



New Mexico Medical Insurance Pool

Request for Proposal
Actuarial Services

December 21, 2020

Section I

GENERAL INFORMATION AND SUBMISSION GUIDELINES

A. INTRODUCTION

The purpose of this document is to invite all interested parties to submit a proposal for providing Actuarial Services for the New Mexico Medical Insurance Pool (the Pool). The successful bidder will be required to perform all actuarial duties and responsibilities outlined in the proposal specifications, and as requested from time to time by the Pool's Board of Directors.

The Pool is a non-profit entity created by the New Mexico Legislature in 1987 (Sections 59A-54-1 to 59A-54-21 NMSA 1978) for the purpose of offering health care coverage to New Mexico residents who are denied adequate health insurance or are considered uninsurable. All insurers authorized to issue or provide health insurance, as defined in the Act, are members of the Pool. Members are assessed in a manner provided by the Act and the Plan of Operations. The policy benefits of the Pool's individual major medical policy includes several deductible choices, coinsurance or co-pay requirements and maximum aggregate out-of-pocket limits. The Pool also offers a Medicare Carve-Out policy that provides wrap-around coverage for under-65 Medicare beneficiaries.

The Pool is managed by a Board of Directors ("Board"). The Board selects an actuarial firm to perform actuarial services through a competitive bid process, supplemented by a negotiation process if necessary. The current actuarial firm for the Pool is Leif Associates, Inc. The criteria and weight to be used by the Board for selection of its actuarial firm are discussed in Section IV of this Request for Proposal.

Attached for your information:

Appendix A: 2020 Budget Summary

Appendix B: Campaign Contribution Form

Additional information, including Eligibility Guidelines, Summary of Benefits, Plan Options, and 2021 Premium Rates can be found on the Pool website at: www.nmmip.org.

A thorough analysis and comparison will be made of the proposals received. The Pool reserves the right to allow for discussion and negotiation of proposals pursuant to the competitive sealed procedures of the New Mexico Procurement Code. The Pool reserves the right to reject any or all proposals received.

B. GUIDELINES

1. Letter of Intent

Submission of a Letter of Intent to Bid is strongly encouraged. While submission of the Letter of Intent is not mandatory and does not constitute an obligation to ultimately submit an application, only those who have submitted such will be forwarded answers to questions submitted by potential bidders or other correspondence regarding this solicitation. The letter should identify the person authorized to speak for the applicant and contain this person contact information. The Pool will direct all further communications to this person and no one else in the applicant's firm. A Letter of Intent should be received via mail or e-mail by **January 4, 2021** to:

Mail or email your Letter of Intent to: Kristina Leeper
New Mexico Medical Insurance Pool
P.O. Box 6726
Santa Fe, NM 87502
info@nmmip.org

2. Proposal Submission and Closing Date

Offerors shall provide one printed original and one email (.pdf format) copy of their proposal to the Procurement Manager, as below. The email must be received by **5:00 PM (MST) January 18, 2021**. A signed original of your proposal and all accompanying material must be enclosed in a sealed package plainly marked "Actuarial Services Proposal." This package must be received no later than **5:00 P.M. (MST) on January 22, 2021**. Should you choose to forward your proposal by mail, you should bear in mind that it must be mailed timely to assure receipt by the time and date specified. No proposals will be considered if received after this time and date.

Email your proposal to: Kristina Leeper, Procurement Manager
New Mexico Medical Insurance Pool
info@nmmip.org

Deliver your proposal to: Kristina Leeper, Procurement Manager
New Mexico Medical Insurance Pool
1223 S. St. Francis Drive, Suite B
Santa Fe, NM 87505

3. Questions

All questions must be submitted in writing to Kristina Leeper, New Mexico Medical Insurance Pool, at info@nmmip.org. If deemed appropriate, copies of proposed questions and answers will be forwarded to all prospective bidders who have submitted a letter of intent.

4. Cancellation of Solicitation

This solicitation may be canceled and proposals may be rejected in whole or in part if it is fiscally advantageous or otherwise in the best interest of the Pool.

5. Signature

Proposals will not be accepted unless signed and dated by an officer of the proposing company.

