Subsequent Solicitation

At the Covered California's sole discretion, after the contract award has been made and the contract has been executed, if the contract is terminated with or without cause after performance has begun, Covered California may engage the next-highest-ranked Bidder without performing a subsequent solicitation.

1.14 Addition or Subtraction of Services

Notwithstanding that bids have been submitted, at Covered California's sole discretion, the scope of work may be modified to add or remove services through an addendum. If bids have been submitted at the time Covered California posts the addendum, Covered California may restrict responses to the addendum so that only those entities that have submitted bids in response to the initial RFP may respond to the addendum with the modified services.

2. MINIMUM QUALIFICATIONS

2.1 Respondent's Minimum Qualifications

The individual or entity identified in this Statement of Work must have the following skills:

1. Actuarial experience in the individual and small group commercial health insurance market that demonstrates knowledge of how premium rates are constructed.
2. Minimum work experience with and knowledge of the CMS forms - Uniform Rate Review Template (URRT).
3. Experience with analysis of demographic enrollment data to perform simulated risk adjustment analysis.
4. Substantial knowledge and working experience with the requirements of the Affordable Care Act with respect to rating factors and actuarial value.
5. Knowledge and experience with the Federal Actuarial Value Calculator.
6. Experience with actuarial approach to benefit plan design analysis, development and evaluation for plans covering the Essential Health Benefits, including the pediatric dental benefit.
7. Substantial knowledge of actuarial methods and techniques as applied to health insurance premium development and analysis.

2.2 Respondent's Desirable Qualifications

Covered California is seeking an individual or entity identified in this Statement of Work with the following desirable skills:

1. Knowledge of and experience with private and state based health care exchanges both pre and post ACA.
2. Knowledge of and experience with California health insurance markets, especially individual and small group markets.
3. Substantial experience working with the URRT, the inputs and underlying assumptions built into those templates, claims experience used in these templates, and ability to evaluate inputs.
4. Ability to model different health and dental benefit plan designs to comply with state and federal actuarial value requirements and to advise Covered California on consumer-friendly benefit plan design features.
5. Knowledge of and experience with premium stabilization programs - reinsurance, risk adjustment and risk corridors and how these programs might affect health insurance premium rates in Covered California for 2015 and 2016.
6. Strong ability to communicate actuarial analyses, methods as applied to proposed premium analysis to staff in lay terms.
7. Demonstrate how bidder's knowledge and experience in individual and small group health insurance markets in California will support Covered California's

efforts to create and maintain a competitive and robust health insurance marketplace.

8. Ability to support Covered California's work with state regulator actuaries.
9. Ability to coordinate with Covered California's vendors on highly complex, interrelated technical projects that involve data used to support actuarial analyses.

2.2.1 Engagement Team Qualifications

Covered California is seeking a team with experience and knowledge of the markets and processes outlined in the Scope of Work. Contractor must demonstrate that staff assigned to the project possesses the experience, education, knowledge, and skills required to perform the SOW described in this RFP.

- A. Engagement team members must be free from conflicts working with Covered California and remain free of conflicts for the duration of this contract as it relates to:
 1. Providing actuarial and/or consulting services to existing Qualified Health Plans in Covered California.
 2. Providing actuarial and/or consulting services to potential new entrants which may include newly licensed health plans and Medi-Cal managed care plans in California
 3. If any Engagement Team members identify conflicts and they believe such conflicts can be avoided or mitigated, provide a detailed description of the manner in which this is proposed to occur.
- B. Willingness and ability to establish a Core Engagement Team. Covered California and Contractor will mutually agree on the Core Engagement Team that will provide the majority of the work under this contract. The Core Engagement Team:
 1. Will consider Covered California work to be a top priority over other client work
 2. Must be able to be dedicated to Covered California for mutually agreed upon critical periods of time (Qualified Health Plan [QHP] contract recertification and renewal of rates for example)
 3. Must be available for urgent work with a 24-hour turnaround.
 4. Must be willing to be present in Covered California offices as needed (predominately Sacramento). Travel and related expenses for the Core Engagement Team are not reimbursable expenses under this Contract.

2.3 Reassignment of Personnel

- A. The Contractor shall not reassign personnel assigned to the contract during the term of the contract without prior written approval of Covered California. If a Contractor employee is unable to perform duties due to illness, resignation, or other factors beyond the Contractor's control, the Contractor shall make every reasonable effort to provide suitable substitute personnel.

- B. Substitute personnel shall not automatically receive the hourly rate of the individual or position being replaced. Covered California and the Contractor shall negotiate the hourly rate of any substitute personnel to the contract. The hourly rate negotiated shall be dependent, in part, upon the experience and individual skills of the proposed substitute personnel. The negotiated rate cannot exceed the hourly rate stated in the contract.
- C. Covered California reserves the right to request a Contractor employee be removed from performing any work on the contract and upon written notice to the Contractor, the Contractor shall assign a substitute employee.

3. SCOPE OF WORK

3.1 Background

Soon after the passage of national health care reform through the Patient Protection and Affordable Care Act of 2010 (ACA), California became the first state to enact legislation to establish a qualified health benefit exchange. The California state law is referred to as the California Patient Protection and Affordable Care Act (CA-ACA).

