

ADDENDUM ONE

DATE: August 27, 2014

TO: All Vendors

FROM: Michelle Thompson/Robert Thompson, Buyers
State Purchasing Bureau

RE: Questions and Answers for RFP Number 4764Z1
to be opened September 11, 2014 2:00 p.m. Central Time

Following are the questions submitted and answers provided for the above mentioned Request For Proposal. The questions and answers are to be considered as part of the Request For Proposal.

QUESTIONS	ANSWERS
<p>1. What were the fees paid for the prior analysis, split by fees paid to Health Management Associates (HMA), fees paid to Mercer, and fees paid to Public Consulting Group?</p>	<p>The previous contracts had a much larger scope of work in which the market analysis and demographic study were just components of the contract.</p> <p>The prior analysis provided preliminary information on the Health Insurance Exchange Enrollment projections, which included the budget for the Health Insurance Exchange, as well as how the Exchange would be operated.</p> <p>The prices of the previous contracts do not reflect the current scope of work.</p> <p>Mercer was a subcontractor for HMA. Therefore, the State did not enter into an agreement directly with Mercer.</p> <p>See the attached agreements with HMA and PCG.</p>

QUESTIONS	ANSWERS
<p>2. On page 35, section D.1., the RFP indicates that the contractor will base their report on the research provided by HMA.</p> <p>a. Can we therefore assume that all necessary data collection for the scope of work outlined will be provided by HMA, and therefore the scope of work will involve analysis of data and projections based on the data but not collection of data?</p> <p>b. If gaps in the data are identified (as mentioned in section F on page 39), will HMA be assisting in collecting additional data, or must the contractor collect additional data?</p> <p>c. What will be the as-of date for the data collected, and when will the data be available?</p>	<p>The prior research provided by HMA should be used as a starting point in regards to the project.</p> <p>A. HMA will not provide any data for this project. Data that will be used for this project will be acquired through public data sources such as Census studies and information provided through a data call to the insurance companies.</p> <p>B. The Contractor resulting from this RFP will be collecting all data.</p> <p>C. The contractor will be responsible for aggregating all publicly available market and demographic data for the state of Nebraska. The only data that the Department of Insurance will be providing is market data from the insurance companies through what is called a “data call”. By working with the contractor, the Department of Insurance can provide that data within the first two months of the contract.</p>
<p>3. On page 38, section D.7., the RFP states that the contractor must coordinate with the Department to attain a copy of the qualitative and quantitative analysis of the current health insurance marketplace in Nebraska.</p> <p>a. Is the collection of this data also the responsibility of HMA? If not, who is responsible for collection of this data?</p> <p>b. If gaps in the data are identified (as mentioned in section F on page 39), will HMA be assisting in collecting additional data, or must the contractor collect additional data?</p> <p>c. What will be the as-of date for the data collected, and when will the data be available?</p>	<p>All new data collection will be the responsibility of the contractor. The contractor will work with the Department of Insurance to obtain data from the Insurance companies.</p> <p>See the responses to question #2.</p>
<p>4. How will data be provided to the contractor (e.g. file transfer site, CD, need to view on site, etc)?</p>	<p>The contractor will have to obtain the data from publicly available sources, mostly through electronic means such as email.</p>

QUESTIONS	ANSWERS
<p>5. How much of the work is expected to be performed on site in Nebraska?</p>	<p>The State estimates that most of the work can be performed offsite, however the contractor is required to conduct an oral presentation and written final report to the Department of Insurance onsite in Lincoln, Nebraska. The State may also require in person meeting(s) if issues arise.</p>
<p>6. Must the fixed price referred to in section B.1. on page 43 include travel costs, or can those be estimated for bidding purposes and charged as incurred?</p>	<p>Yes, the fixed price referred to in section B.1. on page 43 must include travel expenses. Travel costs may not be charged as incurred.</p>
<p>7. RFP Section Reference J RFP Page Number 5 What are the maximum allotted points for each evaluation criteria?</p>	<p>In order to protect the integrity of the RFP process, the allotted points for each evaluation criteria will not be provided during the question and answer period. The evaluation criteria will be provided to the attendees of the bid opening and posted to the State Purchasing Bureau website.</p>
<p>8. RFP Section Reference G RFP Page Number 12 Does the State already have in place an award for supplemental work related to this RFP?</p>	<p>No, the State does not have in place an award for supplemental work in regards to the RFP.</p>
<p>9. RFP Section Reference EE RFP Page Number 22 Will a certified check or bond be required from the contractor to guarantee the contractor will perform all requirements, terms and conditions of the contract?</p>	<p>Per Section III, EE Performance Bond, the State may require a performance bond. The determination will be made after the Intent to Award is posted.</p>
<p>10. RFP Section Reference V, i RFP Page Number 43 Does the contractor need to provide 3 references who can attest to the competence and skill level of each proposed team member?</p>	<p>Yes, per section V, A, 2 Corporate Overview, i. Summary of Bidders Proposed Personnel/Management Approach, "...Resumes shall include, at a minimum, academic background and degrees, professional certifications, understanding of the process, and at least three (3) references (name, address, and telephone number) who can attest to the competence and skill level of the individual..."</p>

