

2022-000051

GOVERNMENT OF PUERTO RICO
PUERTO RICO HEALTH INSURANCE ADMINISTRATION (ASES)
SAN JUAN, PUERTO RICO

PROFESSIONAL SERVICE AGREEMENT

This Agreement for Professional Services (this "Agreement") is made and entered into by and between the Puerto Rico Health Insurance Administration, a public corporation of the Government of Puerto Rico created by Act Number 72 of September 7, 1993, as amended, (hereinafter referred to as "ASES" by its Spanish acronym), represented by its Executive Director, Edna y. Marín Ramos of legal age, single and resident of Guaynabo Puerto Rico; and **Mercer Health & Benefits, LLC**, a limited liability company organized and existing under the laws of Washington, DC and authorized to do business under the laws of the Government of Puerto Rico (hereinafter referred to as "SECOND PARTY" or "MERCER"), represented by its Principal, Ms. Katie Falls authorized to appear on behalf of the corporation, by a Certificate of the Professional Services Providers Registry (RUP, by its Spanish acronym), number 202211362 emitted by de Puerto Rico's General Services Administration (ASG by its Spanish acronym).

WHEREAS, ASES, by virtue of the powers conferred to it under Act 72 of September 7, 1993, as amended, has the authority to engage professional, technical and consulting services that are necessary and convenient to effect the activities, programs and operations of ASES.

THEREFORE, ASES and **SECOND PARTY** (collectively referred to as **THE PARTIES**) enter into this Agreement under the following:

TERMS AND CONDITIONS

1. ASES agrees to engage with the **SECOND PARTY** to render professional services in Actuarial services.
2. The services to be provided by the **SECOND PARTY** may encompass the following subjects and objectives, as included in the proposal incorporated as part of this Agreement:
 - A. Rate Setting: Develop and support rate setting methodologies for ASES's existing managed care programs, with the possibility that additional programs or populations may be added. Support for the rate setting methodologies shall include a written report of the methodology (narrative) used for MCO. The methodologies must be acceptable to CMS and the Agency. Rates are to be changed each state fiscal year, and as may be required due to changes in coverage.
 - i. Contractor shall develop and submit draft rates and methodologies to ASES 120 calendar days prior to the date the rates are to become effective. CMS has final approval of all rates and methodologies.



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- ii. Contractor shall submit additional rate settings, actuarial opinions, and impacts to ASES for approval within sixty (60) calendar days of request.

B. Managed Care Program (Plan Vital)

- i. PMPM Rates: Contractor will be an essential asset in the development in accordance with actuarially sound principles and practices as specified in 42 CFR 438.4, of the fixed monthly amount, that ASES will pay to the GHP contracted MCOs for each Enrollee, to ensure that Benefits under GHP are provided.

C. Risk Adjustment: Contractor duties include, but are not necessarily limited to the following:

- i. Risk Scoring Methodology. Develop and provide detailed documentation on risk scoring methodology to the Agency that will be applied to rebalance Capitation Rates.
- ii. Risk Score Calculations. Calculate individual risk scores, adjustments, and rebalancing factors.
- iii. Risk Adjustment Reconciliations and Capitation Adjustments. Reconcile total capitation amounts paid to the health plans with the rebalanced results after risk adjustment has been applied.
- iv. Performance Measures: Contractor shall provide to the Agency the risk score adjustments and rebalancing at the time the draft capitation rates are submitted to ASES.

D. Medical Loss Ratio (MLR): Contractor must be able to perform the actuarial analysis on any of the following formats: population specific basis, contract-specific bases or aggregated cross multiple contracts, as the regulation allows Puerto Rico to use any of the mentioned.

E. Diagnosis Related Groups (DRGs) in hospital billing practices:

- i. Contractor must have the capacity to calculate the DRG-based payment system using the GHP historical data on this area. Payments for inpatient hospital services in the GHP have been based on per diem rates and sub-capitation payments, with accurate and complete reporting of diagnosis and procedure codes not being a requirement for hospitals to be paid appropriately.

F. CMS reports: SECOND PARTY must ensure that the methodologies developed and rates calculated under all tasks meet all federal and State requirements, including CMS guidance for actuarial soundness in accordance with 42 CFR 438.4.

G. Medicare Advantage (Platino Contract), Act No. 95, GHP: ASES must evaluate and provide an actuarial certification to CMS for its Platino members. The historical experience must be evaluated and projected to the rates developed must be actuarially sound and submitted to CMS.

H. Under the Act No. 95 Contract, ASES extends the GHP coverage for those government employees who are not eligible under Medicaid. Offeror must be able to develop actuarial reports for the rates under this contract.

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- I. Pharmacy Benefit Manager (PBM) and Pharmacy Benefit Administrator (PBA) Contracts: the SECOND PARTY must provide actuarial analysis regarding pharmacy data for the PBM and PBA actual contracts.
- J. Other Actuarial Analysis:
 - i. SECOND PARTY must have the capacity to analyze and design a fee schedule for the GHP. Under the GHP ASES does not have its own fee schedule, ASES will like to explore the idea of having ownership of a fee schedule using as an example the Medicare fee schedule.
 - ii. THE SECOND PARTY must have the capacity to work as an auditor for the financial data that MCOs submit to ASES and because the MCOs contracts for the GHP allows for possible audits for those data and information.
 - iii. THE SECOND PARTY shall provide technical assistance and actuarial support as defined and approved in advance by the Agency for any services not associated with the current scope of work. This includes assisting the Agency with program changes, new waiver development, and exploring options and strategies to include requirements and oversight of the Surplus and/or Reinsurance requirement in contract form the actuarial perspective.
- K. Performance Measures: Contractor shall provide all technical assistance and actuarial support within the timeline agreed to between the Agency and the Contractor.
- L. Meetings: Participate in and contribute to all ASES meetings related to the Contract. The meetings will include reviewing Contract status, planning for future action, and other aspects as necessary.
- M. Any other related services that ASES may require, through its Executive Director or delegated personnel.

3. This Agreement will be in effect from the date of its full execution until **June 30, 2023**, at the discretion of ASES, the Contract may be extended for up to one (1) additional year, beyond the initial Contract period. Notwithstanding any provision to the contrary in this Agreement, either party shall have the right to terminate this Agreement by providing the other party with thirty (30) days' prior notice by registered mail, return receipt requested, or overnight express mail. This contract shall be subject to annual renewal.

The rights, duties and responsibilities of ASES and MERCER shall continue in full force and effect during the applicable notice period. ASES, however, shall be obligated to pay all fees and expenses incurred up to the effective date of termination, in accordance with the terms of this Agreement.

4. The SECOND PARTY represents that it has full knowledge of any applicable federal or local law impacting the GHIP sponsored by the Commonwealth of Puerto Rico and the



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advice and services to be provided will consider such laws and regulations, including, but not limited to, the Balanced Budget Act of 1997, as amended; Social Security Act, as amended; the Medicaid Managed Care Regulations, as amended and Puerto Rico State Plan.