The goals and objectives of Covered California are to:

- Reduce the number of uninsured Californians by creating an organized, transparent marketplace for Californians to purchase affordable, quality health care coverage, to claim available federal tax credits and cost-sharing subsidies, and to meet the personal responsibility requirements imposed under the federal act (ACA);
- Strengthen the health care delivery system;
- Serve as an active purchaser, including creating competitive processes to select participating carriers and other contractors;
- Require that health care service plans and health insurers issue coverage in the individual and small employers markets and compete on the basis of price, quality, and service (and not on risk selection); and
- Meet federal and state law requirements, guidance and regulations.

Covered California is an independent public entity within California State Government. It is governed by a five-member board appointed by the Governor and Legislature. Four of the members are appointed for four year terms, two by the Governor, one by the Senate Rules Committee and one by the Speaker of the Assembly. The California Secretary of Health and Human Services is a voting ex-officio member of the Board. The Board elected the California Secretary of Health and Human Services Agency as Chair, signaling its intention to actively coordinate and collaborate with existing state agencies involved in providing health coverage to Californians.

Covered California works in close partnership with the:

- Department of Health Care Services, which oversees and administers the California's Medicaid Program (Medi-Cal) and other specifically focused health programs;

- The two agencies that regulate health insurance in California, the Department of Managed Care and Department of Insurance; and
- A broad range of stakeholders whose constituencies will be impacted by health care reform.

The purpose of this RFP is to acquire health and dental insurance actuarial services to support a range of Plan Management activities, particularly for the certification, recertification, and decertification of Qualified Health Plans (QHP), including the certification of new QHPs for plan years 2017, 2018, and 2019. In addition, Covered California will need actuarial services to support the operation of its ongoing business in an efficient and effective manner.

The work in this RFP is not intended to overlap or conflict with the work of any vendors who may be sought by Covered California to assist with clinical and network analytics.

Note: The term Qualified Health Plan (QHP), when used in this solicitation, includes both Qualified Health and Dental Plans.

Covered California reserves the right to retain the services of the organization resulting from this RFP to assist with other related activities and projects embarked upon by Covered California during the established contract period, or through a contract amendment.

Read this document carefully. Responses to this RFP must be submitted to Covered California contact noted in Section 1.3.

3.2 Reference Documents

For additional information about Covered California and previous solicitations, please visit: <http://hbex.coveredca.com/solicitations/>

3.3 Project Tasks

The following brief Statement of Work outlines Covered California's overall expectations. Potential Bidders will be asked to develop their own, more detailed approach in response to this RFP.

A. Contractor Tasks and Responsibilities

The Contractor's tasks and responsibilities shall include, but are not limited to, the following topics:

1. QHP Rate Review

- a. The Contractor shall review all rates submitted by all QHP bidders for reasonableness and compliance with existing and new laws. Analyze rates for every rating region and metal level which includes a comparison to prior plan year Rates, if applicable.
- b. The Contractor shall analyze premium rates proposed by QHP bidders using the Uniform Rate Review Templates (URRT) and Supplemental Rate Review Templates (SRRT), Actuarial Memoranda, and any other forms of backup

data. Evaluate each submission, documenting the total cost of care in each rating region or other areas of interest.

- c. The Contractor shall validate and document the medical loss ratio, the administrative costs, actuarial assumptions regarding trend and enrollment, the implementation of the 3Rs (Reinsurance, Risk Corridors, and Risk Adjustment) during appropriate years of application, the proposed profit margin, and the inclusion of an appropriate participation fee for Covered California, and ensure that no inappropriate rating factors are used to adjust rates for adverse selection or induced utilization, except where permitted. Analyze and provide recommendations regarding other assumptions and input proposed by the bidder.
- d. The Contractor shall compare QHP rate competitiveness within each geographic region and in the aggregate.
- e. The Contractor shall analyze rate proposals for both the Individual and the Covered California for Small Business (CCSB) exchanges.
- f. The Contractor shall prepare preliminary submission of rates:
 - 1) The Contractor shall support Covered California's review of the QHP bidders' submissions, and provide detailed summaries of the bid details by metal level and rating region, for plan years 2017, 2018, and 2019.
 - 2) The Contractor shall prepare summaries of price proposals in a standardized format and help Covered California understand the methods and assumptions used by the QHP Issuers 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.
 - vi. Summaries of rating area adjustments.
- g. 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. 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:
 - 1) A summary comparing prior years with current year bids.
 - 2) Summarizing the data at a more specific level within rating regions, as some bidders could offer coverage in only part of the region.

- 3) A summary of rates within rating regions, essentially combining the network coverage analysis with the rate analysis
- h. Contractor Limitations
- 1) 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.
 - 2) The Contractor's deliverables related to rate review will be limited to the information noted in Item B of this Section.
 - 3) 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.
 - 4) 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.
- i. The Contractor shall provide estimates for the total cost of care by rating region using data from the bid submission.
- 1) Total cost of care is defined as the sum of: (1) The health costs paid by the carrier, and (2) the health costs paid by the member through cost sharing, such as deductibles and copays. So defined, 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.
 - 2) The Contractor shall use the information in the URRTs and SRRTs to provide estimates for the total cost of care by carrier, and shall provide Covered California with a summary comparing the differences by carrier in the statewide average cost of care. The Contractor shall also use the rating factors submitted with the bids to estimate total cost of care by rating region and carrier.
- j. The Contractor shall update the summary of rates based on updated URRTs, SRRTs, and Actuarial Memoranda from QHP bidders based on Covered California's negotiations with bidders.
- 1) Covered California intends to actively negotiate with bidders, which may result in revised bids. The Contractor shall update the summary prepared, based on any revised bids from the QHP Issuers. If directed by Covered California, the Contractor shall also assist Covered California to prepare materials reporting on rates and rate changes from the previous plan year for public distribution.