6. Bidder's Affidavit

An affidavit should accompany each proposal stating that neither the company preparing the proposal nor any of its representatives has paid or has agreed to pay directly or indirectly to any person, firm, nor corporation any money or valuable consideration for assistance in procuring or attempting to procure the contracts referred to herein. Each bidder must agree that no money or reward shall be paid hereafter for this purpose. Additionally, **Appendix B** (Campaign Contributions) must be completed and included with the proposal.

7. Statement of Financial Stability

Each proposal should be accompanied by a copy of your most recent indications of financial stability as deemed proper to evidence ability to be covered by a blanket fidelity bond.

8. Taxes

Any and all taxes owed by the successful bidder shall be the sole responsibility of said proposing party and the party shall hold the Pool harmless for said taxes.

9. Cost of Proposal Preparation

Costs incurred by bidders in preparing or submitting proposals along with any demonstrations and the cost attributable thereto are the sole responsibility of the bidder. The Pool will not reimburse any bidder for any cost incurred in making a proposal.

10. Non-Assignability Clause

This contract, or any portion thereof, shall be assigned to any party only with the express written consent of the Pool.

11. Personnel Removal

No key personnel shall be removed from the contract without the prior written consent of the Pool. Key personnel shall be designated in writing by the successful proposer.

12. No Full Faith and Credit

The contract is *not* supported by the full faith and credit of the State of New Mexico. Any payment herein shall be made pursuant to funds available to the Pool. Payment shall be made by the New Mexico Medical Insurance Pool.

13. Pool Liability

A submission of a proposal in no way imposes any liability or obligation on the part of the Pool. The Pool reserves full rights to accept or reject any and/or all proposals. The Pool further reserves the right to request future quotations at its sole discretion and to award the contract to any responsive and responsible bidder.

c. RESPONSIBILITIES

1. Successful Bidder

All sections of the Request for Proposal must be responded to for any proposal to qualify for consideration.

2. General Provisions

The Pool's Board of Directors and the successful bidder agree to abide by all federal and state statutes, rules and regulations respecting the confidentiality of individually identifiable information and must agree to sign a Business Associate Agreement, as required by the federal Health Insurance Portability and Accountability Act.

The Pool and the successful bidder agree to hold all information and material in the strictest of confidence and to take all precautions necessary to avoid disclosing information or material to persons, entities or parties other than each other or entities or parties authorized for disclosure.

3. Conflict of Interest

- Pursuant to the Governmental Conduct Act, NMSA 1978, §§ 10-16-1 et. seq., an Offeror will have no direct or indirect interest that conflicts with the performance of services covered under this RFP. If Offeror believes that there is a possible conflict of interest, Offeror should fully discuss the possible conflict in its response to this RFP.
- Pursuant to NMSA 1978, §§ 30-24-2, and 30-41-1, through 30-41-3, an Offeror may not provide or offer bribes, gratuities, or kickbacks to applicable state personnel.
- As determined by the Board the burden is on the Offeror to present sufficient assurances to the Board that the award of the contract to the Offeror shall not create a conflict of interest; and

D. LAWS GOVERNING CONTRACT

The successful bidder shall agree that any contract will be governed by and construed in accordance with the laws of the State of New Mexico.

E. TERMS OF AGREEMENT

The agreement shall become effective upon signature of the contract, with an anticipated start date of February 15, 2021 and shall remain in effect for a period of one (1) year with three (3) possible one-year extensions, for a total of four (4) years.

F. PROPOSAL SCHEDULE and EVALUATION PROCESS

Anticipated timeline for this RFP

<u>EVENT</u>	<u>DATE</u>
Issuance of Request for Proposals	December 21, 2020
Letter of Intent due	January 4, 2021
Deadline for Questions	January 11, 2021
Deadline for Responses	January 18, 2021
Evaluation of Proposals by RFP Committee	January 25, 2021
Interview of Final Candidates (if necessary)	January 28, 2021*
Awarding of Contract	February 1, 2021
Contract Begins	February 15, 2021

** Exact schedule for interviews is at the discretion of the Board. Every attempt will be made to give sufficient notice to candidates invited to interview. Bidders are advised to hold their calendar open during this time period. Interview may be by phone.*