5. ASES shall pay to MERCER per hour of service at the following rates:

Staff Title or Job Position	Number of estimated FTEs	Rate per hour per FTE
Lead Actuary	1	\$400.00
Project Manager	1	\$275.00
Analyst	2	\$180.00
Client Relationship Manager	1	\$375.00
Consultant Actuary	1	\$350.00
Data Manager	1	\$300.00
Informatics Analyst	2	\$180.00
Audit Consultant	1	\$300.00
RAM Consultant	1	\$300.00
Other Personnel		
Finance Analyst	2	\$180.00
Pharmacy Consultant	1	\$300.00
Pharmacy Analyst	2	\$180.00
Policy Consultant	1	\$300.00
Provider Reimbursement Consultant	1	\$300.00
Risk Adjustment Consultant	1	\$300.00
Risk Adjustment Analyst	2	\$180.00
Administrative Assistant	1	\$90.00

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A 5% reduction will be given on professional fees on invoices paid within thirty (30) days of receipt.

The SECOND PARTY may be entitled to receive payment for out of pocket expenses, including travel and lodging, subject to previous presentation of documentation (i.e. receipts) and provided they do not exceed the maximum amount to be paid during the term of this Contract, and that the SECOND PARTY complies with Regulation No. 7635 of the ASES, including, but not limited to the following:

- Airplane tickets (coach fares).

- For meals, a maximum amount of sixty dollars (\$60.00) daily, by person (this amount includes breakfast, lunch and dinner).
 - Lodging expenses (room, telephone and internet) shall be paid according to ASES's and governmental policies.
 - Alcoholic beverages and entertainment expenses are not covered expenses under this Agreement.
6. ASES shall compensate The SECOND PARTY up to **seven hundred ninety-two thousand four hundred forty-five dollars (\$ 792,445.00)**, for services rendered only, except that this amount may be increased subject to written approval by either the Executive Director or Sub - Director. Reasonable travel expenses incurred in the delivery of the services of this Agreement are included on this amount, subject to previous presentation of documentation (i.e. receipts) and provided that MERCER complies with Regulation No. 7635 of the ASES, with the previous authorization of ASES. **MERCER is responsible for tracking the available balance under this Agreement.**
7. Since this Agreement is a result of a RFP process and the adjudication of it was for a contract year until June 30, 2023 with an option to renew for an additional year, during the term of this Agreement ASES will pay to MERCER a maximum amount of three million one hundred sixty-nine thousand seven hundred eighty dollars (\$3,169,780.00) of which seven hundred ninety-two thousand four hundred forty-five dollars (\$792,445.00) correspond to FY2022 and two million three hundred seventy-seven thousand three hundred thirty-five dollars (\$2,377,335.00) to FY2023 subject to approval of the 2023 budget. Notwithstanding, that once the PR's Office of Budget Management (OGP) approves the FY2023 Budget this contract shall be amended to add the remaining \$2,377,335.00 or the quantity approved by OGP in the current contract.
8. Payments made by ASES under the terms of this Agreement shall be paid from the budget item account corresponding to number **129-6320-018-2022**.
9. Invoices will be submitted to ASES on a monthly basis, always within the first five (5) days following the period involved. Invoices should be submitted at MERCER's hourly rate according to the work done and tasks (deliverables) conducted during the invoiced period. Each invoice will include itemized details of the services rendered on an hourly basis. If the invoice is not submitted within the first five (5) days of the month following the period involved, payment may be issued within the following month. Each invoice must be duly certified by an authorized representative of **MERCER**. Each invoice shall include an itemized detail of the services rendered, must be certified as just and correct, and should certify that payment thereof has not been received. The invoice should detail the available balance of the Agreement's budget when submitting the invoice as well as the available balance of the Agreement at the

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time the invoice is delivered. **MERCER** is solely responsible of assigning the necessary resources for the delegated cases and matters.

Invoices shall identify and detail services rendered to federal projects, if applicable, specifying the tasks performed per federal program and total invoiced.

Example: Invoice Federal Project – MMIS

Example: Invoice Federal Project – HIT IMPLEMENTATION

Example: Regular Invoice ASES

Total invoiced (sum of all)

ASES may not honor invoices submitted after ninety (90) days of the invoiced services having been rendered. **MERCER** accepts and agrees to this requirement and understands that if it does not comply with this requirement it waives its right to payment for services rendered.

Invoices must include a written certification stating that no officer or employee of ASES or the Department of Health, its subsidiaries or affiliates, if any, will derive or obtain any benefit or profit of any kind from this Agreement, with the acknowledgement that invoices which do not include this certification will not be paid. This certification must read as follows:

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"We certify under penalty of nullity that no public employee of the Puerto Rico Health Insurance Administration will derive or obtain any benefit or profit of any kind from the contractual relationship which is the basis of this invoice. If such benefit or profit exists, the required waiver has been obtained prior to entering into the Agreement. The only consideration to be received in exchange for the delivery of goods or for services provided is the agreed-upon price that has been negotiated with an authorized representative of ASES. The total amount shown on this invoice is true and correct. The services have been rendered, and no payment has been received."

ASES shall verify the invoices within twenty (20) working days of the date of the invoice and, if they are in compliance with the requirements set forth in this Agreement, will proceed with payment to **MERCER** within thirty (30) days of said approval. ASES will promptly notify **MERCER** of any questions regarding invoices so that **MERCER** can receive timely payment. ASES will administer the payment by means of an electronic transfer pursuant to Exhibit B of this Contract. In the event any invoice goes unpaid for more than sixty (60) days, **MERCER** reserves the right to suspend its performance of the services contracted for hereunder.

10. All invoices shall be signed and mailed or physically delivered to the attention of:



POSTAL ADDRESS

Edna Y. Marín Ramos
Executive Director
Administración de Seguros de Salud
P.O. Box 195661
San Juan, PR 00919-5661

PHYSICAL ADDRESS

Edna Y. Marín Ramos
Executive Director
Administración de Seguros de Salud
1549 Calle Alda
Urb. Caribe
San Juan, PR 00926-2712

11. If **MERCER** does not comply with the above requirements in the submission of the invoices, it will waive its right to payment for services rendered.
12. **ASES** will review the invoice and will make proper payment, subject to any audits or requests for additional information that **ASES** may need to do, at its sole discretion, to substantiate expenses incurred. The **ASES** reserves the right to review all invoices and perform all necessary audits solely to substantiate expenses incurred.
13. Each of the exhibits (interchangeable appendix) attached hereto is expressly incorporated herein and made a part of this Contract, and all references to this Contract shall include the exhibits hereto. In the event of any inconsistency between this Contract and the exhibits attached hereto, this Contract shall govern.
14. **ASES**, its designees or the Controller's Office, shall have the right during the term of this Agreement or up to five (5) years after the term, to review and audit **MERCER's** records relating to **MERCER's** services under this Agreement.
15. **MERCER** will not receive any payment for services rendered under this Agreement until the Agreement has been registered at the Office of the Comptroller of the Government of Puerto Rico, as required by Act Number 18 of October 30, 1975, as amended.
16. Neither this Agreement, nor the services to be provided hereunder, may be assigned or subcontracted without the written approval of **ASES**. The request to contract a third party must specify the matters in which he/she will intervene and must be submitted in writing. This request must: (1) be submitted in writing, (2) identify the Subcontractor, (3) specify the tasks in which the Subcontractor will intervene, and (4) disclose the remuneration that the Subcontractor will receive for the work carried out, and the profit margin, if any, that **MERCER** will have in relation to the subcontractor's paid fees. If the Subcontractor is to dedicate 25% or more of its time to the tasks assigned in the contract between **ASES** and **MERCER**, the Subcontractor must submit all the documents and certifications required from **MERCER** for the government contracting. See Circular Letter No. 1300-16-16 of the Puerto Rico Treasury Department.