2. Actuarial Analysis of Proposed Rates for Plan Years 2017, 2018, and 2019
 - a. The Contractor shall perform actuarial analysis of the proposed rates by rating region and metal level, and project the impact of the risk adjustment programs for the plan years 2017, 2018, and 2019. To accomplish this the Contractor shall:
 - 1) Analyze the impact of the risk adjustment programs for the plan years 2017, 2018, and 2019.
 - 2) Summarize each bidder's proposed pricing relativities of plans at different metal levels and compare the change in the relative regional factors used by bidders between their plan year 2016, 2017, 2018, and 2019 bids.
 - i. The Contractor shall summarize each issuer's proposed plan-pricing relativities at the different metal levels, and compare these to: (1) each other, and (2) the relativities expected by (i) the metal level differences, and (ii) the expected health insurance premium rate relativities. Pricing relativities refers to the relative price that the bidders have assigned to each of the metal levels.
 - ii. The Contractor shall compare the change in the relative regional factors used by the carriers between their 2016, 2017, 2018, and 2019 bids.
 - 3) Calculate the expected impact of the risk adjustment program for the plan years 2017, 2018, and 2019.
 - i. The Contractor shall summarize each bidder's risk adjustment assumptions for their 2016, 2017, 2018, and 2019 bids.
 - 4) Covered California will actively negotiate with bidders in plan years 2017, 2018, and 2019, which may result in revised bids. In the event that a revised bid is submitted, the Contractor may be asked 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.
3. Risk Assessment
 - a. The Contractor shall at the discretion of Covered California analyze demographic risk, based on the enrollment data supplied by the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) reports on QHPs, and analyze the impact of this enrollment information on proposed rates for plan years 2017, 2018, and 2019.
 - b. The Contractor shall at the discretion of Covered California recommend and conduct additional analyses on enrollment data, to inform the QHP renewal process.
 - c. The Contractor shall at the discretion of Covered California compare and analyze age/gender demographics across QHPs.

- 1) The Contractor shall at the discretion of Covered California analyze the risk distribution across QHPs using age-adjusted and gender information already collected by Covered California. Covered California will provide the Contractor with enrollment data at the member level to be used to summarize differences in age and gender by QHP.
- d. When prescription drug data becomes available, the Contractor shall at the discretion of Covered California compare and analyze preliminary scores using a prescription drug risk model.
 - 1) The Contractor shall at the discretion of Covered California conduct this analysis quarterly, or as requested by Covered California. 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 Covered California shall at the discretion of Covered California include clinical information about the risk assigned to each QHP. This clinical information shall at the discretion of Covered California include 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
- e. When data becomes available, the Contractor shall at the discretion of Covered California compare and analyze risk scores using the Health and Human Services (HHS) Hierarchical Condition Categories (HCC) risk adjustment model results from QHPs.
 - 1) The Contractor shall at the discretion of Covered California design a template for the QHPs to submit a summary of the risk score for each QHP. After Covered California receives the QHP risk score information from the QHPs, the Contractor shall at the discretion of Covered California 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 Covered California.
 - 2) The Contractor shall at the discretion of Covered California prepare a short report summarizing the findings from all of the QHPs for each plan year. 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 Center for Consumer Information and Insurance Oversight (CCIIO).

- f. When data becomes available, the Contractor shall at the discretion of Covered California compare and analyze condition categories using calculated HCCs from the HHS HCC risk adjustment model run by QHPs.
 - 1) The Contractor shall at the discretion of Covered California conduct a clinical analysis of the HHS HCC risk model results, and split this information by metal level.
 - 2) Under the condition of Covered California gathering claims data from the QHPs on a timely basis, the Contractor shall at the discretion of Covered California be required to revise this analysis to run the various risk adjustment models on the claims data instead of the carriers.

4. Cost Calculations

- a. The Contractor shall calculate both the cost, and the cost after subsidies, for the entire rating grid (all products) in all regions. This shall be accomplished using the Centers for Medicare & Medicaid Services (CMS) 3:1 age ratio. In accomplishing this task the Contractor shall:
 - 1) Prepare preliminary retail costs for the entire rating grid for Covered California's use in rate negotiations with the bidders.
 - i. The Contractor shall 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 shall then calculate the premiums for individuals at every age using the CMS 3:1 age ratios.
 - 2) Update the retail costs and prepare the cost after subsidies for the entire rating grid.
 - i. The Contractor shall update this analysis after bidders submit revised bids based on the negotiations with Covered California. The Contractor shall also prepare the costs after subsidies for the entire rating grid for five (5) representative income levels of Covered California's choosing.

5. Pediatric Dental Rate Analysis (including Family Dental Plans)

- a. The Contractor shall analyze pediatric dental rates for both embedded individual health plans, and for family dental plans.
- b. The Contractor shall summarize preliminary dental bids.
 - 1) For family dental plans, the Contractor shall summarize the submitted rates by rating region, plan, and network.
- c. The Contractor shall summarize final dental bids, based on updated submissions from carriers, after negotiations with Covered California.
 - 1) The Contractor shall update the analysis summarizing final dental bids after the bidders submit revised bids based on the negotiations with Covered California.