1. The Pool's Executive Director and Board of Directors will evaluate each proposal submitted. All proposals will be rated using the same point system. The Board of Directors shall make the final determination of the selected bidder.
2. Responses received within the time frame and in the form specified by the guidelines will first be evaluated to confirm that all proposal sections, as detailed, have been provided in the response. All bidders failing to provide all required information will be eliminated from further consideration.
3. Each proposal will be thoroughly reviewed; and points awarded to all items indicated on the Proposal Evaluation Criteria (below). Any proposal component may be awarded points not to exceed the maximum specified on the Proposal Evaluation sheet.
4. The Finalist Offeror whose proposal is most advantageous to the NMMIP (but not necessarily with the highest point score), taking into consideration the evaluation factors, will be recommended for contract award.
5. Evaluation Criteria:

General Proposal Categories	Possible Points
Communication Ability	5
Experience (High-Risk or Similar Pools)	30
Experience (Health Insurance)	35
Personnel (Management & Organization)	5
Cost	20
Financial Stability	5
TOTAL POSSIBLE POINTS	100

This scoring system will be used to determine finalists in the evaluation process. All finalists will be rated anew using the same point system.

G. ORGANIZATION OF APPLICATION:

1. Letter of Submission containing contact information, required assurances, and signature of person authorized to legally bind the bidder;
2. Response to questions in Section II, General Questionnaire;
3. Response to questions in Section III-B, Scope of Work;
4. Cost Proposal (Section III-D); and

5. Attachments;

- Required Affidavit (Section I.B.6);
- Required Statement of Financial Stability (Section I.B.7); and
- Campaign Contribution Form (Appendix B).

Section II

**GENERAL QUESTIONNAIRE
BACKGROUND/FINANCIAL INFORMATION**

Please provide answers to the following questions:

1. Date commenced doing business and a brief history of company;
2. State of incorporation;
3. Location of headquarters and other locations;
4. Enclose supporting documentation describing your company's financial stability;
5. Describe any related or affiliated organizations, parent corporation, subsidiaries, etc.;
6. Please provide an explanation of your corporate structure, including Board of Directors, if applicable, and include an organizational chart and an indication of the level where the responsibility for the Actuarial Services will lie. Please provide assurances of adequate technical expertise and support available to staff along with Curriculum Vitae of key staff who will be responsible for performing the Actuarial Services;
7. Please provide information on your ability to acquire and produce a performance bond;
8. Other Work Performed:
 - Provide a description of work conducted on high risk pools or similar pools or plans and/or studies performed for major public and private self-insured and/or other health insurance plans within the last twenty-four (24) months (completed or in progress). For each such study list the name of the client along with a contact name and telephone number. You may additionally list similar information for other years in an attachment;
 - Provide a description of the health care benefit plans and financial plans and/or studies performed for major public and private self-insured and/or other health insurance plans within the last twenty-four (24) months (completed or in

progress). For each such study, list the name of the client along with a contact name and telephone number. You may additionally list similar information for other years in an attachment;

- Provide a description of any actuarial services your company has performed for New Mexico health benefit programs. For each such service, list the name of the client along with a contact name and telephone number; and
9. Provide any additional information you feel relevant to properly evaluate your proposal.

Section III

REQUEST FOR PROPOSAL AND SPECIFICATIONS

A. GENERAL INFORMATION

This Request for Proposal is for Actuarial Services for the New Mexico Medical Insurance Pool.

Strong consideration will be given in the evaluation process to those firms which exhibit a superior knowledge of actuarial and related tasks required for the organization and operation of a high-risk insurance pool. In this regard, the major areas of work activity that at a minimum should be addressed in your proposal are listed in Section B - Scope of Work. However, we strongly urge the inclusion of additional items in your proposal that are considered pertinent by your organization.

Proposals must be received by mail and email, as earlier described, and clearly marked as a proposal. Proposals will be rejected unless the above procedure is followed.

The proposal shall be signed by a person or persons authorized to legally bind the bidder (i.e., officer of the company) with the understanding that the proposal and the proposal price contained therein will remain firm for acceptance up to the effective date of the contract, but in no event to exceed 90 days unless an extension is agreed upon by both parties. Each bidder shall certify that no member or representative of the Pool has any interest in this contract directly or indirectly.

The proposal will be reviewed by the Executive Director and Board of Directors of the Pool. A contract will be awarded, if any, by the Pool's Board of Directors.

The contents of the proposal of the successful bidder shall become part of the contract if a contract is entered into with the Pool. The selected bidder will be responsible for all work produced under the contract.

