

PERSONAL SERVICE AGREEMENT

CO-802A REV. 2/08

STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER

1. PREPARE IN QUADRUPPLICATE
2. THE STATE BUSINESS UNIT AND THE CONTRACTOR AS LISTED BELOW HEREBY ENTER INTO AN AGREEMENT SUBJECT TO THE TERMS AND CONDITIONS STATED HEREIN AND/OR ATTACHED HERETO AND SUBJECT TO THE PROVISIONS OF SECTION 4-98 OF THE CONNECTICUT GENERAL STATUTES AS APPLICABLE
3. ACCEPTANCE OF THIS CONTRACT IMPLIES CONFORMANCE WITH TERMS AND CONDITIONS SET FORTH BY THE OFFICE OF POLICY AND MANAGEMENT PERSONAL SERVICE AGREEMENT STANDARDS AND PROCEDURES.

(1) ☐ ORIGINAL ☒ AMENDMENT (2) IDENTIFICATION NO. P.S. 2011 9740

CONTRACTOR	(3) CONTRACTOR NAME Milliman, Inc.		(4) ARE YOU PRESENTLY A STATE EMPLOYEE? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	CONTRACTOR ADDRESS 80 Lamberton Road, Windsor, CT 06005-2026		
STATE AGENCY	(5) AGENCY NAME AND ADDRESS Office of the State Comptroller, 55 Elm Street, Hartford, CT 06016		
CONTRACT PERIOD	(6) DATE (FROM) 10/01/2010	THROUGH (TO) 9/30/2014	(7) INDICATE <input type="checkbox"/> MASTER AGREEMENT <input type="checkbox"/> CONTRACT AWARD NO. <input checked="" type="checkbox"/> NEITHER
CANCELLATION CLAUSE	THIS AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT FOR THE ENTIRE TERM OF THE CONTRACT PERIOD STATED ABOVE UNLESS CANCELED BY THE STATE BUSINESS UNIT, BY GIVING THE CONTRACTOR WRITTEN NOTICE OF SUCH INTENTION (REQUIRED DAYS NOTICE SPECIFIED AT RIGHT)		(8) REQUIRED NO. OF DAYS WRITTEN NOTICE 30

COMPLETE DESCRIPTION OF SERVICE	(9) CONTRACTOR AGREES TO: (Include special provisions - Attach additional blank sheets if necessary.)		
	<p>Amendment of Attachment I to Contract to reflect increase of allowed expenditure for period from 10/01/2012 to 9/30/2013 (Year 3)</p> <p>Increase of \$100,000 to reflect addition of research for Basic Health Plan to be performed in year 3 of contract per MOU with Office of Policy & Management</p>		

COST AND SCHEDULE OF PAYMENTS	(10) PAYMENT TO BE MADE UNDER THE FOLLOWING SCHEDULE UPON RECEIPT OF PROPERLY EXECUTED AND APPROVED INVOICES.		
	<p>See Amended Attachment I</p> <p>Increases original obligated amount from \$3,692,980 to \$3,792,980 to accommodate additional services in Year 3 of contract</p>		

(11) OBLIGATED AMOUNT										
					\$3,792,980					
(12) AMOUNT	(13) FUND	(14) DEPARTMENT	(15) SID	(16) PROGRAM	(17) ACCOUNT	(18) PROJECT/ GRANT	(19) CHARTFIELD 1	(20) CHARTFIELD 2	(21) BUDGET REFERENCE	

An individual entering into a Personal Service Agreement with the State of Connecticut is contracting under a "work-for-hire" arrangement. As such, the individual is an independent contractor, and does not satisfy the characteristics of an employee under the common law rules for determining the employer/employee relationship of Internal Revenue Code Section 3121 (d) (2). Individuals performing services as independent contractors are not employees of the State of Connecticut and are responsible themselves for payment of all State and local income taxes, federal income taxes and Federal Insurance Contribution Act (FICA) taxes.

ACCEPTANCES AND APPROVALS		(22) STATUTORY AUTHORITY CGS §§5-259, 5-264, 3-112	
(23) CONTRACTOR (OWNER OR AUTHORIZED SIGNATURE)	TITLE Principal & Consulting Actuary	DATE Jan 17, 2013	
(24) AGENCY (AUTHORIZED OFFICIAL)	TITLE State Comptroller	DATE Jan 31, 2013	
(25) OFFICE OF POLICY & MANAGEMENT/DEPARTMENT OF ADMINISTRATIVE SERVICES	TITLE	DATE	
(26) ATTORNEY GENERAL (APPROVED AS TO FORM)	TITLE ASSOC. ATTY. GENERAL	DATE 2/20/13	

DISTRIBUTION: ORIGINAL CONTRACTOR PHOTOCOPY-OPMDAS PHOTOCOPY-ATTORNEY GENERAL PHOTOCOPY-AGENCY

FILED IN 3 04 FEB 20 13

**ATTACHMENT I
COST AND SCHEDULE OF PAYMENTS
AS AMENDED SEPTEMBER 2012**

Hourly Fees Billing Rates

2010 Hourly Billing Rates are attached. For all services (not stated as maximum, fixed fee) Milliman agrees that hourly billing rates will increase by no more than the rate of inflation, defined as the national CPI-U, or 5% per year, whichever is less. Fees are net of expenses.

