

MILLIMAN COST PROPOSAL

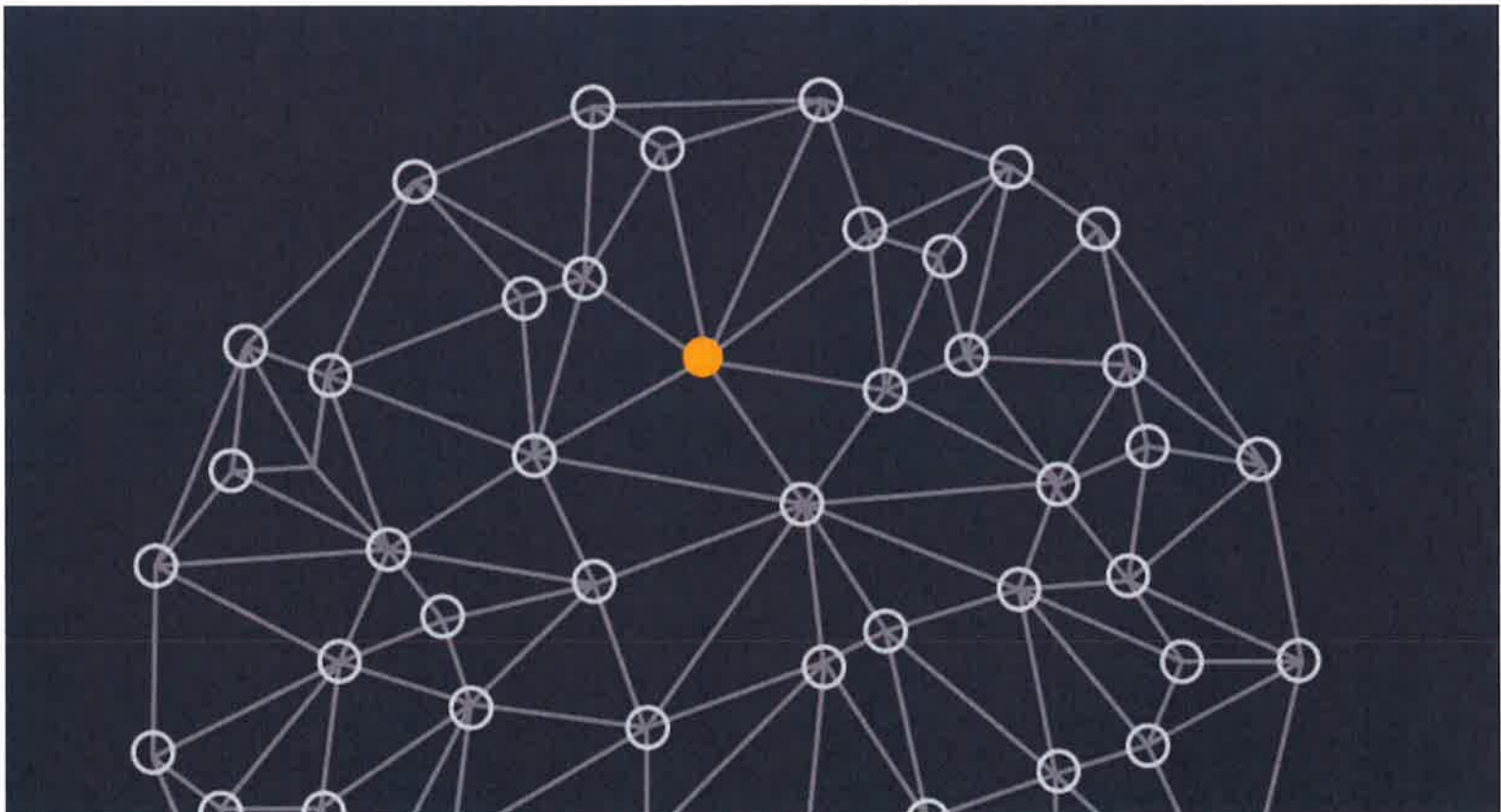


State of Nebraska State Purchasing Bureau

RFP#: 5868 Z1

Submitted by Milliman, Inc.
July 11, 2018

Robert M. Damler, FSA, MAAA
Principal and Consulting Actuary
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July 11, 2018

Nancy Storant
Teresa Fleming
State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, NE 68508

RE: TRANSMITTAL LETTER – RFP# 5868 Z1 – COST PROPOSAL

Ms. Storant and Ms. Fleming:

Milliman, Inc. (Milliman) is pleased to present the enclosed cost proposal to the State of Nebraska State Purchasing Bureau.