QUESTIONS	ANSWERS
<p>11. RFP Section Reference F RFP Page Number 12</p> <p>Can certificates of insurance coverage be included with the technical proposal or do they need to be faxed separately?</p>	<p>The certificate of insurance may either be submitted with the proposal response or faxed separately to the attention of the buyers.</p>
<p>12. RFP Section Reference IV, 5 RFP Page Number 37</p> <p>Due the delay in the SHOP exchange is this question still relevant? Should this questioned still be acknowledged / answered in our proposal response?</p>	<p>Yes, this question is still relevant because people were able to enroll directly through the use of brokers and paper applications.</p> <p>Yes, the question must be acknowledged / answered in the proposal response.</p>
<p>13. Why is the State seeking a new vendor for this contract?</p>	<p>The State does not currently have a contractor for this service.</p>
<p>14. What were the approved rates and proposed pricing for this contract previously?</p>	<p>See the response to question #1.</p>
<p>15. Is the State looking for a contractor located in Nebraska?</p>	<p>No, the State of Nebraska does not have an in State preference. However, the State will require registering with the Nebraska Secretary of State's Office if a corporation or partnership.</p>
<p>16. Will the State have preference towards a contractor located in Nebraska?</p>	<p>See State Statute 73-101.01.</p> <p>http://uniweb.legislature.ne.gov/laws/statutes.php?statute=73-101.01</p>
<p>17. Is the previous vendor re-bidding on this contract?</p>	<p>That is unknown at this time as an Intent to Bid is not required.</p>
<p>18. Is the previous vendor's proposal public information? Is it possible for us to obtain a copy of the previous proposal that was awarded this contract?</p>	<p>See the response to question #1.</p>

AGREEMENT

The State of Nebraska ("State"), specifically, the Nebraska Department of Insurance (NDOI), received a \$1 million grant award from the Office of Consumer Information and Insurance Oversight, the Federal agency within the US Department of Health and Human Services overseeing state-based Exchanges, to evaluate if Nebraska will establish an Exchange, and if so, begin conducting the critical planning activities for Exchange development..

This agreement, is hereby made between the State of Nebraska, Department of Insurance (NDOI), and Health Management Associates, Inc. (HMA) as set forth below according to the following terms, conditions and provisions:

1. **IDENTITY OF THE STATE.** The State of Nebraska, Department of Insurance (hereafter "NDOI") is identified as follows:

Name: State of Nebraska, Department of Insurance
Mailing Address: PO Box 82089
City/State/Zip: Lincoln, NE 68501-2089
Delivery Address: 941 "O" Street, Suite 400
City/State/Zip: Lincoln, NE 68508
Business Telephone: (402) 471-2201

2. **IDENTITY OF INDEPENDENT CONTRACTOR.** The Independent Contractor (hereafter "HMA") is identified as follows:

Name: Health Management Associates, Inc.
Type Entity: () Political Subdivision of State Government
 () Political Subdivision of Federal Government
 (X) Other private organization
Address: 120 N. Washington Square, Suite 705
City/State/Zip: Lansing, MI 48933
Business Telephone: (202) 785-3669
Social Security or Federal E.I.N.: 38-2599727

3. **CONTACT PERSONS:**

State of Nebraska, Department of Insurance
Christine Neighbors, Deputy Director and General Counsel
John Paul Sabby, Insurance Health Policy Analyst
941 "O" Street, Suite 400
PO Box 82089
Lincoln, NE 68508
Christine.Neighbors@nebraska.gov
JPSabby@nebraska.gov
Business Telephone: 402-471-4649

Health Management Associates, Inc.
Darlene Gregory, Contracts Manager
120 N Washington Square, Suite 705
Lansing, MI 48933
dgregory@healthmanagement.com
Business Telephone: (202) 785-3669

4. **TERMS OF AGREEMENT.** This agreement shall be for the period of April 22, 2011 through August 22, 2011 with the option to extend as mutually agreed upon by HMA and NDOI.
5. **OWNERSHIP OF DATA.** Only deliverables created or developed by Contractor specifically and exclusively for the State pursuant to the Agreement should be exclusively owned by the State (collectively, "work product"). Notwithstanding anything to the contrary in the Agreement, Contractor should retain all patent, copyright and other intellectual property rights in the methodologies, methods of analysis, ideas, concepts, know-how, models, tools, techniques, skills, knowledge and experience (collectively, "Intellectual Property") owned or possessed by Contractor before the commencement of, or acquired by Contractor during or after, the performance of the services. To the extent that any of Intellectual Property is embodied in any of the work product, Contractor will grant to the State a non-exclusive, non-transferable, royalty-free license to use the Intellectual Property for its internal use and appropriate sharing uses, in connection with and to the extent necessary for use of the work product as contemplated by the Agreement. Contractor will provide timely prior written consent for the State to use, or disclose to necessary third parties, Contractor's advice of work product as mutually contemplated by the parties when Contractor first was retained to provide such advice or work product or as required by law.
6. **JOB TO BE PERFORMED.** The parties agree to perform the following job/services:
 - A. **HMA agrees to perform the following services:**
 1. Conduct background research and provide subsequent reports on the following:
 - a. Quantitative study of the current uninsured and underinsured in Nebraska and future projections of these groups in the future;
 - b. Quantitative study of the insured population in Nebraska, coverage trends and the impact of public program expansion;
 - c. Quantitative and qualitative assessment of coverage affordability in Nebraska;
 - d. Quantitative and qualitative study of the health insurance marketplace in Nebraska including:
 - i. Review of available plan designs and payment models;
 - ii. Analysis of the risks of adverse selection between the Exchange and commercial insurance markets
 - iii. Analysis of standardized benefits programs; and