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MERCER will be responsible for providing these documents and certifications from the Subcontractor to **ASES** when requesting authorization from **ASES** for the subcontract. The delegation of services without the mentioned authorization will be sufficient cause to terminate this contract. Failure to comply with this clause will hold you responsible for any damages or losses that may be caused to **ASES**, whether directly or indirectly. In any subcontract executed by the **SECOND PARTY** said **PARTY** shall ensure that the Subcontractor understands, acknowledges and agrees to comply with the terms and conditions set forth in this Contract, whenever applicable, that includes but is not limited to, intellectual property, data and information, knowledge transfer requirements; **ASES's** right of inspection and audit; the government agencies' right to inspection and audit; confidentiality and privacy policies, among others.

17. **MERCER** acknowledges the proprietary and confidential nature of all internal, non-public, information systems, financial, and business information relating to the **ASES**, the Government of the Commonwealth of Puerto Rico, its agencies, corporations, and municipalities and their personnel. **MERCER** and its employees shall keep in confidence all such information and shall not make public or disclose any of said materials, except as necessary to perform its services, without the previous written consent of **ASES**. **MERCER** will ensure that any authorized subcontractor or expert is subject to this confidentiality obligation. The restriction on confidentiality shall not apply to information that **MERCER** must disclose by law or legal process, (ii) is either already in the public domain or enters the public domain through no fault of **MERCER**, (iii) is available to **MERCER** from a third party who, to **MERCER's** knowledge, is not under any non-disclosure obligation to **ASES**, or (iv) is independently developed by or for **MERCER** without reference to any confidential information of **ASES**.

18. **MERCER** shall furnish **ASES** with reports, analysis or other such materials as **ASES** may reasonably request, which, to the extent prepared by **MERCER** specifically and exclusively for **ASES** shall at all time be the property of **ASES**, subject to **MERCER's** reservation of rights in and to the **MERCER** Tools and the prohibitions on distribution of **MERCER** work product to third parties in this Agreement. The Parties will sign a mutually agreed Business Associate Agreement.

19. Subject to **MERCER'S** reservation of rights in and to the and to the **MERCER** Tools and the prohibitions on distribution of **MERCER** work product to third parties in this Agreement, all Information created from data, documents, messages (verbal or electronic), reports, or meetings involving or arising out of or in connection with this Agreement is property of **ASES** (hereinafter referred to as "**ASES** Data and Information"). Hence, all the documents related to the Agreement will be subject to evaluation and audits, and shall be made available, within a reasonable period of time

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and without modifications, for evaluation by ASES's personnel or their authorized representatives. Additionally, ASES will have the right to copy all the documents requested, at no cost.

In the same way, all documents related and produced as a result of this Agreement, including but not limited to: policies, procedures, analysis, protocols, and communications, must be made available and filed with ASES's representatives, without changes to their original format (no PDF), whenever requested. In the event that ASES request copies of these, the Contractor shall deliver them without alterations and/or omissions. MERCER shall not refuse, and if so, it will constitute an obstruction to the efforts of ASES's auditors and a breach of Contract subject to penalties and sanctions.

20. No deliverable, report, data, procedure or system created by MERCER for ASES that is necessary to fulfilling MERCER's responsibilities under the Agreement, as determined by ASES, shall be considered proprietary of MERCER.

21. **THE SECOND PARTY** shall make all data and information available to ASES or its authorized representatives, which will also provide the data to CMS or other pertinent government agencies and authorities upon request. MERCER is expressly prohibited from sharing, distributing, disseminating, or publishing ASES' data and information without the express prior written consent of ASES. In the event of a dispute regarding what is or is not ASES' data and information, ASES's decision on this matter shall be final and not subject to appeal.

22. MERCER is required to perform transfers of knowledge on a continuous basis with ASES personnel. *MERCER will be responsible of delivering reports regarding current work and completed work to the area that administers this agreement, each six (6), nine (9) months since the signature of the agreement and on or before the date the of the last payment made under this contract, or within the first ten (10) days from the date of termination, whichever first* from the date of termination, MERCER must have completed a transfer of knowledge that will guarantee an orderly continuity of services and labor, including source codes for programs, manuals, instructions and any other materials required to provide continuity and ensure that ASES personnel knows and understands completed and uncompleted tasks, as well as the status and items pending to complete unfinished tasks. MERCER acknowledges and agrees that ASES will not paid the final invoice until MERCER completes the said transfer of knowledge in writing and in any other format as may be requested by ASES.

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23. **MERCER** shall submit in writing any user manuals, operating manuals, maintenance manuals and/or training manuals for software or other information system programs developed for **ASES**.

24. To the extent applicable to this Agreement, this Section describes the intellectual property ownership requirements that **MERCER** shall meet:

ASES shall have all ownership rights, not superseded by other licensing restrictions, in all materials, programs, procedures, etc., designed, purchased, or developed by **MERCER** and funded by **ASES**. **MERCER** shall use Agreement funds to develop all necessary materials, programs, products, procedures, etc., and data and software to fulfill its obligations under the Agreement. The **ASES** funding used in the development of these materials, programs, procedures, etc. shall be documented by **MERCER**. **ASES** shall have all ownership rights in data and software, or modifications thereof and associated documentation and procedures designed and developed to produce any systems, programs report and documentation and all other work products or documents created under the Contract. **ASES** shall have these ownership rights, regardless of whether the work product was developed by **MERCER** or any Subcontractor for work product created in the performance of this Contract. **ASES** reserves, on behalf of itself, the U.S. Department of Health and Human Services and its contractors, a royalty-free, non-exclusive and irrevocable license to produce, publish or otherwise use such software, modifications, documentation and procedures. Such data and software includes, but is not limited to, the following:

- a. All computer software and programs, which have been designed or developed for **ASES**, or acquired by **MERCER** on behalf of **ASES**, which are used in performance of the Agreement.
- b. All internal system software and programs developed by **MERCER** or subcontractor, including all source codes, which result from the performance of the Agreement; excluding commercial software packages purchased under the Contractor's own license.
- c. All necessary data files.
- d. User and operation manuals and other documentation.
- e. System and program documentation in the form specified by **ASES**.
- f. Training materials developed for **ASES's** staff, agents or designated representatives in the operation and maintenance of this software.