Per the requirement in section V.C.i, all costs in this proposal are inclusive of all out-of-pocket and miscellaneous expenses.

This proposal is submitted by Robert M. Damler, FSA, MAAA, a Principal and Consulting Actuary in the Indianapolis office of Milliman. Mr. Damler will be available to answer any questions regarding this proposal and may be contacted at the following address and phone numbers:

Mr. Robert M. Damler
Principal and Consulting Actuary
Milliman, Inc.
10 West Market Street, Suite 1600
Indianapolis, IN 46204
Phone: (317) 524-3512 (direct)
Phone: (317) 639-1000 (office)
Fax: (317) 639-1001
e-mail: Rob.Damler@milliman.com



Mr. Damler is an authorized representative of the organization who will interact with the State of Nebraska on any matters pertaining to this RFP and the resulting contract. Mr. Damler would serve as the engagement lead under the contract. Mr. Damler is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. Mr. Damler is also a Principal and Consulting Actuary in the Indianapolis office. As such, he is empowered to bind Milliman to all statements and services outlined in the proposal and any contract awarded pursuant to it. He would have ultimate responsibility and accountability for this contract.



Again, we appreciate your acceptance of this proposal. Please contact me at 317-524-3512, if you have any questions or need any additional information.

Sincerely,

A handwritten signature in blue ink that reads "Robert M. Damler".

Robert M. Damler, FSA, MAAA
Principal and Consulting Actuary

RMD/sks
Enclosure

Attachment A
Cost Proposal
Request for Proposal Number 5868 Z1

Bidder is to complete and return this form with their Bid Submission.

Bidder is to provide a cost for each SOW and for each plan year shown with an "X".

BIDDER NAME: Milliman, Inc.

DESCRIPTION	Plan Year									
	January 2019 – December 2019		January 2020 – December 2020		January 2021 – December 2021		January 2022 – December 2022		January 2023 – December 2023	
SOW 1 – Annual Capitation Rate Setting	x	\$ 145,000	x	\$ 149,350	x	\$ 153,831	x	\$ 158, 445	x	\$ 163,199
Capitation Rate Methodology Development										
Rate Data analysis and Manipulation	x	\$ 60,000	x	\$ 61,800	x	\$ 63,654	x	\$ 65,564	x	\$ 67,531
Interim Reporting and other Deliverables for Rate Setting Functions	x	\$ 70,000	x	\$ 72,100	x	\$ 74,263	x	\$ 76,491	x	\$ 78,786
Capitation Rate Updates - Two (2) or more times per year	EA	\$ 95,000	EA	\$ 97,850	EA	\$ 100,786	EA	\$ 103,809	EA	\$ 106,923
Capitation Rate Finalization	x	\$ 45,000	x	\$ 46,350	x	\$ 47,741	x	\$ 49,173	x	\$ 50,648
SOW 2 – Capitation Rate Rebasing – One (1) time for contract duration	\$ 575,000									
SOW 3 - 1915(b) Waiver	x	\$ 40,000	x	\$ 41,200	x	\$ 42,436	x	\$ 43,709	x	\$ 45,020
SOW 4 - PACE	x	\$ 42,500	x	\$ 43,775	x	\$ 45,088	x	\$ 46,441	x	\$ 47,834
SOW 5 – 1115 Waiver	x	\$ 50,000	x	\$ 51,500	x	\$ 53,045	x	\$ 54,636	x	\$ 56,275
SOW 6- Dental Rate Setting	x	\$ 50,000	x	\$ 51,500	x	\$ 53,045	x	\$ 54,636	x	\$ 56,275
Rate Data Analysis and Manipulation	x	\$ 15,000	x	\$ 15,450	x	\$ 15,914	x	\$ 16,391	x	\$ 16,883
Interim Reporting and Other Deliverables for Rate Setting Functions	x	\$ 15,000	x	\$ 15,450	x	\$ 15,914	x	\$ 16,391	x	\$ 16,883
Capitation Rate Updates - Two (2) or more times per year	EA	\$ 35,000	EA	\$ 36,050	EA	\$ 37,132	EA	\$ 38,245	EA	\$ 39,393
Dental Capitation Rate Finalization	x	\$ 15,000	x	\$ 15,450	x	\$ 15,914	x	\$ 16,391	x	\$ 16,833
SOW 7- Dental Rebasing– One (1) time for contract duration	\$ 145,000									