- e. Economic and Fiscal Analysis analyzing the potential impact of different Exchange design options on the insurance market, plan design, premium levels and market segments and a quantitative analysis of the financial impact of implementing an Exchange in Nebraska.
2. Develop Exchange Design Options, models and an Implementation Plan
- a. Develop economic models and analysis of the different Exchange design options including:
 - i. Functions, features and services of different Exchange designs and financial models depicting an Exchange on a sliding scale of state involvement;
 - ii. Organizational charts for each design, and
 - iii. Costs to implement each Exchange design option.
 - b. Develop economic models for different approaches on program sustainability for Exchange functions particularly in 2015 including:
 - i. Economic outcomes if the State proceeds with the federal option; and
 - ii. Information on the impact on individual and group premiums through a SHOP and individual Exchange merger and the financial impact of such a decision on the state.
 - c. At a minimum, the Implementation Plan for an Exchange should include the key milestones, timelines for decision-making, and objective measures of success for each decision.
3. Provide an Exchange Organizational and Impact Assessment
- Based on the Implementation Plan, the Exchange design options and background research, HMA will provide the following:
- a. Analysis of organizational and business operations for an Exchange
 - i. Full-scale business model/plan with an education and outreach plan for an Exchange;
 - ii. Analyzed procedures for certification, recertification and decertification of health plans as "qualified health plans" under the ACA and an analysis of compliance with existing State insurance law mandates in the context of an Exchange offering coverage including qualified health plans comprised of "essential health benefits package";
 - iii. Comprehensive needs assessment of staffing and resources for self sustaining Exchange operation and a summary of the core competencies needed for staff and experts to operate an Exchange; and
 - iv. Draft budget and budget narrative detailing the start up and on-going operating costs, infrastructure adjustments, and other mandatory activities associated with the implementation of an Exchange in Nebraska, including rationale and/or formulae for developing the price points provided.
 - b. Report on the Impact on the existing marketplace

- i. List of the major policy decisions that will be addressed as part of establishing an Exchange; and
 - ii. Qualitative and quantitative impact of various options around these major policy decisions.
 - c. Finance Analysis
 - i. Analysis of funding needs and sources for long-term financial stability/sustainability of the Exchange and a plan to ensure financial viability and sustainability of the Exchange by January 1, 2015.
 - ii. Analysis of all financial/budgetary aspects of efficiently implementing and maintaining an Exchange, including but not limited to fees that will be required, reconciliation of premium tax credits and cost sharing subsidies, identifying systems to handle and safeguard cash collections, and selection of accounting systems for financial management and reporting.
 - iii. Identify and plan for accounting structure, including but not limited to, appropriate internal and external audit controls.
 - iv. Identify systems to ensure secure and confidential data and safeguarding transactions - Prevention of fraud and abuse.
 - d. Report on the Impact on existing state programs
 - i. An estimate of costs to the State due to both mandatory and optional reforms.
4. Provide Actuarial Services in support of Exchange Planning
 - a. HMA will make available ad hoc actuarial services to model and analyze the impact of various legal and policy decisions on insurance rates and markets as an Exchange is in the planning stages and if appropriate, as it becomes operational.

B. NDOI agrees to perform the following activities:

1. **Availability:** NDOI staff and management will be available throughout the process of the delivery of services according to the terms of the contract.
 2. **Provide information:** NDOI will provide or request information as needed, from insurers under guidelines developed jointly with the contractor.
 3. **Contact information:** Any third-party contacts will be provided when requested during the engagement.
7. **TERMS OF PAYMENT.** Payments for services provided under this contract are wholly funded by federal funds under terms of Grant # 1 HBEIE100048-01-00.

NDOI agrees to pay HMA \$460,137 for the period of April 22, 2011 through August 22, 2011.

The payment schedule for the project is tied to deliverables. Invoices may be submitted by the contractor based on the completion and acceptance of related deliverables. No invoice will be

approved unless the associated deliverables have been approved. A percentage of the total contract cost may then be invoiced based on the following schedule:

Monthly invoices with detailed description of services provided, including the name of the person providing said services as well as hourly rate, and remit amount.

The number of hours charged must be based on the actual time spent providing the service. In no event shall the State be responsible or liable to pay for any services provided by the contractor prior to the Effective Date (contract execution date), and the contractor hereby waives any claim or cause of action for any such services.

All supplemental and ad hoc services provided must have prior written approval from NDOI and invoices submitted shall be itemized.

The State of Nebraska normally will pay properly submitted vendor invoices within thirty (30) days of receipt of submitted and accepted deliverables.