25. To the extent applicable, **ASES** acknowledges that before executing this Agreement and contemplating the same, **MERCER** may have developed and designed certain programs and systems such as standard operating procedures, programs, business plans, policies and procedures, which **ASES** acknowledges are the exclusive property of **MERCER**, as long as those programs or systems have not been developed or designed for **ASES**. Nevertheless, in case of for cause termination, **ASES** is hereby

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authorized to use to the extent allowable by any applicable commercial software and hardware licensing that exists at that moment or with which agreement can be reached at that moment with the vendor to modify such licensing to permit its use by **ASES**. This shall be at no cost to **ASES** and such properties for a period of one hundred and twenty (120) Calendar Days to effect an orderly transition to any new contractor or service provider. In any cases where the use of such systems from an operational perspective would also influence other lines of **MERCER's** business or where licensing restrictions cannot be remedied, **MERCER** shall operate such systems on behalf of **ASES**. Such operation by **MERCER** on behalf of **ASES** can occur at **ASES'** discretion under the full supervision of their employees or appointed third party personnel. Under such a scenario, **ASES'** access to Data will be restricted through the most efficient means possible to **MERCER's** Data segment.

26. **MERCER** shall not deny access to **ASES's** Data under any case or circumstances, nor retain **ASES's** Data while controversies between **ASES** and **MERCER** are resolved and finally adjudicated. **MERCER** may, in accordance with legal disaster recovery and records retention requirements, store copies of **ASES** data in an archival format (e.g. tape backups), which may not be returned or destroyed upon request. Such archival copies are subject to confidentiality obligations as may be set forth in this Agreement.

27. **MERCER** acknowledges the Health Insurance Portability and Accountability Act of 1996 (better known as HIPAA), and that its privacy and security rules requires any entity covered by said legislation to train its workforce in their provisions on privacy, confidentiality and security of protected information, as defined in the Act and its regulations. The Act requires the covered entity to set policies and procedures relating to privacy, confidentiality, creation, management, transmission, and access of protected information, and to train its workforce in such policies and procedures. **MERCER** acknowledges that it is subject to compliance with the policies and procedures of HIPAA and **ASES's** procedures established for compliance with HIPAA and its regulations. Hence, **MERCER** must comply with all terms and policies of the HIPAA and must follow all standards for the handling of protected information. **MERCER** should ask all employees, subcontractors or agents to abide by the restrictions and conditions that apply to them in the management of protected information. **MERCER** certifies that it meets the standards set out on HIPAA and its regulations, as well as on any other state law that protects the privacy, confidentiality and security of information. **ASES** reserves the right to cancel this contract if **MERCER** does not comply with this section of the Agreement, the HIPAA, its regulations, and any state law or regulation regarding privacy, confidentiality and security of information.

The parties agree to sign a Business Associate Agreement.

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28. **MERCER** should report immediately to **ASES** any unauthorized use or disclosure, or suspected unauthorized use or disclosure, of any protected information immediately as **MERCER** becomes aware of the event. The report shall be made in writing and delivered to the Executive Director of **ASES**, including the following:

- One or two sentence description of the event;
- Description of the roles of the people involved in the event (e.g. employees, participant users, service Providers, unauthorized persons, etc.)
- The type of Data / Information as well as Personal Health Information that was breached;
- Enrollees likely impacted by the event;
- Number of individuals or records impacted/estimated to be impacted by the event;
- Actions taken by **MERCER** to mitigate the event;
- Current status of the event (under investigation or resolved);
- Corrective action taken and steps planned to be taken to prevent a similar event.

MERCER shall have a duty to supplement the information contained in the notification as it becomes available and to cooperate with **ASES**. The notification required by this Section shall not include any PHI.

29. **MERCER** agrees to indemnify and hold harmless **ASES** and/or the Government of Puerto Rico from all claims, suits, actions, liabilities, and reasonable attorney and defense costs, resulting from **MERCER's** negligent or willful misconduct in the execution of this Agreement.

30. **MERCER** acknowledges that in executing its professional services pursuant to this Agreement it has the obligation to exhibit complete loyalty toward **ASES**, including having no adverse interests with private or government entities or persons. Adverse interests include representing or servicing clients who have or may have interests that are contrary to **ASES**. This duty includes the continued obligation to disclose to **ASES** all circumstances of its relations with clients and third persons, and any interest that could influence **MERCER** while this Agreement is in effect.

MERCER represents conflicting interests when, on behalf of one client it must support that which is its duty to oppose to comply with its obligations with another client. **MERCER** also represents conflicting interests when its conduct is described as such in the standards of ethics applicable to its profession, or in Puerto Rico's laws and regulations.

The conduct herein described by one of **MERCER's** directors, officers or employees shall constitute a violation of this prohibition. **MERCER** shall avoid even the

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appearance of the existence of a conflict of interest.

MERCER acknowledges the power of the Executive Director or its representative to oversee the enforcement of the prohibitions herein established.

31. Termination:

- A. This Agreement may be terminated by **ASES** for any reason and at any time upon thirty (30) days or less, depending of the contracted services, written notice to **MERCER**.
- B. Furthermore, **MERCER's** failure to comply with its duties and responsibilities and to perform the services set forth herein, or its negligence or unlawful behavior in the execution of the Agreement, shall constitute a breach of the Agreement by **MERCER** that entitles **ASES** to terminate this Agreement immediately without prior notice. **ASES** may also terminate this Agreement immediately without prior notice if probable cause for arrest is found or a judgment for conviction is entered against **MERCER** or any of its officers, employees, or subcontractors authorized by **ASES** under this Agreement, for any crime against the treasury, public faith, or for crimes involving public funds or property, either of state or federal origin; or if an extraordinary fiscal situation arises that justifies an immediate budget cut.
- C. It is expressly agreed that **MERCER** will conclude any pending work at the time of cancellation of the contract, as required by **ASES**. **ASES** will not be obliged to pay additional compensation to the agreed under this contract. **MERCER** will not be entitled to any additional compensation except the already billed until that date. **MERCER** expressly acknowledges that in the eventuality of not existing or allocating funds for the payment of the contracted services, the contract will be terminated with no other right than to collect what has already been worked.
- D. It is noted that if **MERCER** or any of its officials is part of the Registry of Convicted Persons for Corruption and Related Offenses "Registro de Personas convictas por Corrupción y Delitos Relacionados", this Contract will be null and the funds paid will have to be returned to **ASES**.
- E. In accordance with Guide #16 of Circular Letter No. 93-11 of October 25, 2011, issued by the Office of Management and Budget of the Government of Puerto Rico, all contracts that are: (a) awarded in an electoral year; (b) paid with resources of funds allocated by the Legislature; and (c) have a contract term extending beyond December 31, 2020, may be rescinded at any time after December 31, 2020 by the new officials appointed during the new four-year administration period.