6. Recommendations On Reports and Guidelines

- a. If requested by Covered California the contractor shall recommend the content and format for any periodic ad hoc utilization and financial performance reports requested from QHPs, and shall coordinate with Truven work.
- b. Contractor shall prepare submission guidelines for mid-year utilization and financial performance from QHPs.
 - 1) Recommend metrics for Covered California to monitor, and develop submission guidelines for other metrics that Covered California wants to monitor within its purview as an active purchaser.
 - 2) The Contractor shall also prepare submission guidelines for the financial performance of the QHPs as of mid-year for 2017, 2018, and 2019.
- c. The Contractor shall prepare submission guidelines for year-end utilization and financial performance from QHPs.
 - 1) In addition to requesting the same metrics requested at the mid-year review, the Contractor shall suggest metrics that make sense to report on an annual basis.

7. Market Shelf Analysis

- a. The Contractor shall provide a market shelf analysis for each pricing region including:
 - 1) Product and pricing for plan year 2017, 2018, and 2019.
 - 2) Identify pricing impacts of changes derived from provider networks and network design for each QHP as proposed for the upcoming plan year with clear call out of changes from the prior plan year, for each plan year of this contract (2017, 2018, and 2019).
 - 3) Document changes in pricing for each QHP, and the relative change in rank order for the upcoming plan year vs the prior plan year, for each subsequent plan year of this contract (2017, 2018, and 2019).
 - 4) Based on plan years 2016, 2017, and 2018 enrollment, provide estimates of market shift due to price and/or network changes for plan years 2017, 2018, and 2019.
 - 5) Assist with portfolio analysis for each region, based on proposed QHPs for plan years 2017, 2018, and 2019.
- b. The Contractor shall summarize products and pricing for plan years 2017, 2018, and 2019. The Contractor shall do this for both the individual and small group markets.
 - 1) This summary shall include splits by region and metal level. The Contractor shall also highlight which plans are the standard plan designs, and which are the alternative plan designs. The Contractor shall highlight which carriers have the lowest and second lowest cost plans at each metal level. This analysis shall include both Exchange and off-exchange products. The Contractor shall collect benefit design and premium information for off-exchange products from public rate filings and URRTs. The Contractor shall explore whether Covered

California can obtain additional information directly from the California Department of Insurance (CDI) and Department of Managed Health Care (DMHC). The deliverable to Covered California shall be a set of 19 exhibits, one (1) for each rating region, with the complete summary of 2017, 2018, and 2019 products and pricing in that region.

- c. The Contractor shall identify the pricing impacts of changes derived from provider networks and network design for each QHP as proposed for plan years 2017, 2018, and 2019 with a clear call out of changes from the prior plan year.
 - d. The Contractor shall document changes in pricing for each QHP and the relative change in rank order of QHPs for plan years 2017, 2018 and 2019 vs 2016, 2017 and 2018.
 - 1) The Contractor shall 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 marketplace. The Contractor shall also identify whether the carrier moved up or down in the rank order for each region and metal level. The deliverable shall be a set of 19 exhibits, one (1) for each rating region, with documentation of the carrier's change in pricing and the change in rank order for each plan.
 - e. The Contractor shall assist with portfolio analysis for each region, based on proposed QHPs for plan years 2017, 2018, and 2019.
 - 1) The Contractor shall prepare a summary of the offerings in each region, based on the proposed QHPs. The Contractor shall work with Covered California to identify items of interest. The deliverable will be a set of exhibits, one (1) for each of the questions posed.
 - f. The Contractor shall analyze and project potential financial performance of QHP bidders, based on early claims experience, demographic profiles, and geographic enrollment patterns by QHPs.
8. Effectiveness and Value of Pricing Structure Evaluation
- a. The Contractor shall evaluate the benefits and limitations of the various regional configurations. The Contractor shall prepare a narrative to accompany this analysis.
9. Actuarial Certifications
- a. The Contractor shall provide actuarial certifications, as needed, for Covered California to meet 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.

10. Standard Benefit Plan Design Support and Actuarial Value

- a. The Contractor shall provide actuarial memos to support proposed Actuarial Value of plan years 2017, 2018, and 2019 standard benefit plan designs, if requested by Covered California.
- 1) The actuarial memos shall follow industry standard requirements regarding: disclosure of methodology used, data reliance statements, and limitations of analysis. The Contractor shall also identify any non-standard adjustments to the actuarial value that were calculated outside of the federal actuarial value calculator.
- b. The Contractor shall provide analytic support for review of 2017, 2018, and 2019 Covered California standard benefit plan designs in preparation for the 2018, 2019, and 2020 plan year.
- c. The Contractor shall provide advice on the use of the federal actuarial value calculator for the 2017, 2018, and 2019 plan designs.
- d. The Contractor shall provide support and advice by modeling any changes Covered California might want to consider for the plan year 2017, 2018, and 2019 standard benefit plan designs.
- e. The Contractor shall run proposed plan designs through the federal actuarial value calculator and appropriate Health Cost Guidelines pricing tools.
- f. The Contractor shall run revised plan designs through the federal actuarial value calculator and appropriate Health Cost Guidelines pricing tools.
 - 1) The Contractor shall update Covered California's calculations about the federal actuarial value and use the appropriate pricing tools to estimate pricing relativities using the final benefit plans.