The State will withhold ten percent (10%) of the total contract amount as retainage. The entire retainage amount will be payable upon successful completion of the project.

A good faith dispute creates an exception to prompt payment.

8. **REIMBURSEMENT OF EXPENSES.** NDOI shall not be liable to HMA for any expenses paid or incurred by HMA unless otherwise agreed in writing. (All expenses that the State has agreed to reimburse must be categorized and submitted with copies of the original receipts attached for NDOI files).

Reimbursement for necessary travel costs (mileage, meals, and lodging) incurred shall be paid according to the prevailing rate for state employees.

HMA shall establish and maintain adequate records of all expenditures incurred under this Agreement. All records must be kept in accordance with generally accepted accounting procedures. All procedures must be in accordance with federal, state, and local ordinances.

NDOI shall have access and the rights to audit, review, examine, copy, and transcribe any pertinent records or documents relating to HMA's work under this Agreement upon reasonable prior notice by NDOI. HMA will retain all documents applicable to the contract for a period of not less than three (3) years after final payment is made.

9. **PROJECT COMMUNICATION.** The Associate Project Director, Lead Contact, and all appropriate NDOI and HMA staff will meet in person or via teleconference at the start of the project to refine the work plan and schedule. Work performed will be done in close cooperation with John Paul Sabby, Insurance Health Policy Analyst. NDOI requires weekly status updates from the Lead Contact via either email or in person to communicate progress on the deliverables.

The frequency of these update communications may change as needed. All deliverables will be performed as presented in the Project Deliverables and Work Plan labeled Exhibit A attached hereto and incorporated by reference, dated March 21, 2011. Any deliverable that will not be performed by the stated timeframe will be immediately reported to the Associate Project Director. The Lead Contact will share draft documents with the appropriate staff from NDOI. The Lead Contact will present final deliverables and accompanying reports and documents to the Associate Project Director by August 5, 2011, as presented in the Project Deliverables and Work Plan dated March 21, 2011. Documentation on all other aspects of the Agreement will be presented to the Associate Project Director by no later than August 22, 2011 as defined in the Terms of Agreement.

10. **EQUIPMENT, TOOLS, MATERIALS, OR SUPPLIES.** HMA shall supply, at HMA's sole expense, all equipment, tools, materials, and/or supplies to accomplish the job/services agreed to be performed, including postage, telephone, office supplies, and limited photocopying. NDOI will provide facilitation of HMA with other state agencies to the extent necessary to facilitate the terms of this Agreement.
11. **FEDERAL, STATE, AND LOCAL PAYROLL TAXES.** Neither federal nor state income tax nor payroll tax of any kind shall be withheld or paid by NDOI on behalf of HMA or the employees of HMA. HMA shall not be treated as an employee with respect to the services performed hereunder for federal or state tax purposes and is an independent contractor.
12. **NOTICE TO HMA REGARDING ITS TAX DUTIES AND LIABILITIES.** HMA understands that HMA is responsible to pay, according to law, HMA's income tax. If HMA is not a corporation, HMA further understands that HMA may be liable for self-employment (social security) tax, to be paid by HMA according to law.
13. **FRINGE BENEFITS.** Because HMA is engaged in HMA's own independently established business, HMA is not eligible for, and shall not participate in, any employee pension, health, or other fringe benefit plan, of NDOI.
14. **NEBRASKA DEPARTMENT OF INSURANCE NOT RESPONSIBLE FOR WORKER'S COMPENSATION.** No workers' compensation insurance shall be obtained by NDOI concerning HMA or the employees of HMA. HMA shall comply with the worker's compensation laws concerning HMA and the employees of HMA.
15. **NON-WAIVER.** The failure of either party to exercise any of its rights under this Agreement for a breach thereof shall not be deemed to be a waiver of such rights or a waiver of any subsequent breach.
16. **NO AUTHORITY TO BIND NEBRASKA DEPARTMENT OF INSURANCE.** HMA has no authority to enter into contracts or agreements on behalf of NDOI. This Agreement does not create a partnership between the parties.

17. **JURISDICTION.** The parties hereby stipulate and agree that this Agreement shall be executed in Nebraska. In the event that litigation should arise concerning the validity or interpretation of any provision of this Agreement, venue over such litigation shall reside in the District Court of Lancaster County, Nebraska.
18. **DECLARATION BY INDEPENDENT CONTRACTOR.** HMA declares that HMA has complied with all federal, state and local laws regarding business permits, certificates and licenses that may be required to carry out the work to be performed under this Agreement.
19. **EQUAL EMPLOYMENT OPPORTUNITY AND NONDISCRIMINATION.** The Nebraska Fair Employment Practice Act (*Neb. Rev. Stat.* Sections §48-1101 to §48-1125) prohibits contractors to the State of Nebraska, and their subcontractors, from discriminating against any individual to be employed in the performance of such contracts, with respect to hire, tenure, terms, conditions, or privileges of employment because of race, color, religion, sex, disability, or national origin. HMA guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision will be regarded as a material breach of contract.
20. **NEW EMPLOYEE WORK ELIGIBILITY STATUS.** HMA is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.
21. **DRUG FREE WORKPLACE.** HMA certifies that HMA maintains a drug free work place environment to ensure work safety and workplace integrity. HMA agrees to provide a copy of its drug free workplace policy at any time upon request by NDOI.
22. **CHOICE OF LAW.** Any dispute under this Agreement or related to this Agreement shall be decided in accordance with the laws of the State of Nebraska.
23. **ASSIGNMENT.** The services to be performed by HMA shall not be assigned, sublet or transferred without the prior written approval of NDOI nor shall HMA assign any monies due or monies to become due under any contract with NDOI pertinent to these specifications, without prior approval of NDOI. This is a mandatory requirement; it will not be waived for any reason.
24. **TERMINATION CLAUSE.** Either party to this Agreement can elect termination of this Agreement by the giving of sixty (60) days advance written notice.
25. **NON-AVAILABILITY OF FUNDS.** NDOI may terminate the contract, in whole or in part, in the event grant funding is no longer available. NDOI's obligation to pay amounts due for fiscal