32. Conflict of Interest:

- A. **MERCER** certifies that neither it, nor any of its employees or officers, has an

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interest in this agreement that may interfere with their official duties as employees of any agency, instrumentality, public corporation or municipality of the Government of Puerto Rico.

- B. MERCER** certifies that at the time of the execution of this Agreement, it does not have nor does it represent anyone who has interests that are in conflict with those of the Government of Puerto Rico, or any of its agencies or municipalities, or **ASES**. If such conflicting interests arise after the execution of this Agreement, **MERCER** shall notify **ASES** immediately.
- C. MERCER** certifies that it does not have other contracts with government agencies, public corporations, or municipalities. **MERCER** will disclose by written communication to **ASES** with which government agencies, public corporations or municipalities it enters into contract with.

33. Subcontractors:

- A. ASES** and **MERCER** agree that **MERCER'S** status hereunder, and the status of any agents, employees and subcontractors or experts engaged by **MERCER** shall be that of an independent contractor only and not that of an employee or agent or **ASES**. **MERCER** recognizes that it shall not be entitled to employment benefits such as vacations, sick leave, retirement benefits and others because of its condition as an independent contractor. **MERCER** shall not have any power or right to enter into agreements on behalf of **ASES**.

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34. Certifications:

- A. By virtue of Act 73-2019 from the Puerto Rico General Services Administration (ASG by its Spanish acronym) MERCER** certifies the submission of the *CERTIFICACIÓN ÚNICA DEL REGISTRO DE PROVEEDORES DE SERVICIOS PROFESIONALES (RUP)* emitted by ASG. It is expressly acknowledged that this certification is an essential condition of this Agreement. With the RUP certification **MERCER**:

- i. Certifies and guarantees that as of the date of execution of this Agreement and to the best of its knowledge, it has not been convicted and none of its shareholders, employees, officers, or agents have been convicted, have probable cause, and that it has no knowledge that any of the foregoing is subject of any investigation, in connection with a civil or criminal procedure in state or federal court for criminal charges related to the public treasury, the public trust, a public function, or a fault that involves public funds or property including **MERCER** its subsidiaries and/or a parent company. If the previously submitted certification to ASG is not correct in its entirety or in any of its parts, it shall constitute sufficient cause for **ASES** to terminate this Agreement



immediately, without prior notice. If the status of **MERCER** with regards to the charges previously mentioned should change at any time during the term of the Agreement, it shall notify **ASES** promptly. The failure to comply with this responsibility constitutes a violation of this Section and shall result in the remedies mentioned previously.

- ii. Certifies that at the time of execution of this Agreement it is not engaged in or is a party to any lawsuit against the Government of Puerto Rico, or any of its instrumentalities, agencies or municipalities.
- iii. Certifies that as of the date of execution of this Agreement and during the past five (5) years, it has not been required to file Puerto Rico tax returns, and Social Security tax returns with the U.S. Government as required by applicable law. **MERCER** has submitted a Negative Certification of Debt from the Treasury Department of the Government of Puerto Rico.
 1. It is expressly acknowledged that this is an essential condition of this Agreement, and if this certification is incorrect, **ASES** shall terminate this Agreement immediately and **MERCER** will have to reimburse **ASES**.
 2. By the end of this Agreement, **MERCER** will present an updated Certification of Debt. **MERCER** acknowledges that the last payment owed under this Agreement will be disbursed if such Certification of Debt is negative and no money is owed to the Treasury Department of the Government of Puerto Rico. If by the end of this Agreement there is an outstanding balance owed that cannot be cleared by the Treasury Department, **MERCER** agrees to cancel the amount through retention from last payment.
 3. For purposes of this Agreement, tax debt shall mean any debt that **MERCER** or any of its officials or other parties which **ASES** authorizes **MERCER** to subcontract, may have with the Government of Puerto Rico for income taxes, excise taxes, real or chattel property taxes, including any special taxes levied, license rights, tax withholdings for payment of salaries and professional services, taxes for payment of interests, dividends and income to individuals, corporations and non-resident partnerships, for payment of interests, dividends, and other earnings shares to residents, and social security for chauffeurs.
- iv. Has provided ASG with a certificate of existence issued by the Department of State of the Government of Puerto Rico and a corporate resolution where **MERCER** expressly authorizes the undersigned to

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execute this Agreement on behalf of the corporation, if applicable. It is expressly acknowledged that these are essential conditions of this Agreement, and if these certifications previously submitted to ASG are incorrect, **ASES** shall terminate this Agreement immediately and **MERCER** will have to reimburse **ASES**.

- v. That as of the execution of this Agreement, it is current on payment of workers' compensation premiums in accordance with applicable law. **MERCER** has provided ASG with a negative certification of debt from the Workers Compensation Corporation of the Government of Puerto Rico, if applicable. It is expressly acknowledged that this is an essential condition of this Agreement, and if the certification previously submitted to ASG is incorrect, **ASES** shall terminate this Agreement immediately and **MERCER** will have to reimburse **ASES**.
- vi. Agrees to pay all unemployment insurance premiums due in accordance with applicable law. **MERCER** represents that as of the date of execution of this Agreement, it is current on payment of unemployment insurance premiums due in accordance with applicable law and has submitted to **ASES** a negative certification of debt from the Department of Labor and Human Service of the Government of Puerto Rico. It is expressly acknowledged that this is an essential condition of this Agreement, and if the certification previously submitted to ASG is incorrect, **ASES** shall terminate this Agreement immediately and **MERCER** will have to reimburse **ASES**.
- vii. Warrants that at the time of execution of this Agreement it has no obligation to retain child support payments. **MERCER** has provided **ASES** with a certificate of no debt from the "Administración de Sustento de Menores" ("**ASUME**"). It is expressly acknowledged that this is an essential condition of this Agreement, and if the certification previously submitted to ASG is incorrect, **ASES** shall terminate this Agreement immediately and **MERCER** will have to reimburse **ASES**.
- viii. Represents that as of the date of execution of this Agreement, it is current on payment of property taxes in accordance with applicable law. **MERCER** has provided **ASES** with a negative certification of debt from the "Centro de Ingresos y Recaudación Municipales" of the Government of Puerto Rico. It is expressly acknowledged that this is an essential condition of this Agreement, and if these certification previously submitted to ASG is incorrect, **ASES** shall terminate this Agreement immediately and **MERCER** will have to reimburse **ASES**.
- ix. Has provided, as a condition for the execution of this Agreement, the following certifications to ASG:

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1. Certification of having filed income tax returns in the past five (5) years from the Treasury Department of Puerto Rico (Model SC-6088)
2. Certification from Puerto Rico's Treasury Department attesting that there is no outstanding debt or, if a debt exists, that it is subject to payment plan (or pending administrative review under applicable law or regulations) (Model SC-6096)
3. Certification from Puerto Rico's Center for the Collection of Municipal Revenues ("CRIM" for its Spanish acronym) certifying that there is no outstanding debt in the past five (5) years or, if a debt exists, that it is subject to payment plan (or pending administrative review under applicable law or regulations).
4. Certification from Puerto Rico's Department of Labor and Human Resources of compliance with unemployment insurance, temporary disability insurance and/or chauffeur's social security, if applicable.
5. Certification of incorporation from the State Department of Puerto Rico.
6. Certificate of Good Standing
7. Certifications of no outstanding alimony or child support debts, if applicable.
8. Merchant Registry Certification (Model SC 2918)
9. Certification of Sales Tax Return File (IVU for its Spanish acronym) (model SC 2927) and if apply, certification of No Debt of Sales Tax Return.