11. Ad Hoc Actuarial Assistance

- a. The Contractor shall assist with any other actuarial duties that may arise from the overall implementation of Covered California. All tasks performed under this provision must have 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

12. Coordination with Other Exchange Contractors

- a. The Contractor shall, if requested by Covered California, coordinate and work with other Covered California vendors, including but not limited to clinical and network analytics vendors.

B. 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 services/deliverables within the timeframe specified and required by the State.

3. The Contractor understands and acknowledges that all services/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 include, but are not limited to, the following:
 - a. Contractor shall produce visual representations of costs using mapping software or any other tools that make the information accessible. A complete communication packet is needed for each rating region.
 - b. Contractor shall develop a robust rating submission and review process for plan years 2017, 2018, and 2019, automating the process with the participating health plans as much as possible.
 - c. Contractor shall provide a template for the QHPs to submit summarized hierarchical condition categories, and a report discussing the clinical findings from all of the QHPs. Focusing on the clinical conditions in Covered California population. The Contractor's actuaries shall prepare the data work, but shall bring in clinical expertise from other consultants within the Contractor's firm.
 - d. Contractor shall provide an exhibit comparing the actuarial value calculated for each standard plan design using the federal actuarial value calculator and a narrative overview of the results.
 - e. Contractor shall provide reports on actuarial and related topics as needed to support Covered California's analytic needs as described in the Scope of Work.

C. Other Reporting Requirements

- i. On a monthly basis, each contractor staff person shall complete a timesheet with a detailed breakdown of hours worked and services performed.
- ii. The contractor will develop and provide ad hoc reports as deemed appropriate and necessary by the State.

3.4 Contract Completion Criteria

The contract resulting from this RFP will be considered complete when Covered California's Project Manager has approved and accepted all assigned contract deliverables.

3.5 Deliverable Acceptance Criteria

All concluded work must be submitted to Covered California for review and approval or rejection. Payment for all tasks performed under this Scope of Work will be based on time and materials. It will be Covered California's sole determination as to whether any tasks have been successfully completed and are acceptable.

Throughout the contract, Covered California will review and validate services performed. In addition, Covered California's Project Manager will verify and approve the Contractor's invoices. Signed acceptance is required from the Covered California Project Manager to approve an invoice for payment.

Deliverable acceptance criteria consist of the following:

- A. Deliverable specific work was completed as specified and the final deliverable product or service was rendered.
- B. Plans, schedules, designs, documentation, digital files, photographs and reports (deliverables) were completed as specified and approved.
- C. All deliverable documentation and artifact gathering have been completed.
- D. All deliverables are in a format useful to Covered California.
- E. If a deliverable is not accepted, Covered California will provide the reason, in writing, within ten (10) business days of receipt of the deliverable.

3.6 Contractor Roles and Responsibilities

The Contractor shall:

- A. Designate a person to whom all project communications may be addressed and who has the authority to act on all aspects of the contract for services. This person will be responsible for the overall project and will be the contact for all invoice and Contractor staffing issues.
- B. Provide written reports for review and approval by Covered California and formally respond to Covered California review findings as necessary.
- C. Meet weekly with Covered California staff to discuss progress.
- D. Make its best efforts to maintain staff continuity throughout the life of the project. If, however, a substitution becomes necessary, the Contractor must submit a resume for review, in advance, of all proposed personnel substitutions. All Contractor personnel substitutions must be approved in writing by Covered California's Project Manager. Failure to receive the required approvals may result in termination of the contract.
- E. Provide reasonable and adequate notice of resources required to complete work efforts. Resources may include staff, documentation, and data.

3.7 Covered California's Roles and Responsibilities

Covered California shall:

- A. Designate Covered California contact person (Project Manager) to whom all Contractor communications may be addressed and who has the authority to act on all aspects of the services. This person will review the contract and associated documents with the Contractor to ensure understanding of the responsibilities of both parties.
- B. Provide access to business and technical documents as necessary for the Contractor to complete the tasks identified in this RFP.
- C. Ensure appropriate resources are available to perform assigned tasks, attend meetings, and answer questions.
- D. Ensure that decisions are made in a timely manner.
- E. Provide work areas and meeting rooms as needed.
- F. Identify and provide access to Subject Matter Experts to assist with the elaboration of technical requirements.

3.8 Project Assumptions and Constraints

- A. The Contractor's work hours must be consistent with Covered California's key staff on-site, whose normal business hours are 8:00 AM to 5:00 PM PST, Monday through Friday, except for standard holidays.
- B. All information and data relating to Covered California business including individual level eligibility, enrollment, and financial data will be maintained within Covered California and will be accessible only while on-site. Any planned or expected deviations to this constraint should be identified within the technical response.
- C. Overtime rates will not be reimbursed under the contract.
- D. Travel will not be reimbursed under the contract.
- E. Any modifications to tasks within the SOW of the contract will be defined, documented, and mutually agreed upon by the Contractor and Covered California's Project Manager prior to starting work on the modified task. Amendments to the contract for tasks within the SOW are limited to an extension of time or tasks directly related to the SOW.
- F. Covered California's Project Manager reserves the right to renegotiate the services deemed necessary to meet the needs of this project according to Covered California's priorities. Covered California and the Contractor must mutually agree to all changes. If any renegotiated services are outside the scope of the original contract, a contract amendment must be executed prior to commencement of work.