years following the current fiscal year is contingent upon legislative appropriation of funds for the contract or the availability of grant funds. Should said funds not be appropriated, NDOI may terminate the contract. NDOI will give the contractor written notice thirty (30) days prior to the effective date of any termination, when possible. All obligations of NDOI to make payments after the termination date will cease. HMA shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall HMA be paid for a loss of anticipated profit.

26. **CONFIDENTIALITY.** HMA agrees to keep any and all information and data obtained from the Department or any insurer with regard to providing services outlined in this Agreement as Confidential Information. HMA will keep all Confidential Information confidential and shall not disclose it to any third party except those employees and consultants of HMA who need to obtain access to same for purposes of providing the services contracted for in this Agreement. HMA agrees that it will not use the Confidential Information on its own behalf nor on behalf of any third party (nor make it available to any third party) in any manner for its own account or for the benefit of any third party. The terms of confidentiality shall not apply to information that is or becomes available in the public domain. Should HMA become legally compelled to disclose any of the Confidential Information, HMA will provide Department with prompt notice so that the Department may seek a protective order or other appropriate remedy. In the event that such protective order or other remedy is not obtained, HMA will furnish only that portion of the Confidential Information which HMA is advised by written opinion of counsel, reasonable and satisfactory to the Department is legally required and will exercise its best efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information.
27. **AMENDMENTS.** This Agreement may be supplemented, amended or revised only in writing by agreement of the parties.
28. **ENTIRE AGREEMENT.** This Agreement (including Standard Terms and Conditions), NDOI's Request for Proposal (RFP), labeled Exhibit B attached hereto and incorporated by reference, dated March 7, 2011 (including all attachments, addenda and revisions), HMA's original proposal, labeled Exhibit C attached hereto and incorporated by reference, dated March 21, 2011 and HMA's Best and Final Offer cost proposal, labeled Exhibit D attached hereto and incorporated by reference, dated April 4, 2011, and accepted exceptions to RFP Terms and Conditions, dated April 28, 2011, labeled Exhibit E, shall become part of this Agreement. This Agreement supersedes any conflicting provisions in Exhibit A, Exhibit B, Exhibit C, Exhibit D and Exhibit E. Exhibit D supersedes any conflicting provisions in Exhibit C. This Agreement may be amended at any time when mutually agreed upon by both parties.

Any remaining ambiguity in any provision of this Agreement which shall be discovered after its execution shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

IN WITNESS WHEREOF, the parties execute this instrument in their respective corporate and official names by their respective and duly authorized officers, the day and year state below.

Nebraska Department of Insurance

By: Bruce R. Range
Name: Bruce R. Range
Title: Director
Date: 4-28-2011

Nebraska Department of Insurance

By: Christine Neighbors
Name: CHRISTINE Neighbors
Title: Dep. Director, Gen Counsel / Asst. Project Director
Date: 4/28/11

Health Management Associates, Inc.

By: _____
Name: _____
Title: _____
Date: _____

Health Management Associates, Inc.

By: _____
Name: _____
Title: _____
Date: _____

AGREEMENT

The State of Nebraska ("State"), specifically, the Nebraska Department of Insurance (NDOI), received a \$1 million grant award from the Office of Consumer Information and Insurance Oversight, the Federal agency within the US Department of Health and Human Services overseeing state-based Exchanges, to evaluate if Nebraska will establish an Exchange, and if so, begin conducting the critical planning activities for Exchange development.

This agreement is hereby made between the State of Nebraska, Department of Insurance (NDOI), and Public Consulting Group (PCG) as set forth below according to the following terms, conditions and provisions:

1. **IDENTITY OF THE STATE.** The State of Nebraska, Department of Insurance (hereafter "NDOI") is identified as follows:

Name: State of Nebraska, Department of Insurance
Mailing Address: PO Box 82089
City/State/Zip: Lincoln, NE 68501-2089
Delivery Address: 941 "O" Street, Suite 400
City/State/Zip: Lincoln, NE 68508
Business Telephone: (402) 471-2201

2. **IDENTITY OF INDEPENDENT CONTRACTOR.** The Independent Contractor (hereafter "PCG") is identified as follows:

Name: Public Consulting Group
Type Entity: () Political Subdivision of State Government
 () Political Subdivision of Federal Government
 (X) Other private organization
Address: 2150 River Plaza Drive Suite 380
City/State/Zip: Sacramento, CA 95833
Business Telephone: (916) 565-8090
Social Security or Federal E.I.N.: 77-0439179

3. **CONTACT PERSONS:**

State of Nebraska, Department of Insurance
Christine Neighbors, Deputy Director and General Counsel
Michael Sciullo, Insurance Health Policy Analyst
941 "O" Street, Suite 400
PO Box 82089
Lincoln, NE 68508
Christine.Neighbors@nebraska.gov
Mike.Sciullo@nebraska.gov
Business Telephone: 402-471-4649

Public Consulting Group
Matt Brazier, Chief Operating Officer, PCG Technology Consulting
2150 River Plaza Drive Suite 380
Sacramento, CA 95833
mbrazier@pcgus.com
Business Telephone: (916) 565-8090

4. **TERMS OF AGREEMENT.** This agreement shall be for the period of April 12, 2011 through August 12, 2011 with the option to renew as mutually agreed upon by PCG and NDOI.
5. **OWNERSHIP OF DATA.** The State of Nebraska DOI shall retain ownership and have the unlimited right to publish, duplicate, use and disclose all research data, information and data developed or derived by PCG pursuant to this Agreement.
6. **JOB TO BE PERFORMED.** The parties agree to perform the following job/services:
 - A. **PCG agrees to perform the following services:**

- 1.Prepare a roadmap for IT Planning**

- a. Produce a strategic IT plan to serve as the overarching framework for Exchange planning, design and implementation**

At a minimum, the plan should:

- i. Identify potential Exchange IT goals, technical decisions, project timelines for decision making; and issues and analysis required for all decisions.
 - ii. Recommend strategies for web-portal design, strategies for Medicaid/Exchange interoperability and real-time eligibility with standardized requirements.

- 2.Conduct an evaluation of Eligibility, Verification and Enrollment (EVE) issues**

- a. Review existing eligibility processing, operational and technical environment**

- i. Perform review of current operational procedures and technology capabilities used to perform eligibility, verification and enrollment participants in various public programs.
 - ii. An evaluation of current environment in the context of developing proposed changes, and the feasibility of those changes required to successfully enroll and integrate additional participants into Medicaid and the programs of subsidized private insurance.

- iii. Consider the current procedural and technical interfaces among all related subsidized health and human services programs.
- b. Review and document current state initiatives impacted by the Affordable Care Act (ACA) expansion**
 - i. Include consideration of those initiatives in the development of ACA expansion strategy options.
- c. Develop ACA-EVE implementation options**
 - i. Develop two to four (2-4) strategies, plans and budgets for DOI consideration. To the extent possible, the strategies should include at a minimum: a descriptive summary of key elements of the proposed approach, associated advantages and risks, an overall budget, a calendar year expenditure plan through 2014 and an ongoing projected annual budget.
- d. Develop a detailed implementation work plan and budget for IT portion of an Exchange, including at a minimum:**
 - i. Related tasks and activities, key deliverables, objective measures of success related to industry standards, and specific dates such milestones shall be achieved.
 - ii. A thorough examination of fiscal and operational issues and related cost efficiency analysis.
 - iii. Detailed budget projections with a comprehensive budget narrative including the rationale and/or formulae for developing the price points provided. Estimates should focus primarily on mandatory functions required under federal law and necessary to adequately maintain the entity, as described in the ACA and accompanying regulations or guidance.
 - iv. A list of human and technical resources required for the IT portion of the Exchange, and assistance with applying for funding opportunities.

3. Conduct an IT Gap Analysis

- a. Conduct an overall assessment and develop a comprehensive written analysis on current state and condition of Nebraska's IT data systems, the system capabilities, and the system's potential for success in complying with the PPACA statute and comparing current capabilities to the functional requirements of an Exchange. The contractor should refer to Section C.3 of the RFP Scope of Work for detailed guidance on the minimum areas of assessment.

4. Perform an analysis and document key processes in an integrated enrollment system for Medicaid and subsidized Exchange coverage.

5. Analyze and provide recommendations of financially sustainable IT Exchange options providing:

- a. A written cost analysis of IT component of the Exchange
 - i. Buy vs. build approach for IT platforms, components, and services
- b. Estimated ongoing technology costs for each option.
- c. Detailed discussion of the pros and cons of each option and a recommendation.

B. NDOI agrees to perform the following activities:

1. **Availability:** NDOI staff and management will be available throughout the process of the delivery of services according to the terms of the contract.
 2. **Provide information:** NDOI will provide or request information as needed, from insurers under guidelines developed jointly with the contractor.
 3. **Contact information:** Any third-party contacts will be provided when requested during the engagement.
7. **NEBRASKA TECHNOLOGY ACCESS STANDARDS.** PCG shall review the Nebraska Technology Access Standards, found at <http://www.nitc.state.ne.us/standards/accessibility> and ensure that products and/or services provided under the contract comply with the applicable standards. In the event such standards change during the contractor's performance, the State may create an amendment to the contract to request that contract comply with the changed standard at a cost mutually acceptable to the parties.
8. **TERMS OF PAYMENT.** Payments for services provided under this contract are wholly funded by federal funds under terms of Grant # 1 HBEIE100048-01-00.