***Requests for Proposals**

During the four-year period of the contract, Milliman will provide consulting services in connection with Requests for Proposals. These services may be performed in any one of the four contract years, but are likely to be performed in Years Two and Three of the contract. The total maximum fixed fees for such services are as follows:

Medical RFP (ASO)	\$133,000
Dental RFP (Fully insured)	\$ 85,500
Prescription Drug RFP(ASO)	\$104,500

Year 1—October 1, 2010 to September 30, 2011

a. Health and Employee Benefits Services (excluding investment consulting) will not exceed the sum of \$917,400*, comprised as follows:

Monthly Experience Reporting Package ProBand†

Annual License Fee	\$150,000	Fixed
Hosting Fee - Reporting (\$8,000 per month)	\$ 96,000	Fixed
Risk Adjusters Annual License Fee	\$ 30,000	Fixed

Annual Benefit Consulting Services \$193,500 Fixed

Medicare Part D Consulting Fee \$ 7,500 Fixed

General Consulting Fee \$402,000
(includes GASB 45 valuation due 12/2010)

Early Retirement Reinsurance Program (ERRP)

Data Aggregation and HHS reporting
(\$3,200 per month) \$ 38,400

\$917,400

†Includes preparation of Access database for use by State

b. Investment Consulting, Defined Contribution Retirement Plans

Not to exceed **\$ 50,000**

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Year 2—October 1, 2011 to September 30, 2012

a. Health and Employee Benefits Services (excluding investment consulting)
will not exceed the sum of \$1025,400*, comprised as follows:

Monthly Experience Reporting Package ProBand†		
Annual License Fee	\$150,000	Fixed
Hosting Fee - Reporting (\$8,000 per month)	\$ 96,000	Fixed
Risk Adjusters Annual License Fee	\$ 30,000	Fixed
 Annual Benefit Consulting Services	 \$198,000	 Fixed
 Medicare Part D Consulting Fee	 \$ 7,500	 Fixed
 General Consulting Fee	 \$420,000	
 Early Retirement Reinsurance Program (ERRP)		
Data Aggregation and HHS reporting (\$3,200 per month)	\$ 38,400	
 Dental RFP (Fully insured)*	 \$ 85,500	 Fixed
	 \$1,025,400	

†Includes preparation of Access database for use by State

b. Investment Consulting, Defined Contribution Retirement Plans
Not to exceed **\$ 55,000**

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Year 3—October 1, 2012 to September 30, 2013

a. Health and Employee Benefits Services (excluding investment consulting)
will not exceed the sum of \$1,143,340*, comprised as follows:

Monthly Experience Reporting Package ProBand†		
Annual License Fee	\$ 150,000	Fixed
Fixed Hosting Fee - Reporting (\$8,000 per month)	\$ 96,000	Fixed
Risk Adjusters Annual License Fee	\$ 31,000	Fixed
 Annual Benefit Consulting Services	 \$ 203,940	 Fixed
 Medicare Part D Consulting Fee	 \$ 7,500	 Fixed
 General Consulting Fee	 \$ 279,000	
 Early Retirement Reinsurance Program (ERRP)		
Data Aggregation and HHS reporting (\$3,200 per month)	\$ 38,400	
 Medical RFP (ASO)*	 \$ 133,000	 Fixed
Prescription Drug RFP (ASO)*	\$ 104,500	Fixed
Basic Health Plan Research (OPM) (not to exceed)	\$ 100,000	
	 \$1,143,340	

†Includes preparation of Access database for use by State

b. Investment Consulting, Defined Contribution Retirement Plans

Not to exceed	\$ 60,000
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Year 4—October 1, 2013 to September 30, 2014

a. Health and Employee Benefits Services (excluding investment consulting)
will not exceed the sum of \$706,840*, comprised as follows:

Monthly Experience Reporting Package ProBand†		
Annual License Fee	\$150,000	Fixed
Hosting Fee - Reporting (\$8,000 per month)	\$ 96,000	Fixed
Risk Adjusters Annual License Fee	\$ 32,000	Fixed
 Annual Benefit Consulting Services	 \$203,940	 Fixed
 Medicare Part D Consulting Fee	 \$ 7,500	 Fixed
 General Consulting Fee	 \$179,000	
 Early Retirement Reinsurance Program (ERRP)		
Data Aggregation and HHS reporting (\$3,200 per month)	\$ 38,400	
	 \$706,840	

