Exhibit A
(Standard Agreement)

SCOPE OF WORK

A. **Purpose:** 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.

B. **Background Clearance:** If the Contractor must access any confidential information, this provision must be completed prior to implementing any portion of this scope of work.

Prior to accessing any confidential information, personal identifying information, personal health information, federal tax information, or financial information contained in the information systems and devices of the Exchange, or any other information as required by federal and State law or guidance, all staff, including employees, contract or subcontract personnel, vendors or volunteers who perform services under this Agreement must comply with the criminal background check requirements set forth in Government Code section 1043, and its implementing regulations set forth in California Code of Regulations, Title 10, section 6456. Contractor shall bear all costs associated with obtaining clearance for each said employee.

C. **General Scope or Tasks:**

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

Exhibit A
(Standard Agreement)

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 listed in Item F of this Exhibit. All pre-approval documents must be submitted with the Contractor's invoice, only those additional summaries with pre-

Exhibit A
(Standard Agreement)

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~~ 2016 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.

Exhibit A
(Standard Agreement)

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.

Exhibit A
(Standard Agreement)

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

Exhibit A
(Standard Agreement)

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.

Exhibit A
(Standard Agreement)

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.

Exhibit A
(Standard Agreement)

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).

Exhibit A
(Standard Agreement)

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.

Exhibit A
(Standard Agreement)

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.

Exhibit A
(Standard Agreement)

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.

Standardize QHP Evidence of Coverage Document

Contractor shall work with Covered California staff to review QHP EOC documents and create a standardized format to be used by all QHP's for Plan Year 2017.

D. Reporting Headquarters Location:

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

Exhibit A
(Standard Agreement)

E. Contract Deliverables:

1. Contract deliverables include, but are not limited to, the following:

   b. 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.

   c. 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.

   d. 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.

   e. 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.

   f. 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.

2. 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.

3. The Contractor shall provide all deliverables within the timeframe specified and required by the State.

4. The Contractor understands and acknowledges that all deliverables must be reviewed, approved and accepted by the State.

5. The Contractor understands that any State-requested revisions to any deliverable shall be incorporated by the Contractor within seven calendar days from the date in which the State provided its feedback, unless a different timeframe is required and specified by the State.

Exhibit A
(Standard Agreement)

6. 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.

7. The Contractor shall be paid for services rendered under this Agreement in accordance with Exhibit B, Budget Detail and Payment Provisions.

Other Reporting Requirements

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

F. Project Representatives:

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

State Program Representative	Contractor Representative:
(Representative's Name) California Health Benefit Exchange 1601 Exposition Blvd. Sacramento, CA 95815 (916) XXX-XXXX T (916) XXX-XXXX F (Email Address)	(Contractor's Name) (Representative's Name) (Address) (City, State and Zip) (Telephone Number) (Fax Number) (Email Address)