Upon awarding of a contract, if any, all proposals become public record, and are available for inspection during regular business hours.

The term of the contract awarded to the successful applicant shall be for one year with three possible one-year extensions, not to exceed a total of four years.

The contract shall not be transferred, assigned, or otherwise modified by the selected bidder, without the express written consent of the Pool.

B. SCOPE OF WORK

The Proposal should address major areas of work as enumerated below, with a reasonable delineation of tasks, including time estimates and level of personnel required.

1. Price a Standard Policy (describe your methodology).
 - Determination of benefits in the Pool's insurance programs;
 - Determination of standard risk rates in accordance with the Pool's authorizing statute (Sections 59A-54-19 NMSA 1978); and
 - Develop Pool's premiums rates per state and federal law.
2. Provide costs for variation of benefits;
3. Conduct semi-annual rate reviews (describe your methodology) and recommendations for rate changes;
4. Provide claim reserve and expenditure reviews and estimates on a quarterly basis;
5. Attend the Pool's regularly scheduled board meetings six (6) times per year to provide input on rating and cost-related issues. Additionally, availability for special conference calls and additional meetings may be required;
6. Price additional insurance products the Board may develop;
7. Provide regular budget forecasts and statistical reports based upon data available from the administrator sufficient to permit the Board to fulfill its fiduciary responsibilities;
8. In cooperation with the Executive Director, provide analysis and reports for the Board and the New Mexico State Legislature regarding annual performance and future projections, based upon historical trends and assumptions of potential future changes, incorporating any effects of federal or state legislation.
9. Ability to perform analysis for special projects, as requested, such as reinsurance and risk adjustment or other topics relevant to health care reform.

C. COST PROPOSAL

Costs and expenses should be broken down as to each type of expense and the hourly rate for each level or description of personnel. This should be attached to your proposal in summary form. For purposes of this section, bidders are not required to specify an estimated amount of time for each level of personnel.

If applicable, overhead rates shall be included in this section.

Travel expenses may only be reimbursed at the rates allowable under the New Mexico state government per diem and travel regulations.

**MEMORANDUM**

Date: October 23, 2020
 To: NMMIP Board of Directors
 Re: Updated 2020 Budget Projections
 From: Elizabeth Leif, FSA

We have completed a review of 2020 NMMIP performance compared to budget through September and have prepared a revised forecast for the year. The variances are described in the tables below.

Budget Component	Segment	Original 20 Budget	Revised Projections			Variance from Original
			04-20	07-20	09-20	
Year End Enrollment	Full Prem Regular	439	464	489	484	10.3%
	Full Prem Medicare	264	250	222	220	-16.7%
	LIPP Regular	1,520	1,488	1,680	1,798	18.3%
	LIPP Medicare	155	148	137	137	-11.6%
	Public Spons Regular	266	269	293	285	7.1%
	Public Spons HCV	100	100	100	0	-100.0%
	Public Spons Medicare	21	24	38	42	100.0%
	Total	2,765	2,743	2,959	2,966	7.3%

The original budget assumed enrollment increases the same as in 2019, with an additional 100 enrollees for the HCV program. Actual enrollment in first nine months has exceeded budget projections due to COVID. Projections for remainder of year assume a return to 2019 levels. The HCV program is now not expected to add enrollees in 2020.

Budget Component	Segment	Original 20 Budget	Revised Projections			Variance from Original
			04-20	07-20	09-20	
Revenue	Full Prem Regular	\$3,908,472	\$3,565,372	\$3,605,722	\$3,594,874	-8.0%
	Full Prem Medicare	\$1,961,316	\$1,642,475	\$1,602,163	\$1,595,334	-18.7%
	LIPP Regular	\$3,523,504	\$2,969,385	\$3,116,928	\$3,202,134	-9.1%
	LIPP Medicare	\$345,502	\$311,778	\$302,793	\$302,911	-12.3%
	Public Spons Regular	\$1,999,330	\$1,837,953	\$1,924,946	\$1,909,049	-4.5%
	Public Spons HCV	\$177,693	\$142,053	\$123,222	\$0	-100.0%
	Public Spons Medicare	\$216,612	\$276,433	\$321,077	\$332,447	53.5%
	Total Premium	\$12,132,429	\$10,745,448	\$10,996,901	\$10,936,750	-9.9%
	Other Income	\$78,092	\$65,820	\$33,249	\$29,034	-62.8%
	Assessments	\$101,460,199	\$103,087,867	\$103,564,664	\$96,046,682	-5.3%
Total	\$113,670,720	\$113,899,135	\$114,594,813	\$107,012,466	-5.9%	

Premium revenue is less than budgeted primarily because of an approximate 14% rate reduction implemented in May.