†Includes preparation of Access database for use by State

b. Investment Consulting, Defined Contribution Retirement Plans
Not to exceed **\$ 65,000**

RESD PM 3 04 FEB 2013

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE OFFICE OF POLICY AND MANAGEMENT
AND
THE OFFICE OF THE STATE COMPTROLLER**

The State of Connecticut Office of Policy and Management ("OPM") and the Office of the State Comptroller ("OSC") (collectively the "Parties") do hereby enter into this Memorandum of Understanding ("MOU") under the following terms and conditions:

WHEREAS, OSC entered into a personal services agreement ("PSA"), Contract Number 2011_9740 with Milliman, Inc. ("Contractor"), effective October 1, 2010, to provide health benefit consulting, actuarial and analytical services. The Contractor was selected through a Request for Proposals ("RFP") process conducted by OSC;

WHEREAS, this MOU allows OPM to "piggyback" on the aforementioned PSA with the Contractor for the purpose of allowing OPM to obtain actuarial services from the Contractor in order to analyze the feasibility of implementing a Basic Health Program.

NOW THEREFORE, in consideration of the mutual promises contained herein, the Parties agree as follows:

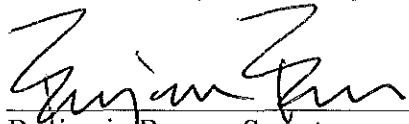
1. OSC, OPM & the Contractor have agreed that the Contractor shall perform the services noted in the attached Scope of Services ("the Additional Services").
2. OPM and OSC agree that the cost of such Additional Services shall be included in a revised "Attachment I, Cost and Schedule of Payments" of the PSA. The amount of expenditures for work requested by OPM and to be performed by Contractor pursuant to this MOU shall be added to the Schedule of Services to the contract and will be approved by OPM as an authorized increase to the Amended Schedule of Services for the contract year beginning October 1, 2012.
3. OPM shall be fully responsible for payment of the costs and expenses associated with the Additional Services and shall reimburse OSC for all such costs and expenses. Payment by OPM to OSC for said approved actuarial services shall be by service transfer invoice. OSC will invoice to OPM periodically, but generally no more than monthly. OPM shall process payment within seven (7) business days of receipt of the service transfer invoice. OSC shall have sole responsibility for making payments to the Contractor; and
4. OSC and OPM may each terminate this agreement at any time, provided, however, that OPM will be responsible for any services provided to it by the Contractor in accordance with this MOU.

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This MOU may be amended in writing only. This MOU shall be effective upon the execution date of the last signature set forth below.

Office of Policy and Management

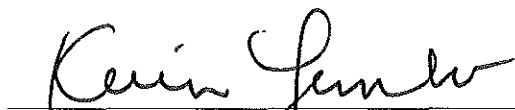
Date


Benjamin Barnes, Secretary

9/19/12

Office of the State Comptroller

Date


Kevin Lembo, State Comptroller

9/20/12

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David V. Williams
Healthcare Consultant

david.williams@milliman.com

September 19, 2012

Barbara Wolf, MPH
State of Connecticut
Office of Policy and Management

Via email: Barbara.Wolf@ct.gov

Dear Barbara,

Thank you for inviting David Liner and me to your Basic Health Program work group meeting. We enjoyed meeting the group and look forward to the chance to participate with you and your staff.

As you outlined in your letter, the Affordable Care Act (ACA) provides an option for a Basic Health Program (BHP) that provides, minimally, essential health benefits targeting individuals with income between 138% and 200% of the federal poverty level. A BHP would be funded through federal payments equating to 95% of the tax credits and cost share reductions plus member premium share.

The BHP benefit design must minimally provide essential health benefits as defined by regulations governing the exchanges, but could be richer if desired and affordable, although the ACA's expectation is that the premium be affordable to the eligible individuals. Care coordination and chronic condition management is also described as a desirable benefit.

The BHP Work Group is seeking Milliman's assistance in modeling various actuarial aspects of this basic benefit. This letter outlines the actuarial services we envision will help you understand the feasibility of establishing a Basic Health Program (BHP) for the State of Connecticut, the expected costs and time required to perform the analysis. This project will be done in concert with BHP Work Group and the University of Massachusetts who provides analytical support to the Work Group.

