



January 28, 2022

**VIA EMAIL AND CERTIFIED
MAIL RETURN RECEIPT**

**TO: Mercer Health Benefits, LLC
Milliman, Inc.**

**NOTICE OF INTENT TO AWARD CONTRACT UNDER THE RFP
#ACTUARIAL 2022; REQUEST FOR PROPOSALS FOR THE ACTUARIAL
SERVICES FOR THE PUERTO RICO GOVERNMENT HEALTH PLAN**

I. Request for Proposal¹:

On October 14, 2021, the Puerto Rico Health Insurance Administration (“ASES” for its Spanish acronym) issued its Request for Proposals RFP#ACTUARIAL 2022 (the “RFP”) for the selection of a qualified entity to serve as an 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.

The RFP process for the contracting of Actuarial Services officially began on October 14, 2021. RFP notices were published both in the ASG Single Auction Register (RUS), in the Primera Hora Newspaper and on the ASES Website.

The main scope of work requested under the RFP are the following fiscal management, consulting, and technical assistance with:

- Actuarial analysis regarding the Centers for Medicare and Medicaid Services (CMS) requirements and requested certifications.
- Determine the Per Member Per Month (PMPM) rates for the Government Health Plan (GHP) (Plan Vital, Platino, Ley 95- Public Employees Health Benefits Act).
- Financial reporting support in order to apply for federal funding.

¹ Capitalized terms used herein and not otherwise defined, shall have the meaning ascribed to them in the RFP.

Notice of Intent to Award Contract
RFP #ACTUARIAL 2022

- Fiscal reporting on encounter data in order to optimize healthcare services.
- Actuarial and fiscal analysis for budget initiatives.
- Financial analysis on chronic health condition payments (risk adjustment).
- Diagnosis Related Groups (DRGs) analysis.
- Financial and actuarial reports to be submitted for the Financial Oversight and Management Board for Puerto Rico (FOMB).
- Competitive procurement process (i.e. Plan Vital, Platino contracts, Act. No. 95- Public Employees Health Benefits Act contracts).
- Assessment of fiscal impact of federal law, state law, rules, etc.
- Federal law waivers and budget neutrality requirements, among other actuarial analyses as needed upon request.

II. Participating Offerors:

In response to the RFP, the following entities (collectively, “Offerors”), submitted their respective proposals on or before 4:00 PM (AST) November 18, 2021: Milliman, Inc. (“**Milliman**”) and Mercer Health Benefits, LLC (“**Mercer**”). Said proposals were submitted electronically to the secure repository of documents created for this purpose.

The procurement process under the RFP was designed to promote fair competition and protect the identity of the Offerors from the Executive Committee. For this reason, the Executive Committee evaluated the results of the mandatory requirements evaluations, technical evaluation and cost proposal knowing the identity of the Offerors. Nevertheless, the Executive Committee, for the purpose of having communications if any, with the Board of Directors selected letters from an envelope and randomly assigned them to each Offeror as the only identifier for the evaluation’s documentation. Accordingly, the Offerors were identified with the letters A & B, as set below. Their respective representatives, the letter assigned to each Offeror, and their addresses are the following:

A. Milliman , Inc.

Ms. Susan E. Pantely
Principal and Consulting Actuary
San Francisco, CA 94108
susan.pantely@milliman.com

B. Mercer Health & Benefits, LLC

Ms. Katie Falls
Principal

Notice of Intent to Award Contract
RFP #ACTUARIAL 2022

Washington Square 1050
Connecticut Avenue NW, Suite 700
Washington, DC 20036
katie.falls@mercer.com

III. Procedural Background:

On October 11, 2021, ASES published in the newspaper a Public Notice for the Actuarial Services' RFP, notices were published both in the ASG Single Auction Register (RUS), Newspaper and ASES website as well. On October 13, 2021, ASES issued invitations to twelve (12) companies to submit proposals for the provision of Actuarial Services. On October 22, 2021, RFP documents were provided to the two (2) companies that had sent the Acknowledgment of Receipt Form. Proposals were received on November 18, 2021 from Milliman and Mercer.

The evaluation process initiated on November 24, 2021 after closing access to the electronic repository at 2:00 PM (AST). The Executive Committee validated that the Offerors: (i) submitted the Proposals on time, (ii) complied with the prerequisites to become an Offeror, (iii) payment for the acquisition of the RFP, (iv) submitted the financial and legal documents required in Section 6.7 of the RFP, as well as a Technical Proposal pursuant to Section 7 of the RFP and a Cost Proposal, and (v) complied with the format required by Section 4 of the RFP.