Budget Component	Segment	Original 20 Budget	Revised Projections			Variance from Original
			04-20	07-20	09-20	
Medical Claims Expense	Full Prem Regular	\$35,117,697	\$38,249,281	\$37,458,368	\$36,358,077	3.5%
	Full Prem Medicare	\$2,613,576	\$2,265,993	\$2,126,947	\$2,185,073	-16.4%
	LIPP Regular	\$45,505,664	\$42,933,408	\$43,546,471	\$41,281,108	-9.3%
	LIPP Medicare	\$560,223	\$585,760	\$627,159	\$659,347	17.7%
	Public Spons Regular	\$4,794,599	\$4,516,869	\$4,851,994	\$4,294,514	-10.4%
	Public Spons HCV	\$1,259,093	\$1,259,093	\$1,122,379	\$0	-100.0%
	Public Spons Medicare	\$39,150	\$60,214	\$73,609	\$73,923	88.8%
	Change in IBNR	\$1,335,000	\$1,307,000	\$1,307,000	\$1,307,000	-2.1%
	Total	\$91,225,001	\$91,177,619	\$91,113,927	\$86,159,042	-5.6%
PMPM	\$2,975	\$2,958	\$2,822	\$2,661	-10.5%	

The original 2020 budget assumed medical trends of 10% for Regular and 5% for Medicare plans. Actual medical trend for the first nine months of 2020 versus same period last year is negative 19.7% for non-Medicare and positive 5.5% for Medicare, for a combined trend of negative 15%. The remainder of the year is forecast at normal utilization levels.

Budget Component	Segment	Original 20 Budget	Revised Projections			Variance from Original
			04-20	07-20	09-20	
Pharmacy Claims Expense	Full Prem Regular	\$2,930,900	\$3,258,046	\$3,232,567	\$3,217,589	9.8%
	Full Prem Medicare	\$81,894	\$79,768	\$74,473	\$71,963	-12.1%
	LIPP Regular	\$6,623,776	\$6,348,103	\$6,529,703	\$6,517,803	-1.6%
	LIPP Medicare	\$130,844	\$124,923	\$115,662	\$114,136	-12.8%
	Public Spons Regular	\$6,531,498	\$6,758,554	\$7,063,461	\$6,953,069	6.5%
	Public Spons HCV	\$2,430,000	\$2,430,000	\$2,430,000	\$0	-100.0%
	Public Spons Medicare	\$80,206	\$92,661	\$104,975	\$114,192	42.4%
	Rebates	(\$400,000)	(\$379,327)	(\$345,551)	(\$318,914)	-20.3%
	Change in IBNR	\$57,000	\$60,967	\$93,107	\$179,606	215.1%
	Total	\$18,466,118	\$18,773,695	\$19,298,396	\$16,849,445	-8.8%
PMPM	\$602	\$609	\$598	\$520	-13.6%	

The original 2020 budget assumed pharmacy trends of 10% for both non-Medicare and Medicare plans, plus the addition of the HCV program. Actual pharmacy trend through nine months is flat. The remainder of the year is forecast at normal utilization levels.

Budget Component	Segment	Original 20 Budget	Revised Projections			Variance from Original
			04-20	07-20	09-20	
Operating Expense	Admin Fees	\$2,391,714	\$2,481,210	\$2,777,165	\$2,700,561	12.9%
	Other Admin	\$1,587,887	\$1,466,609	\$1,405,326	\$1,303,418	-17.9%
	Total	\$3,979,601	\$3,947,819	\$4,182,490	\$4,003,979	0.6%

In summary, both revenue and expenses are expected to be about 3% less than the original budget.