Scope of Services

Milliman will develop an analysis of the Basic Health Benefit using Milliman pricing models and assist the work group with making the recommendation as to whether the State of Connecticut should offer a Basic Health Benefit. Your questions to be answered include:

- What level of BHP benefit will federal funding support to assure cost neutrality for the State?
- Will the federal funding support "Medicaid like" benefits package for BHP enrollees?
- In constructing a state BHP, are the design elements that can help hedge the State's financial risk?
- What effect will the expansion of enrollment in Medicaid and the BHP in 2014 have on commercial insurance payment rates?
- How many people may be eligible for a BHP in Connecticut?
- What is the relative risk profile of potential BHP enrollees?
- How many eligible individuals are expected to enroll in a BHP versus the Exchange?
- How might the risk profile of BHP enrollees affect cost estimates?

Based on these questions, we will create a list of inputs and desired outputs that will be used for modeling. We will review these items with the Office of Policy and Management (OPM) before moving forward.

From this list of inputs and outputs, we will restructure existing similar models as required to produce the analysis. We will report our progress to OPM as we build the model to ensure the model produces the intended results and make adjustments as needed.

The final model will produce the outputs used for the final report.

Below are a few additional key model considerations we discussed at our August meeting. This list will need to be further defined in the initial phase of the project:

1. The Accountable Care Act requires states to increase Medicaid reimbursement for primary care providers to Medicare levels for calendar years 2013 and 2014. Beginning in 2015, states can determine whether they want to maintain these higher reimbursement levels or revert back to earlier levels.
2. What are the impacts to projections and implications of mandated coverage?
3. What benefits might be added to the essential health benefits with subsidies and what impact would that have on the market?
4. What administrative costs would be required? Consideration for wellness management, disease management and the use of Patient Centered Medical Homes may be considered.

Data Required

To get started, we will need the following items.

- A description from you, and if available, your analysis of intended market(s) and offerings both on and off exchanges; any anticipation that more than one exchange will apply; any other anticipated business may impact the target populations.
- A description from you of any particular administrative considerations or constraints that might affect the exchange's market share.
- The intended geographic area(s) the BHP will serve, both initially and over time.
- We will need to better understand the current Medicaid population to perform this analysis. We understand a Connecticut State Medicaid dataset is available for analysis. We will request that the Department of Social Services (DSS) provide access to this dataset as part of the analysis. If the data contains Personal Health Information in an identifiable form, we will need to secure a Business Associate's Agreement with DSS to begin this work. A few key elements of this data are listed below:
 - Medicaid provider reimbursement schedules will be a key assumption of the financial projections and need to consider the market range as well as specific strengths or challenges for the exchange.
 - Describe targeted providers, status of discussions, anticipated reimbursement structure and any information you have thus far regarding expected relative discounts.
 - Describe specific characteristics of provider network or payment strategies that you expect to have a material impact on healthcare management and the resulting healthcare costs.

Timing and Costs

We understand this BHP analysis will need to be completed by January 1st according to the Basic Health Program Work Group project planning deadlines. Approvals and administrative plans will need to be formed prior to implementation. Therefore the actuarial analysis needs to be complete by October 31st. This time frame is rather aggressive given the scope of work required and resources available. The work will require twice weekly meetings between David Liner and other Necessary Milliman Staff and OPM and others that OPM deems necessary and prompt exchange of information. With this in mind, we may need to extend the timing of the final report to mid-November with preliminary analysis available by the end of October.

We are prepared to begin work immediately. The high level project plan below outlines our expected timetable. Given the tight time frames, we would anticipate a regular meeting schedule with your team.

You will be billed for our services based on time spent by our consultants and any travel or direct expenses incurred. We would expect Indianapolis staff to travel for two meetings at a cost of \$2500 each trip. Other direct expenses such as purchase of datasets are not anticipated, but if incurred would be billed at our acquired costs with no mark-ups.

The work will be done under our current State of Connecticut Consulting Services Agreement effective October 2010. Because this project was not anticipated at the time of the contract, you will need to supplement the current budget accordingly.

We can begin work as soon as we have signed agreements and your approval to proceed.

Should the scope of work change such that we expect the cost to exceed the cost estimate for each portion of the project, I will discuss that situation with you and obtain your approval before proceeding with any extra work. If incurred costs are less than the expected costs you will be billed only for incurred costs. We will work closely with your other consultants and staff to manage the allocation of resources where they are most efficient.

Jeremy Palmer of our Indianapolis Office will direct the work on this engagement and will work with David Liner of our Hartford Office who will be your primary contact. David Williams will be the project manager. Bill Thompson, the Hartford office practice manager, will oversee the work. The work will be performed by qualified actuarial and healthcare staff in Milliman's Windsor, Connecticut and Indianapolis, Indiana offices. The table below provides the 2012 hourly billing rates.

Consultant	2012 Standard Hourly Rate
Bill Thompson	\$530
Jeremy Palmer	\$390
David Williams	\$325
David Liner	\$310
Senior Consultant	\$345 - \$520
Consultant	\$290 - \$325
Actuarial Analysts	\$160 - \$275
Administrative and Technical Support	\$115 - \$180