Based on the initial evaluations, on December 13 and 14, 2021 the Executive Committee requested both Offerors to provide missing information, additional information and to clarify some of their responses.

After receiving and evaluating the Offerors responses to the request for information made, the Executive Committee concluded that Mercer passed the Mandatory Requirements' evaluation, the Technical and Cost Proposal evaluations of this RFP. However, it concluded that Milliman was not a responsive offeror regarding the Cost Proposal evaluations and accordingly recommended it be disqualified for having failed to comply with certain requirements of the RFP since such failures were not minor irregularities or minor instances of noncompliance.

After a holistic evaluation, the Executive Committee reached the conclusions and formulated the recommendations presented to the ASES' Board of Directors Contracts Committee on December 16, 2021. The Board's Contract Committee requested additional information regarding the cost proposals evaluations and ASES' designated budget for Actuarial Services contract. On December 20, 2021 the Contracts Committee of the Board had a meeting to discuss and evaluate the requested information, but did not recommend to pass the matter to de Board of Directors in its full constitution.

On January 20, 2022, the Board's Contracts Committee in meeting accepted the Executive Committee recommendation of disqualification of the non-responsive offeror and to pass for votes of the Board of Directors in full constitution the RFP adjudication. Accordingly, the Board of Directors on January 27, 2022, meeting adjudicate the RFP to Mercer Health and Benefits, LLC.

IV. Principal factors and criteria taken into consideration for the adjudication, including the reasons to disqualify an Offeror:

1. Reasons for the Disqualification of Milliman, Inc:

- a. Based on the Cost Proposal specifics, Milliman (Offeror A) did not include a detailed narrative of the estimated costs per task, as required by the RFP's instructions on Section 5.6 and Appendix F. If no explanation for the cost is presented, this Committee could not compare the justifications for the costs provided per task by the Offerors. Hence, Offeror A Cost Proposal is deemed non-responsive.

2. Reasons for the Selection of Mercer Health & Benefits, LLC:

As previously stated, Mercer (Offeror B) is the only responsive Offeror in this RFP. Mercer is financially stable and solvent, substantially complied with the requirements of this RFP, presented a satisfactory technical proposal and its Cost Proposal was complete, reasonable. Even though both Offerors have the technical and experience capabilities, Mercer presented its abilities in a more detailed and comprehensive way. In sum, the award in favor of Mercer is in the best interest of ASES, the Government of Puerto Rico and the Government Health Plan.

V. Notice of Final Determination:

Pursuant to Section 5.8 of the RFP, the successful Offeror of the RFP #ACTUARIAL 2022 is Mercer. Accordingly, and as per Sections 2.3.6 and 5.7 of the RFP, you are hereby notified of said selection and ASES' intent to award said Offeror a year and a half contract with an option of an extra year under this RFP for actuarial services.

WARNINGS REGARDING RECONSIDERATION AND JUDICIAL REVIEW:

Any Offeror who understands that it has been affected by the final determination of ASES in the adjudication of this RFP may submit to ASES a Petition for Reconsideration within twenty (20) calendar days from the date of the mailing of this notice. This is a jurisdictional

Notice of Intent to Award Contract
RFP #ACTUARIAL 2022

term, not subject to extension of time. The petition must comply with the requirements stated in Section 2.3.7 of the RFP and be filed at the following addresses:

**Attention of:
ASES Executive Director
Urb. Caribe Sector El Cinco
1549 Calle Alda
San Juan, PR 00926-2712**

Or

asesactuarialservicerfp@asespr.org

The Offeror seeking the reconsideration of this decision must notify all other Offerors who participated in the RFP with a copy of the Petition of Reconsideration within the same twenty (20) day term to file the petition. This is a requirement of strict compliance. ASES shall consider the Petition for Reconsideration within thirty (30) calendar days of the filing of the petition. ASES may extend said term only once, for an additional term of fifteen (15) calendar days. Failure to consider the Petition for Reconsideration shall be deemed as an outright rejection of the petition and thereafter, shall run the twenty (20) calendar day's term to request a judicial review before the Court of Appeals. If a determination is made in its consideration, the term for requesting judicial review will begin from the date on which a copy of the notification of the decision of ASES was deposited in the mail, resolving the petition.

Likewise, the party adversely affected by a decision on reconsideration filed before ASES, may request judicial review before the Court of Appeals within a jurisdictional period of twenty (20) calendar days from the date of the mailing of notice of the final order or resolution on reconsideration.

Cordially,



Jorge E. Galva, JD, MHA
Executive Director