Please Note:

SOW 1 and **SOW 2** are Statement of Work projects in the Plan Year shown in which the deliverable will impact the next Year Plan.

SOW 3 is a Statement of Work project in the Plan Year shown in which the deliverables will impact the next Waiver Period.

SOW 4 Upper payment limits for PACE

SOW 5 is a Statement of Work project in the Plan Year shown in which the deliverables will impact the next Waiver Period

SOW 6 and **SOW 7** are Statement of Work projects in the Plan Year shown in which the deliverable will impact the next Year Plan.

BIDDER NAME: Milliman, Inc.

OPTIONAL RENEWALS

DESCRIPTION	First Optional Renewal Period – Year One		First Optional Renewal Period – Year Two	
	January 2024 – December 2024		January 2025 – December 2025	
SOW 1 – Annual Capitation Rate Setting	x	\$ 168,095	x	\$ 173,138
Capitation Rate Methodology Development Determination				
Rate Data analysis and Manipulation	x	\$ 69,556	x	\$ 71,643
Interim Reporting and other Deliverables for Rate Setting Functions	x	\$ 81,149	x	\$ 83,584
Capitation Rate Updates – Two (2) or more times per year	EA	\$ 110,131	EA	\$ 113,435
Capitation Rate Finalization	x	\$ 52,167	x	\$ 53,732
SOW 2 – Capitation Rate Rebasing – One (1) time for contract duration		\$ 592,250		
SOW 3 - 1915(b) Waiver	x	\$ 46,371	x	\$ 47,762
SOW 4 - PACE	x	\$ 49,269	x	\$ 50,747
SOW 5 – 1115 Waiver	x	\$ 57,964	x	\$ 59,703
SOW 6- Dental Rate Setting	x	\$ 57,964	x	\$ 59,703
Rate Data Analysis and Manipulation	x	\$ 17,389	x	\$ 17,911
Interim Reporting and Other Deliverables for Rate Setting Functions	x	\$ 17,389	x	\$ 17,911
Capitation Rate Updates - Two (2) or more times per year	EA	\$ 40,575	EA	\$ 41,792
Dental Capitation Rate Finalization	x	\$ 17,389	x	\$ 17,911
SOW 7- Dental Rebasing– One (1) time for contract duration		\$ 149,350		

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SOW 4 Upper payment limits for PACE

SOW 5 is a Statement of Work project in the Plan Year shown in which the deliverables will impact the next Waiver Period

SOW 6 and **SOW 7** are Statement of Work projects in the Plan Year shown in which the deliverable will impact the next Year Plan

BIDDER NAME: Milliman, Inc.

DESCRIPTION	Second Optional Renewal Period – Year One		Second Optional Renewal Period – Year Two	
	January 2026 – December 2026		January 2027 – December 2027	
SOW 1 – Annual Capitation Rate Setting	x	\$ 173,138	x	\$ 178,332
Capitation Rate Methodology Development Determination				
Rate Data analysis and Manipulation	x	\$ 71,643	x	\$ 73,792
Interim Reporting and other Deliverables for Rate Setting Functions	x	\$ 85,584	x	\$ 86,091
Capitation Rate Updates – Two (2) or more times per year	EA	\$ 113,435	EA	\$ 116,838
Capitation Rate Finalization	x	\$ 53,732	x	\$ 55,344
SOW 2 – Capitation Rate Rebasing – One (1) time for contract duration		\$ 610,018		
SOW 3 - 1915(b) Waiver	x	\$ 47,762	x	\$ 49,195
SOW 4 - PACE	x	\$ 50,747	x	\$ 52,270
SOW 5 – 1115 Waiver	x	\$ 59,703	x	\$ 61,494
SOW 6 - Dental Rate Setting	x	\$ 59,703	x	\$ 61,494
Rate Data Analysis and Manipulation	x	\$ 17,911	x	\$ 18,448
Interim Reporting and Other Deliverables for Rate Setting Functions	x	\$ 17,911	x	\$ 18,448
Capitation Rate Updates - Two (2) or more times per year	EA	\$ 41,792	EA	\$ 43,046
Dental Capitation Rate Finalization	x	\$ 17,911	x	\$ 18,448
SOW 7 - Dental Rebasing– One (1) time for contract duration		\$ 153,831		