- x. It is expressly recognized that the foregoing are material conditions of this Agreement. In the event the above certifications and acknowledgments contained in this clause are not correct, in whole or in part, it shall be sufficient cause for ASES to terminate the Agreement and MERCER shall reimburse ASES any sum of monies received under the same.



Both **PARTIES** hereby declare that, to the best of their knowledge, no public officer or employee of the Government of Puerto Rico, its agencies, instrumentalities, public corporations or municipalities or employee of the legislative or judicial branches of the government has any direct or indirect interest in the present Agreement that is not duly recognized by law; that no person requested or accepted gifts, gratuities, favors, services, donations, loans or anything else in return for this Agreement; that no person requested or accepted any goods from **MERCER** as payment for performing the duties and responsibilities of their jobs with **ASES**; and that **MERCER** or its

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officials has no family relationship, within the fourth degree of consanguinity or second degree of affinity, with any official or employee of **ASES** with the power to influence and participate in public policy decisions of **ASES**.

36. **MERCER** is an independent contractor and as such shall be responsible of the payment of its income taxes and its individual and employers' withholdings under the applicable tax laws of Puerto Rico or the US Internal Revenue Code. **MERCER** is not entitled to fringe benefits, such as retirement or disability. **ASES** will neither retain, nor discount, any amounts from payments made to **MERCER** for income tax purposes or for Social Security, except those applicable in accordance with the Puerto Rico Internal Revenue Code and its regulations.

37. **MERCER** will offer professional and consulting services to **ASES**. Therefore, **ASES** will be responsible for the withholding of one point five (1.5) percent of the amounts paid under this Contract and shall forward such withholding to the Treasury Department of the Government of Puerto Rico pursuant to Public Law Number 48-2013.

A. The Code of Internal Revenue establishes that **ASES** will withhold ten (10) percent from the professional services payment rendered under this Agreement, if it is a foreign corporation under the law of any state, twenty (20) percent of the payment will be withhold and if it is a foreign corporation under the law of other country, it will be withhold twenty-nine (29) percent unless **MERCER** presents to **ASES** a retention waiver from the Treasury Department of the Government of Puerto Rico. The items to defray the subsistence allowance, accommodation or other similar expenses will not be subject to withholding.

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38. **MERCER** warrants and agrees that in the provision of services under this Agreement it will not to discriminate on the basis of race, color, gender, origin or social status, age, political or religious beliefs or any other discriminating cause. **MERCER** also acknowledges that under the provisions of Act No. 46 of March 4, 2002 it cannot discriminate against a person for his or her sexual orientation, gender, gender identity, ethnicity, marital status, birth, or for the person's physical or mental impairment.

39. **MERCER** also certifies and warrants that at the moment the execution of this Agreement is in complete compliance with Public Law Number 168 of 2000, as amended, also known as "Ley de Mejoras al Sustento de Personas de Edad Avanzada de Puerto Rico."



40. **MERCER** agrees that in connection with the services provided hereunder, it will comply with all the applicable employment laws and regulations.

41. Documents presented by THE SECOND PART that will become part of the Contract:

- A. Certification issued by the ASG as part of the active registry on the *Registro Único de Proveedores de Servicios Profesionales (RUP)*.
- B. Contractor Certification Requirement indicating if any subcontractor will be needed in connection with this Agreement.
- C. HIPAA training evidence, if applies.
- D. Conflict of Interest Certification by virtue of the PR Government Ethics La.
- E. Evidence of active registry on the System for Award Management (SAM).

42. **MERCER** certifies that it has received a copy of and agrees to comply with Act No. 84 of June 18, 2002, as amended, which establishes the Code of Ethics for contractors, suppliers and applicants for economic incentives of the Executive Agencies of the Government of Puerto Rico and the Government Ethics Law, Act No. 12, enacted on July 24, 1985, as amended.

43. No amendment of this Agreement shall be valid unless in writing and signed by both parties.

44. Unless otherwise provided in this Agreement, any notice to the parties required or permitted hereunder will be deemed to have been duly given as of the date of receipt if in writing and delivered personally, mailed by certified mail, return receipt requested, or sent by overnight delivery by the U.S. Postal Service or other independent carrier, to the following:



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Mercer Health & Benefits, LLC

Attn: Katie Falls, Principal
Washington Square, 1050 Connecticut Avenue NW, Suite 700
Washington, DC 20036

Puerto Rico Health Insurance Administration (ASES)

Attn: Edna Y. Marín Ramos, Executive Director
PO Box 195661
San Juan, PR 00919-5661

Either party may change its address for notice by giving the other party prior written notice of the new address in conformity with the foregoing provisions of this Section and the date upon which such new address will become effective.

45. **MERCER** acknowledges that it cannot continue to provide services under this

Agreement after its expiration date or when such services entail payment of an amount that exceeds the total allowed for this Agreement. No services will be paid in violation of this clause, and any request and acceptance of services in violation of this provision will be made without any legal authority and will not bind **ASES**.

46. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all other oral or written representations, understandings or agreements relating to the subject matter hereof. Neither party shall be bound by the provisions of any pre-printed or other written terms and conditions subsequent to the date of this Agreement relating to the subject matter hereof unless such additional terms and conditions are made effective pursuant to the Amendments subsection of this section.

47. If any provision of this Agreement is declared or found to be illegal, unenforceable or void, then such provision shall be invalid, but each other provision hereof not so affected shall be enforced fully as permitted by applicable law.

48. This Agreement shall be governed by and construed in accordance with the laws of the Government of Puerto Rico. The courts and authorities of the Government of Puerto Rico shall have jurisdiction over all controversies that may arise with respect to this Agreement. The parties hereby waive any other venue to which they might be entitled by virtue of domicile or otherwise. Should either party initiate or bring suit or action before any other court, it is agreed that upon application, any such suit or action shall be dismissed, without prejudice, and may be filed in accordance with this provision. The party bringing the suit or action before a court not agreed to herein shall pay to the other party all the costs of seeking dismissal including reasonable attorney's fees.

49. **ASES** certifies that the present contract has the appropriate governmental authorizations necessary for its execution and according to provisions in the Act Number 66 of June 17 2014, known as the "Fiscal and Operational Sustainability Act of the Government of the Commonwealth of Puerto Rico".