G. Covered California and the Contractor are mutually obligated to keep open and regular channels of communication in order to ensure the successful execution of this contract. Both parties are responsible for communicating any potential problem or issue to Covered California's Project Manager and the Contractor's engagement manager, respectively, within 48 hours of becoming aware of the problem.

3.9 Contract Amendment

Covered California may, at its sole discretion, extend the term of the contract for two (2) years. If mutually agreed upon by the State and the Contractor, this contract shall be amended to include additional funding at the same rates provided in the Bidder's proposal.

3.10 Payment and Invoicing

Payment to Contractor is contingent upon Covered California's receiving funding from the Federal government and the collection of fees assessed on the Qualified Health Plans. Covered California shall bear no liability or responsibility for payment to Contractor, even for services provided and delivered, in the event payment to Covered California from the Federal government or the collection of fees assessed on the Qualified Health Plans is delayed, suspended, or terminated.

The Contractor may invoice Covered California only after the successful completion and acceptance of the deliverables. The Contractor may not invoice Covered California for any costs exceeding the maximum amount identified to complete a deliverable, if any.

4. PROPOSAL RESPONSE CONTENT

Final proposal requirements are contained in the following areas that are described in detail in subsequent sections of this document:

- A. Administrative Requirements
- B. Understanding and Approach
- C. Corporate Qualifications Summary
- D. Staff Experience
- E. Staff Resumes
- F. Past Projects Completed
- G. Assumptions
- H. Updated Model Contract
 - i. Using the Exhibit A template (Attachment 2-B), include revised Exhibit A with updated Scope of Work
 - a. Understanding and Description of the Tasks to be Performed (Work Plan)
 - ii. Costs: Include revised Exhibit B with Cost Worksheet (Attachments 2-C and 2-D)
 - iii. Include Exhibits C, D, and E (Attachment 2-E through G) with track changes to Terms and Conditions. Submission of these Exhibits without track changes will be considered an acceptance of those Terms and Conditions.

4.1 Proprietary Information and Confidential Status of Responses

Any documentation submitted which has been marked “Proprietary” or “Trade Secrets” may not be accepted. Pursuant to Evidence Code Section 1040, Covered California will consider responses to this solicitation as “official information” acquired in confidence and will not disclose the information received as a public record, unless it is already available to the public, without receiving prior written permission from the Bidder.

4.2 Administrative Requirements

Final Proposals will be assessed on a pass/fail basis to verify compliance with all Administrative Requirements.

4.2.1 All Final Proposals must be submitted within the timelines specified in Section 1.2 of this RFP, and shall include the following Administrative Requirements in this order:

- A. A cover letter signed by a person authorized to bind the company which also includes the company’s certification number(s) for SB and/or DVBE (if applicable).
- B. A Certificate of Liability Insurance equal to or greater than \$1,000,000.
- C. Proof of Workers’ Compensation Liability Insurance.

- D. A signed Payee Data Record form STD. 204
- E. A completed Bidder Declaration page
- F. A signed Federal Debarment Certification (Attachment 1-B).
- G. A completed certification form showing, upon award of the contract, the Bidder agrees to provide a completed Title 10, California Code of Regulations, Chapter 12, Article 1, Statement of Economic Interests (Form 700) (Attachment 1-C). For more information, see the California Health Benefit Exchange Conflict of Interest Code: <http://hbex.coveredca.com/resources/>, and the Fair Political Practices Commission site: <http://www.fppc.ca.gov/index.php?id=500/>

4.3 Technical Requirements

In addition to the Administrative Requirements, all Final Proposals must:

4.3.1 *Understanding and Approach*

Include a description of your understanding of the project's goals, emphasizing your understanding of the objectives and the major activities that must be performed to complete the work. Discuss your strategy for providing the services outlined in the SOW within the time period allocated for that task. Provide a table showing hours per week by person covering the contract term. Include your expectations of all entities and resources outside your own team. Provide the assumptions used to develop the response (no more than 10 pages).

4.3.2 *Corporate Qualifications Summary*

Describe and provide examples of the company's overall organizational capability and resources as they relate to the general requirements set forth in this RFP's Scope of Work (SOW), including the following:

- A. Ability to manage the project and the risks involved with the project.
- B. Ability to complete projects on time and within budget.
- C. Ability to provide quality deliverables.
- D. Evidence of the firm's experience performing the services outlined in this solicitation, including the total number of years the firm has been providing the services outlined in the SOW.

(no more than 10 pages)

4.3.3 *Engagement Team Qualifications*

Describe the qualifications of each of the members of the proposed engagement team. Identify the role that each member is expected to play and describe the experience, education, knowledge, and skills each member possesses as it relates to their proposed role.

Bidder must identify the key staff that will be the point of contact for Covered California and the percentage of time that staff will be dedicated. (no more than 10 pages).

4.3.3.1 Resumes

Provide a resume of the relevant experience for each contractor staff person proposed. For each experience citation provided on a resume, the resume must include:

- A. Total Duration: Indicate the start (month/year), end (month/year), and duration (total number of years and months) for each job experience submitted;
- B. Description of Specific Experience: A complete description of the relevant experience, including identification of the client, name of the project, roles and responsibilities of the individual, and types of services provided by the individual.