Budget Component	Segment	Original 20 Budget	Revised Projections			Variance from Original
			04-20	07-20	09-20	
Combined	Income	\$113,670,720	\$113,899,135	\$114,594,813	\$107,012,466	-5.9%
	Expense	\$113,670,720	\$113,899,135	\$114,594,813	\$107,012,466	-5.9%
	Net Income	\$0	\$0	\$0	\$0	

Appendix C

New Mexico Medical Insurance Pool

Request for Proposal for Pool Actuary

CAMPAIGN CONTRIBUTION DISCLOSURE FORM

Pursuant to NMSA 1978, § 13-1-191.1 (2006), any person seeking to enter into a contract with any state agency or local public body **for professional services, a design and build project delivery system, or the design and installation of measures the primary purpose of which is to conserve natural resources**, must file this form with that state agency or local public body. This form must be filed even if the contract qualifies as a small purchase or a sole source contract. The prospective contractor must disclose whether they, a family member or a representative of the prospective contractor has made a campaign contribution to an applicable public official of the state or a local public body during the two years prior to the date on which the contractor submits a proposal or, in the case of a sole source or small purchase contract, the two years prior to the date the contractor signs the contract, if the aggregate total of contributions given by the prospective contractor, a family member or a representative of the prospective contractor to the public official exceeds two hundred and fifty dollars (\$250) over the two year period.

Furthermore, the state agency or local public body shall void an executed contract or cancel a solicitation or proposed award for a proposed contract if: 1) a prospective contractor, a family member of the prospective contractor, or a representative of the prospective contractor gives a campaign contribution or other thing of value to an applicable public official or the applicable public official's employees during the pendency of the procurement process or 2) a prospective contractor fails to submit a fully completed disclosure statement pursuant to the law. THIS FORM MUST BE FILED BY ANY PROSPECTIVE CONTRACTOR WHETHER OR NOT THEY, THEIR FAMILY MEMBER, OR THEIR REPRESENTATIVE HAS MADE ANY CONTRIBUTIONS SUBJECT TO DISCLOSURE.

The following definitions apply:

"Applicable public official" means a person elected to an office or a person appointed to complete a term of an elected office, who has the authority to award or influence the award of the contract for which the prospective contractor is submitting a competitive sealed proposal or who has the authority to negotiate a sole source or small purchase contract that may be awarded without submission of a sealed competitive proposal.

"Campaign Contribution" means a gift, subscription, loan, advance or deposit of money or other thing of value, including the estimated value of an in-kind contribution, that is made to or received by an applicable public official or any person authorized to raise, collect or expend contributions on that official's behalf for the purpose of electing the official to either statewide or local office. "Campaign Contribution" includes the payment of a debt incurred in an election campaign, but does not include the value of services provided without compensation unreimbursed travel or other personal expenses of individuals who volunteer a portion or all of their time on behalf of a candidate or political committee, nor does it include the administrative

or solicitation expenses of a political committee that are paid by an organization that sponsors the committee.

“Family member” means spouse, father, mother, child, father-in-law, mother-in-law, daughter-in-law or son-in-law.

“Pendency of the procurement process” means the time period commencing with the public notice of the request for proposals and ending with the award of the contract or the cancellation of the request for proposals.

“Person” means any corporation, partnership, individual, joint venture, association or any other private legal entity.

“Prospective contractor” means a person who is subject to the competitive sealed proposal process set forth in the Procurement Code or is not required to submit a competitive sealed proposal because that person qualifies for a sole source or a small purchase contract.

“Representative of a prospective contractor” means an officer or director of a corporation, a member or manager of a limited liability corporation, a partner of a partnership or a trustee of a trust of the prospective contractor.

NAME OF APPLICABLE PUBLIC OFFICIALS: Deborah Armstrong

DISCLOSURE OF CONTRIBUTIONS:

Contribution Made By: _____
Relation to Prospective Contractor: _____
Name of Applicable Public Official: _____
Date Contribution(s) Made: _____
Amount(s) of Contribution(s) _____
Nature of Contribution(s) _____
Purpose of Contribution(s) _____

(Attach extra pages if necessary)

Signature

Date

Title (position)

-OR-

NO CONTRIBUTIONS IN THE AGGREGATE TOTAL OVER TWO HUNDRED FIFTY DOLLARS (\$250) WERE MADE to an applicable public official by me, a family member or representative.

NAME OF COMPANY: _____

Signature

Date

Title (position)