Nevertheless, **ASES** is not exempted from registering this transaction in the Government of Puerto Rico Office of Management and Budget (OGP by its Spanish acronym) Electronic Platform.

50. **Circular Letter 013-2021 from the Office of Management and Budget of June 7, 2021:**

1. **ASES** certifies that **MERCER** was selected as a provider of the professional services described in this contract pursuant to Executive Order 2021-029.



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Likewise, THE PARTIES certify that they are aware of the provisions of said Executive Order and Circular Letter and that any contract covered by it that has not followed the processes and requirements established therein will be terminated."

2. At the time of signing this contract, **MERCER** does not maintains a contractual relationship in force with any entity of the Government of Puerto Rico. In addition, **MERCER** acknowledges and accepts that omitting to mention any governmental entity, with which it has a current contractual relationship may result in the termination of this contract if required by **ASES**.

51. Circular Letter 001-2021 from the Office of Management and Budget of January 11, 2021.

A. Interagency services:

- i. Both contracting PARTIES acknowledge and agree that the contracted services may be provided to any entity of the Executive Branch with which the contracting entity makes an interagency agreement or by direct order of the Office of Government Chief of Staff (Oficina del Secretario de la Gubernación). These services will be performed under the same terms and conditions regarding hours of work and compensation set forth in this Agreement. For the purposes of this clause, the term Executive Branch entity includes all agencies of the Government of Puerto Rico, as well as public instrumentalities and corporations.
- ii. For purposes of this Section, the term "entity of the Executive Branch" includes all agencies of the Government of Puerto Rico, as well as instrumentalities and public corporations, and the Office of the Governor.

B. Termination:

- i. The Government Chief of Staff shall have the power to terminate this Agreement at any time.
- ii. In case this Agreement is exempted from authorization from the Government Chief of Staff according to the dispositions specified in Circular Letter 001-2021, the Government Chief of Staff shall have discretion to take any necessary steps in those situations when a breach or potential breach with the public policy established by the Governor is observed.

- C. Financial Oversight and Management Board Contract Review Policy for Puerto Rico:** The Parties acknowledge that the CONTRACTOR [MERCER] has submitted the certification entitled "Contractor Certification Requirement" required in accordance with the Contract Review Policy of the Financial



Management and Oversight Board for Puerto Rico, effective November 6, 2017 and as amended on October 30, 2020, signed by the Executive Director of the Contractor (or another officer with an equivalent position or authority to issue such certifications). A signed copy of the "Contractor Certification Requirement" is included as an annex to this agreement.

IN WITNESS WHEREOF, the parties hereto sign this Agreement, in San Juan, Puerto Rico this 20 day of may, 2022.

**PUERTO RICO HEALTH
INSURANCE ADMINISTRATION**



Edna Y. Marin Ramos
Executive Director
EIN: 66-0500678

MERCER HEALTH & BENEFITS, LLC



Katie Falls
Principal
EIN: 342-01-5463

Budget item account: 129-6320-018-2022





welcome to brighter

Katie Falls
Principal

Washington Square
1050 Connecticut Avenue, Suite 700
Washington, DC 20036
T +1 928 606 9035
katie.falls@mercer.com
www.mercer-government.mercer.com

Ms. Angie López Cabrera
Principal Oficial Administrativo
Chief Administrative Officer
Administración de Seguros de Salud de Puerto Rico (ASES)
Puerto Rico Health Insurance Administration (PRHIA)
PO BOX 195661
San Juan, PR 00919-5661

March 18, 2022

Subject: RFP # ACTUARIAL 2022

Dear Ms. Cabrera:

Mercer Government Human Services Consulting (Mercer), part of Mercer Health & Benefits LLC, is hereby submitting this proposal to provide actuarial services for Requests for Proposal RFP # ACTUARIAL 2022. Mercer was informed we were selected to serve as the Actuarial Service Provider for the Puerto Rico Health Insurance Administration (ASES by its Spanish acronym) to provide support for the public health insurance programs administered by ASES in the Notice of Intent to Award Contract dated January 28, 2022. We have prepared for your consideration the following statement of work (SOW), Staffing Plan, and Estimated Cost of providing actuarial services during Year 1 which shall commence once all government approvals are received by ASES and runs through June 30, 2023. The optional Year 2 (July 1, 2023 – June 30, 2024) contract will be addressed in a separate proposal in the future.

Statement of Work

Below are the proposed tasks and services Mercer will provide to ASES in Year 1 under the Actuarial Service Provider contract.

Managed Care Program (Plan Vital)

Mercer will develop rates for the Plan Vital program in accordance with the rate-setting steps Mercer described in response to RFP # ACTUARIAL 2022 question 7.1.1.

The estimated cost for providing this service is \$577,240 in Year 1.

The estimate takes into consideration the tasks that need to be performed, staff necessary to perform each task, and the bill rates Mercer quoted below by Staff Title or Job Position.



Risk Adjustment

Mercer will deliver a methodology document that will describe in detail the process Mercer used to calculate individual risk scores, adjustments made to the risk scores due to credibility consideration, and calculation of the rebalancing factor to ensure the payment to the plans before and after risk adjustment are budget neutral. Mercer will reconcile calculated risk adjusted rates against actual cap payment in the 820 file. Final rebalanced risk scores will be provided at the same time draft capitation rates are delivered to ASES. Capitation payment risk scores will be developed twice a year.

The estimated cost for providing this service is \$103,800 in Year 1.

Medical Loss Ratio (MLR)

Mercer shall work with ASES to ensure the MLR report is delivered accurately in accordance with the requirements under 42 CFR 438.8 to measure the MCO's performance against the 92% minimum MLR. Mercer assumes one annual MLR report will be delivered per year.

The estimated cost for providing this service is \$33,900 in Year 1.

Diagnosis Related Groups (DRGs)

It is unclear what progress has been made towards implementing the DRG reimbursement system. For that reason, Mercer has quoted the cost of implementing DRG reimbursement from the ground up. At a high level, this would involve:

- Current reimbursement methodology review
- Prospective payment design and policy review, including outliers
- Cost report review
- Historical claims data analysis and grouping
- State-specific relative weight calculation
- Statewide base rate development
- Fiscal impact analysis
- Implementation support



The DRG conversion process from the beginning through implementation normally takes two years and would be beyond the October 2022 DRG implementation deadline set by the Financial Oversight and Management Board (FOMB). Therefore, Mercer and ASES would need to come to an agreeable timeline should this approach be taken. If ASES has made further progress and is seeking a contractor to complete a process that has begun, the projected cost would be lower. As an alternative, Mercer can perform a 30-day assessment upon contract execution to ascertain the current stage of DRG implementation for \$100,000. The residual budget will be applied towards the remaining tasks necessary for DRG implementation. The actual cost to ASES could be less pending the outcome of the review.

The estimated cost for providing this service is \$785,290 in Year 1.