4.3.4 Past Projects Completed

Describe in a narrative no more than five (5) projects your corporation has completed in the last two years that relate to the tasks listed in the SOW (no more than 5 pages).

4.3.5 Assumptions

Document any assumptions the Bidder is making about the SOW, the responsibilities of the Bidder and Covered California, and any other issues that are relevant to the Bidder's proposal and ability to do the work for the proposed cost (no more than 5 pages).

5. REVIEW OF FINAL PROPOSALS FOR AWARD/SELECTION CRITERIA

5.1 Written Responses to this RFP will be evaluated in three phases

Phase 1- Administrative Requirements. The Evaluation Team will review responses to the Administrative Requirements.

Phase 2 – Technical Requirements. Review of the understanding and approach, corporate qualifications, engagement team qualifications, resumes, and past projects completed.

5.2 Interviews

After Phase 2, interviews may be conducted with up to three of the highest-rated Bidders. The exact number of Bidders interviewed is entirely at the discretion of Covered California. The specific staff to be interviewed will be agreed upon between Covered California and the Bidder at the time the interview is scheduled.

5.3 Evaluation Criteria

Evidence of extensive previous experience in similar complex, short deadline efforts will receive significant consideration in the evaluation process, as will demonstrated experience related to the Scope of Work.

The table below lists the evaluation categories and the weights each will carry in the overall evaluation of each offer:

Criteria	Weight	Points
Administrative Requirements	0%	Pass/Fail
Understanding and Approach	10%	100
Corporate Qualifications	10%	100
Engagement Team Qualifications and Resumes	25%	250
Past Projects Completed	25%	250
Cost	30%	300
Totals	100%	1000

Preference Programs if applicable	Points
Small Business	15
DVBE Participation 5% or Over	15
DVBE Participation 4% to 4.99% inclusive	12
DVBE Participation 3% to 3.99% inclusive	9
DVBE Participation 2% to 2.99% inclusive	6
DVBE Participation 1% to 1.99% inclusive	3

The highest-rated response after applying the weighted evaluation criteria described above shall be recommended for selection. If two or more of the highest-rated responses are evaluated as substantially equal after applying the weighted evaluation criteria described above, then the lowest cost response shall be recommended for selection.

Covered California Evaluation Team will evaluate Bidder proposals in the four areas of requirements:

- A. Understanding and Approach
- B. Corporate Qualifications
- C. Engagement Team Qualifications
- D. Past Projects Completed

5.3.1.1 Understanding and Approach

Scoring of this factor shall be based upon the Evaluation Team's assessment of the Bidder's understanding of and insight into the challenges, issues, and risks faced by Covered California as depicted in the Scope of Work, and the feasibility, efficiency, and expected effectiveness of the approaches offered by the Bidder to provide assistance to Covered California. Evaluators will assign scores based upon information contained in the Bidder's Understanding and Approach Narrative. The Evaluation Team will consider, in descending order of importance:

- A. Quality of the Bidder's approach to addressing scope of responsibilities and activities, including how the Bidder will provide the flexibility to address issues as they arise (for example, number of hours allocated to the project per position should be captured on Attachment 2-DCost Worksheet), all while maintaining a high level of quality in the approach;
- B. Quality of the Bidder's approach to early identification of issues and risks, and how the approach will directly contribute to resolution and mitigation; and

C. Demonstrated understanding of the key characteristics of the project in general.

5.3.1.2 Corporate Qualifications

Covered California seeks a contractor with significant corporate capacity to respond to Covered California's needs during the entire duration of the contract, support a high degree of qualified staff continuity, and a consistently high level of individual team member performance.

Corporate Description and Background: Scoring of this factor will be based upon the Evaluation Team's assessment of corporate resources, capacity, and historical track record as they relate to the Scope of Work. Evaluators will assign scores based upon the bidder's Corporate Qualifications narrative.

5.3.1.3 Engagement Team Qualifications

Covered California seeks a team of highly qualified, senior staff to provide high-level project management support services as depicted in the Scope of Work. The engagement team should represent a mix of skill levels and expertise that address the elements outlined in the Scope of Work. The following sections describe the evaluation and scoring of staff qualifications.

A. Staff Experience and Credentials

Scoring of this factor shall be based upon the Evaluation Team's assessment of the breadth, depth, and relevance of each proposed team member's experience and credentials. Evaluators will assign scores based upon information contained in Resumes and Staff Experience Summary Forms. The Evaluation Team will consider, in descending order of importance:

- i. Demonstrated capacity to successfully assume responsibility comparable to that proposed for the individual in the project engagement;
- ii. Demonstrated capacity to perform at a high level in multiple areas of project management;
- iii. General breadth and extent of experience, as indicated by the number of projects, and duration of individual involvement in each;
- iv. Relevance of experience as indicated by the scope and subject matter of project experience;
- v. Relevance of education, training, and certifications; and
- vi. Number of hours allocated to the project as captured on attachment 2-D Cost Worksheet.

5.3.1.4 Past Projects Completed

Scoring of this factor will be based upon the Evaluation Team's assessment of the breadth, depth, and relevance to the Scope of Work requirements, as well as corporate resources and capacity as indicated by the characteristics projects previously completed. Evaluators will assign scores based upon information contained in the Past Projects Completed narrative.