Please Note:

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SOW 3 is a Statement of Work project in the Plan Year shown in which the deliverables will impact the next Waiver Period.

SOW 4 Upper payment limits for PACE

SOW 5 is a Statement of Work project in the Plan Year shown in which the deliverables will impact the next Waiver Period

SOW 6 and **SOW 7** are Statement of Work projects in the Plan Year shown in which the deliverable will impact the next Year Plan

BIDDER NAME: Milliman, Inc.

DESCRIPTION	Third Optional Renewal Period – Year One		Third Optional Renewal Period – Year Two	
	January 2028 – December 2028		January 2029 – December 2029	
SOW 1 – Annual Capitation Rate Setting Capitation Rate Methodology Development Determination	x	\$ 183,682	x	\$ 189,192
Rate Data analysis and Manipulation	x	\$ 76,006	x	\$ 78,286
Interim Reporting and other Deliverables for Rate Setting Functions	x	\$ 88,674	x	\$ 91,334
Capitation Rate Updates – Two (2) or more times per year	EA	\$ 120,343	EA	\$ 123,953
Capitation Rate Finalization	x	\$ 57,005	x	\$ 58,715
SOW 2 – Capitation Rate Rebasing – One (1) time for contract duration	\$ 628,318			
SOW 3 - 1915(b) Waiver	x	\$ 50,671	x	\$ 52,191
SOW 4 - PACE	x	\$ 53,838	x	\$ 55,453
SOW 5 – 1115 Waiver	x	\$ 63,339	x	\$ 65,239
SOW 6 - Dental Rate Setting	x	\$ 63,339	x	\$ 65,239
Rate Data Analysis and Manipulation	x	\$ 19,002	x	\$ 19,572
Interim Reporting and Other Deliverables for Rate Setting Functions	x	\$ 19,002	x	\$ 19,572
Capitation Rate Updates - Two (2) or more times per year	EA	\$ 44,337	EA	\$ 45,667
Dental Capitation Rate Finalization	x	\$ 19,002	x	\$ 19,572
SOW 7 - Dental Rebasing– One (1) time for contract duration	\$ 158,445			

Please Note:

SOW 1 and **SOW 2** are Statement of Work projects in the Plan Year shown in which the deliverable will impact the next Year Plan.

SOW 3 is a Statement of Work project in the Plan Year shown in which the deliverables will impact the next Waiver Period.

SOW 4 Upper payment limits for PACE

SOW 5 is a Statement of Work project in the Plan Year shown in which the deliverables will impact the next Waiver Period

SOW 6 and **SOW 7** are Statement of Work projects in the Plan Year shown in which the deliverable will impact the next Year Plan

OPTIONAL SERVICES

BIDDER NAME: Milliman, Inc.

Provide the hourly rate for additional consulting services for new Statements of Work. There is no guarantee regarding the number of hours that will be used.

Also for **SOW 8**; Statement of Work for Special Work Projects to be determined and based upon the staffing and hourly rates provided below

The bidder must list each role/title and provide an hourly rate. These rates are fixed for the initial term of the contract. At renewal time, rates may increase by no more than 5% with supporting justification for any increase.

POSITION ROLE/TITLE	UOM	Rate
Project Manager: Principal	HR	\$ 450
Senior Actuary: FSA with Signature Authority Status	HR	\$ 375
Junior Actuary: ASA or FSA with Approved Professional Status	HR	\$ 275
Actuarial Analyst	HR	\$ 210
Other Subject Matter Experts	HR	\$ 275