Centers for Medicare & Medicaid Services (CMS) reports

Mercer will provide ASES with documentation of the rate development process, which includes a rate certification report, supplemental exhibits, and a crosswalk of the rate development guide requirements to the applicable sections in the certification report. ASES will be able to submit these documents to obtain approval from CMS and the FOMB. All documents will be provided 120 days prior to the rate effective date. This assumes any mid-year updates are covered under the Other Actuarial Analysis section.

The estimated cost for providing this service is \$76,500 in Year 1.

Medicare Advantage (Platino Contract)

Mercer will develop rates for the Platino program in accordance with the rate-setting steps Mercer described in response to RFP # ACTUARIAL 2022 question 7.1.1.

The estimated cost for providing this service is \$334,135 in Year 1.

The estimate takes into consideration the tasks that need to be performed, staff necessary to perform each task, and the bill rates Mercer quoted below by Staff Title or Job Position. Special consideration will be made for benefit differences specific to the Platino population.

Act No. 95 GHP

Mercer will develop rates for the Act No. 95 GHP program in accordance with the rate-setting steps Mercer described in response to RFP # ACTUARIAL 2022 question 7.1.1.

The estimated cost for providing this service is \$334,135 in Year 1.

The estimate takes into consideration the tasks that need to be performed, staff necessary to perform each task, and the bill rates Mercer quoted below by Staff Title or Job Position. Special consideration will be made for benefit differences specific to the Act No. 95 GHP population.



Data regarding Pharmacy Benefit Manager (PBM) and Pharmacy Benefit Administrator (PBA) or Rebate Aggregator (RA) Contracts

Mercer will provide robust pharmacy analysis to support all rate setting requirements and reporting, including but not limited to:

- Creating complex pharmacy drug spend and rebate trend models
- Quantifying the financial and capitation rate impact of Preferred Drug Lists (PDL)
- Evaluating 340B drug program pricing opportunities to expand drug coverage and assess the financial implications to managed care programs
- Ensuring the plans are adhering to the Formulary of Medications Covered (FMC) or List of Medications by Exception (LME) in Attachment 5 of the MCO contract
- Ensuring capitation rates are developed to be consistent with the pharmacy reimbursement levels in section 10.5.8.1 of the MCO contract and Attachment 6

The estimated cost for providing this service is \$48,800 in Year 1.

Other Actuarial Analysis

Services that Mercer will provide in this category include:

- Quarterly Onsite Training with ASES
- Financial Audit
- Fee Schedule Development (Year 1 Only)
- Ad-hoc requests: Mercer has budgeted 1,300 hours per year to support ad-hoc requests from ASES. Should the number of ad-hoc requests exceed these hours or is beyond the scope of work in the contract, Mercer will work with ASES to come to agreeable terms so the requested services can be provided. Mercer anticipates providing support for the following reports below in accordance with the RFP:
 - Financial reporting support in order to apply for federal funding
 - Fiscal reporting on encounter data in order to optimize healthcare services
 - Actuarial and fiscal analysis for budget initiatives
 - Financial and actuarial reports to be submitted for the FOMB
 - Assessment of fiscal impact of federal law, state law, rules



- Federal law waivers and budget neutrality requirements, among other actuarial analyses as needed upon request

The estimated cost for providing this service is \$875,980 in Year 1.

Staffing Plan

For the core scope of work under this contract, we propose the key personnel outlined in Table 1 below, which describes each key team member’s primary area of responsibility and functional duties, and demonstrates the comprehensive expertise Mercer is committed to bringing to this entire engagement.

Table 1

Mercer Key Staff	Project Role/Responsibility	Years of Experience
Jessica Osborne	Client Relationship Manager	20 years
An Danh, FSA, MAAA	Lead Actuary	16 years
Jennifer Feliciano	Project Manager	15 years
Mike Nordstrom, ASA, MAAA	Consultant Actuary	25+ years
Jaimie Witherite	Actuarial Analyst	8 years
Phillip Mickleborough	Actuarial Analyst	3 years
Scott Banken, CPA, MBA	RAM Consultant	23 years
Kathy Kemp, CPA	Audit Consultant	25+ years
Holly Brown	Provider Reimbursement Consultant	17 years
Kristin Coyle	Pharmacy Consultant	22 years
Keisey Rea-Clark	Risk Adjustment Consultant	11 years
Nicole Kaufman, JD, LL.M	Policy Consultant	11 years
Doug Shannon	Data Manager	20 years
Daniele Sumner	Administrative Assistant	16 years

Estimated Cost

The proposed budget for the Actuarial Services Provider contract in Year 1 is expected to be \$3,169,780. The actual amount billed by task will vary from the estimated cost for each task but Mercer will only bill for actual hours worked subject to the maximum budget amount. The hourly rate and estimated number of billable hours across all tasks in Year 1 can be found in Table 2 below.



Table 2

Staff Title or Job Position	Number of estimated FTEs	Total Annual Estimated Hours per FTE	Rate per hour per FTE	Total Estimated Annual Amount per Staff Position or Job Title
Lead Actuary	1	1455	\$400.00	\$582,000.00
Project Manager	1	271	\$275.00	\$74,525.00
Analyst	2	1854	\$180.00	\$667,440.00
Client Relationship Manager	1	279	\$375.00	\$104,625.00
Consultant Actuary	1	676	\$350.00	\$236,600.00
Data Manager	1	487	\$300.00	\$146,100.00
Informatics Analyst	2	1255.5	\$180.00	\$451,980.00
Audit Consultant	1	153	\$300.00	\$45,900.00
RAM Consultant	1	173	\$300.00	\$51,900.00
Other Personnel				
Finance Analyst	2	713	\$180.00	\$256,680.00
Pharmacy Consultant	1	113	\$300.00	\$33,900.00
Pharmacy Analyst	2	153	\$180.00	\$55,080.00
Policy Consultant	1	97	\$300.00	\$29,100.00
Provider Reimbursement Consultant	1	953	\$300.00	\$285,900.00
Risk Adjustment Consultant	1	153	\$300.00	\$45,900.00
Risk Adjustment Analyst	2	253	\$180.00	\$91,080.00
Administrative Assistant	1	123	\$90.00	\$11,070.00

Invoices will be submitted to ASES on a monthly basis. Each invoice will include itemized details of the services rendered on an hourly basis. A 5% reduction will be given on professional fees on invoices paid within thirty (30) days of receipt. Mercer will not be billing ASES for travel related expenses.



Page 7
March 18, 2022
Ms. Angie López Cabrera
Administración de Seguros de Salud (ASES)

Mercer is excited to expand our partnership with ASES and look forward to executing a mutually agreeable contract. Should you have any questions or wish to discuss any aspect of this proposed statement of work, feel free to contact me at Katie.Falls@mercer.com or +1 928 606 9035.

Sincerely,

Katie Falls

Katie Falls
Principal

Copy:

Jorge E Galva, JD, MHA; Roxanna K. Rosario, BHE, MS; Edanit Torres; Raquel Vera – ASES
Jessica M. Osborne; An Danh, FSA, MAAA; Jennifer Feliciano, PMP, MBA; Sam Espinosa - Mercer