5.3.2 Scoring Criteria

Evaluators will assign technical points to all categories using these scoring criteria:

Rating	Relation to Requirements	Strengths	Deficiencies	Weaknesses	Likelihood of Success	Score
Excellent	Superior attainment of all requirements	Numerous and significant in key areas	None	Minor, if any	Very High	10.0
Good	Expected to meet all requirements	Some and significant in key areas	None	Minor, but are far outweighed by strengths	High	7.5
Acceptable	Capable of meeting all requirements	Some in non-key areas	Minor	Minor, but are outweighed by strengths	Fair	5.0
Marginal	May not be capable of meeting all requirements	None, or some that are outweighed by weaknesses or deficiencies	Significant	Significant	Poor	2.5
Unacceptable	Not likely to meet all requirements	None, or some that are far outweighed by weaknesses or deficiencies	Needs major revision	Needs major revision	None	0

5.4 Cost Score

Cost (300 points)

Each Bidder's cost score will be calculated based on the ratio of the lowest cost proposal to the Bidders' cost, multiplied by the maximum number of cost points available (300), as shown in the calculation below:

$$\frac{\text{Lowest Total Cost Bid}}{\text{Bidder Total Cost}} \times \text{Total cost points available}$$

Example: To help illustrate this process, refer to table below, for an example of the cost score calculation process. **Cost figures in the example below explain the calculations and have no other significance.**

Cost Evaluation and Scoring Methodology Example

Bidder	Grand Total Cost	Calculation	Cost Points Awarded
A	\$400,000	$\frac{\$300,000}{\$400,000} \times 300$	225
B	\$350,000	$\frac{\$300,000}{\$350,000} \times 300$	257
C	\$300,000	$\frac{\$300,000}{\$300,000} \times 300$	300

6. PREFERENCE PROGRAMS

6.1 Small Business (SB) Preference

This RFP does not require Bidders to meet the minimum SB participation percentage or goal. However, Bidders are encouraged to sub-contract with SBs.

- A. Small Business Preferences: Bidders claiming the 5% preference must be certified by California as a small business or must commit to subcontract at least 25% of the net bid price with one or more California Certified Small Businesses (CCSB). Certification must be obtained no later than 5:00 p.m. on the bid due date.

Section 14835, et seq. of the California Government Code (GC) requires a 5% preference be given to bidders who qualify as a SB. The rules and regulations of this law, including the definition of a small business for the delivery of goods and services, are contained in California Code of Regulations (CCR's), Title 2, Section 1896, and et seq. The SB preference is for California-based Certified SB only.

To claim the CCSB preference, which may not exceed 5% for any bid, the Bidder must have its principal place of business located in California, have a complete application (including proof of annual receipts) on file with the State Office of Small Business and DVBE Services (OSDS) by 5:00 p.m. on the bid due date (see Section 1.2) and be verified by such office.

6.2 Disabled Veteran Business Enterprise (DVBE) – Declaration & Program Incentive

This RFP does not require Bidders to meet the minimum DVBE participation percentage or goal. However, a Bidder must complete and submit the **Bidder Declaration – Attachment 1-I** with its proposal package. Failure to complete and submit the required attachment as instructed may render the bid non-responsive. Pursuant to Military and Veterans Code Section 999.2, each State department has a participation goal of not less than 3% for disabled veteran business enterprises. These goals apply to the overall dollar amount expended each year by the awarding department.

6.2.1 Commercially useful function

Only State of California, Office of Small Business and DVBE Services (OSDS), certified DVBEs who perform a Commercially Useful Function (CUF) relevant to this solicitation may be used to satisfy the DVBE participation goal. The criteria and definition for performing a CUF are below. When responding to this RFP, Bidders will need to verify each DVBE subcontractor's certification with OSDS to ensure DVBE eligibility.

CUF Definition California Code of Regulations, Title 2, § 1896.61(l): The term "DVBE contractor, subcontractor or supplier" means any person or entity that satisfies the ownership (or management) and control requirements of §1896.61(f); is certified in accordance with §1896.70; and provides services or goods that contribute to the fulfillment of the contract requirements by performing CUF.

As defined in Military Veterans Code §999, a person or an entity is deemed to perform a "CUF" if a person or entity does **all** of the following:

- A. Is responsible for the execution of a distinct element of the work of the contract.
- B. Carries out the obligation by actually performing, managing, or supervising the work involved.
- C. Performs work that is normal for its business services and functions.
- D. Is not further subcontracting a portion of the work that is greater than that expected to be subcontracted normal industry practices.

A contractor, subcontractor, or supplier will not be considered to perform a CUF if the contractor's, subcontractor's, or supplier's role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of DVBE participation.

Attachment 1

1-A: Proposal Checklist

1-B: Federal debarment, suspension, ineligibility and voluntary exclusion – certification

1-C: FORM 700 Statement of Economic Interest Certification

1-D: Bidder Instructions

1-E: Payee Data Record

1-F: DVBE Declaration

1-G: Bidder Declarations

Attachment 2

- 2-A: Standard 213
- 2-B: Exhibit A – Scope of Work
- 2-C: Exhibit B – Budget Provisions
- 2-D: Exhibit B – Attachment 1, Cost Worksheet
- 2-E: Exhibit C – General Terms and Conditions
- 2-F: Exhibit D – Special Terms and Conditions
- 2-G: Exhibit E – Additional Provisions