NDOI agrees to pay PCG \$259,000 for the period of April 12, 2011 through August 12, 2011.

The payment schedule for the project is tied to deliverables. Invoices may be submitted by the contractor based on the completion and acceptance of related deliverables. No invoice will be approved unless the associated deliverables have been approved. A percentage of the total contract cost may then be invoiced monthly.

The monthly invoices will have a detailed description of services provided, including the name of the person providing said services as well as hourly rate, and remit amount.

The number of hours charged must be based on the actual time spent providing the service. In no event shall the State be responsible or liable to pay for any services provided by the contractor prior to the Effective Date (contract execution date), and the contractor hereby waives any claim or cause of action for any such services.

All supplemental and ad hoc services provided must have prior written approval from NDOI and invoices submitted shall be itemized.

The State of Nebraska normally will pay properly submitted vendor invoices within thirty (30) days of receipt of submitted and accepted deliverables.

The State will withhold ten percent (10%) of the total contract amount as retainage. The entire retainage amount will be payable upon successful completion of the project.

A good faith dispute creates an exception to prompt payment.

- 9. REIMBURSEMENT OF EXPENSES.** NDOI shall not be liable to PCG for any expenses paid or incurred by PCG unless otherwise agreed in writing. (All expenses that the State has agreed to reimburse must be categorized and submitted with copies of the original receipts attached for NDOI files).

Reimbursement for necessary travel costs (mileage, meals, and lodging) incurred shall be paid according to the prevailing rate for state employees.

PCG shall establish and maintain adequate records of all expenditures incurred under this Agreement. All records must be kept in accordance with generally accepted accounting procedures. All procedures must be in accordance with federal, state, and local ordinances.

NDOI shall have access and the rights to audit, review, examine, copy, and transcribe any pertinent records or documents relating to PCG's work under this Agreement upon reasonable prior notice by NDOI. PCG will retain all documents applicable to the contract for a period of not less than three (3) years after final payment is made.

- 10. PROJECT COMMUNICATION.** The Associate Project Director, Lead Contact, and all appropriate NDOI and PCG staff will meet in person or via teleconference at the start of the project to refine the work plan and schedule. Work performed will be done in close cooperation with Michael Sciullo, Insurance Health Policy Analyst. NDOI requires weekly status updates from the Lead Contact via either email or in person to communicate progress on the deliverables. The frequency of these update communications may change as needed. All deliverables will be performed as presented in the Project Schedule and Work Plan labeled Exhibit A attached hereto and incorporated by reference, dated March 23, 2011. Any deliverable that will not be performed by the stated timeframe will be immediately reported to the Associate Project Director. The Lead Contact will share draft documents with the appropriate staff from NDOI. The Lead Contact will present final deliverables and accompanying reports and documents to the Associate Project Director by August 12, 2011 as presented in the Project Schedule and Work Plan dated March 23, 2011. Documentation on all other aspects of the Agreement will be presented to the Associate Project Director by August 12, 2011 as defined in the Terms of Agreement.

- 11. EQUIPMENT, TOOLS, MATERIALS, OR SUPPLIES.** PCG shall supply, at PCG's sole expense, all equipment, tools, materials, and/or supplies to accomplish the job/services agreed to be performed, including postage, telephone, office supplies, and limited photocopying. NDOI will provide facilitation with state agencies that will provide access to all necessary state

Information Technology (IT) systems and infrastructure, including but not limited to Medicaid, Nehii and any other platforms necessary to facilitate the terms of this Agreement.

12. **FEDERAL, STATE, AND LOCAL PAYROLL TAXES.** Neither federal nor state income tax nor payroll tax of any kind shall be withheld or paid by NDOI on behalf of PCG or the employees of PCG. PCG shall not be treated as an employee with respect to the services performed hereunder for federal or state tax purposes and is an independent contractor.
13. **NOTICE TO PCG REGARDING ITS TAX DUTIES AND LIABILITIES.** PCG understands that PCG is responsible to pay, according to law, PCG's income tax. If PCG is not a corporation, PCG further understands that PCG may be liable for self-employment (social security) tax, to be paid by PCG according to law.
14. **FRINGE BENEFITS.** Because PCG is engaged in PCG's own independently established business, PCG is not eligible for, and shall not participate in, any employee pension, health, or other fringe benefit plan, of NDOI.
15. **NEBRASKA DEPARTMENT OF INSURANCE NOT RESPONSIBLE FOR WORKER'S COMPENSATION.** No workers' compensation insurance shall be obtained by NDOI concerning PCG or the employees of PCG. PCG shall comply with the worker's compensation laws concerning PCG and the employees of PCG.
16. **NON-WAIVER.** The failure of either party to exercise any of its rights under this Agreement for a breach thereof shall not be deemed to be a waiver of such rights or a waiver of any subsequent breach.
17. **NO AUTHORITY TO BIND NEBRASKA DEPARTMENT OF INSURANCE.** PCG has no authority to enter into contracts or agreements on behalf of NDOI. This Agreement does not create a partnership between the parties.
18. **JURISDICTION.** The parties hereby stipulate and agree that this Agreement shall be executed in Nebraska. In the event that litigation should arise concerning the validity or interpretation of any provision of this Agreement, venue over such litigation shall reside in the District Court of Lancaster County, Nebraska.
19. **DECLARATION BY INDEPENDENT CONTRACTOR.** PCG declares that PCG has complied with all federal, state and local laws regarding business permits, certificates and licenses that may be required to carry out the work to be performed under this Agreement.
20. **EQUAL EMPLOYMENT OPPORTUNITY AND NONDISCRIMINATION.** The Nebraska Fair Employment Practice Act (*Neb. Rev. Stat.* Sections §48-1101 to §48-1125) prohibits contractors to the State of Nebraska, and their subcontractors, from discriminating against any individual to be employed in the performance of such contracts, with respect to hire, tenure, terms, conditions, or privileges of employment because of race, color, religion, sex, disability, or

national origin. PCG guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision will be regarded as a material breach of contract.

21. **NEW EMPLOYEE WORK ELIGIBILITY STATUS.** PCG is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.
22. **DRUG FREE WORKPLACE.** PCG certifies that PCG maintains a drug free work place environment to ensure work safety and workplace integrity. PCG agrees to provide a copy of its drug free workplace policy at any time upon request by NDOI.
23. **CHOICE OF LAW.** Any dispute under this Agreement or related to this Agreement shall be decided in accordance with the laws of the State of Nebraska.
24. **ASSIGNMENT.** The services to be performed by PCG shall not be assigned, sublet or transferred without the prior written approval of NDOI nor shall PCG assign any monies due or monies to become due under any contract with NDOI pertinent to these specifications, without prior approval of NDOI. This is a mandatory requirement; it will not be waived for any reason.
25. **TERMINATION CLAUSE.** Either party to this Agreement can elect termination of this Agreement by the giving of sixty (60) days advance written notice.
26. **NON-AVAILABILITY OF FUNDS.** NDOI may terminate the contract, in whole or in part, in the event grant funding is no longer available. NDOI's obligation to pay amounts due for fiscal years following the current fiscal year is contingent upon legislative appropriation of funds for the contract or the availability of grant funds. Should said funds not be appropriated, NDOI may terminate the contract. NDOI will give the contractor written notice thirty (30) days prior to the effective date of any termination, when possible. All obligations of NDOI to make payments after the termination date will cease. PCG shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall PCG be paid for a loss of anticipated profit.
27. **CONFIDENTIALITY.** PCG agrees to keep any and all information and data obtained from the Department or any insurer with regard to providing services outlined in this Agreement as Confidential Information. PCG will keep all Confidential Information confidential and shall not disclose it to any third party except those employees and consultants of PCG who need to obtain access to same for purposes of providing the services contracted for in this Agreement. PCG agrees that it will not use the Confidential Information on its own behalf nor on behalf of any third party (nor make it available to any third party) in any manner for its own account or for the

benefit of any third party. The terms of confidentiality shall not apply to information that is or becomes available in the public domain. Should PCG become legally compelled to disclose any of the Confidential Information, PCG will provide Department with prompt notice so that the Department may seek a protective order or other appropriate remedy. In the event that such protective order or other remedy is not obtained, PCG will furnish only that portion of the Confidential Information which PCG is advised by written opinion of counsel, reasonable and satisfactory to the Department is legally required and will exercise its best efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information.

28. **AMENDMENTS.** This Agreement may be supplemented, amended or revised only in writing by agreement of the parties.
29. **ENTIRE AGREEMENT.** This Agreement (including Standard Terms and Conditions), NDOI's Request for Proposal (RFP), labeled Exhibit B attached hereto and incorporated by reference, dated March 7, 2011 (including all attachments, addenda and revisions), PCG's original proposal, labeled Exhibit C attached hereto and incorporated by reference, dated March 23, 2011 and PCG's cost proposal, labeled Exhibit D attached hereto and incorporated by reference, dated March 23, 2011, and additional terms agreed to, in writing, by NDOI and PCG shall become part of this Agreement. This Agreement supersedes any conflicting provisions in Exhibit A, Exhibit B, Exhibit C and Exhibit D. Exhibit D supersedes any conflicting provisions in Exhibit C. This Agreement may be amended at any time when mutually agreed upon by both parties.

Any remaining ambiguity in any provision of this Agreement which shall be discovered after its execution shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

IN WITNESS WHEREOF, the parties execute this instrument in their respective corporate and official names by their respective and duly authorized officers, the day and year state below.

Nebraska Department of Insurance

By: Bruce Ronge

Name: Bruce R. Ronge

Title: Project Director

Date: 4-11-2011

Nebraska Department of Insurance

By: Christine Muegler

Name: CHRISTINE NEIGHBORS

Title: Assistant Project Director

Date: April 11, 2011

Public Consulting Group

By: M. Brazier

Name: Matt Brazier

Title: Chief Operating Officer, PCG-IC

Date: April 12, 2011

Public Consulting Group

By: _____

Name: _____

Title: _____

Date: _____