

State of Arkansas Bureau of Legislative Research

**RFP No. BLR-210001 for
Employee Health Benefits
Consulting Services**

**Produced by Cheiron, Inc.
April 9, 2021**

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
Transmittal Letter	i
1 – General Information	1
2.0 – Employee Health Benefits Study Overview	3
2.1 Objectives	3
3.0 – Topics for Analysis and Recommendations	4
3.1 Consulting Capabilities	15
3.2 Employee Health Benefits Consulting	22
4.0 Compensation	22
4.1 Payment Schedule	22
4.2 Travel, Lodging, and Meals	22
5.0 – Comprehensive Vendor Information	23
5.1 – Vendor Profile	23
5.2 – General Information	28
5.3 – Disclosure of Litigation	29
5.4 – Executive Summary	30
5.5 – Vendor’s Qualifications	33
6.0 – General	54

Appendices

- Appendix A – Certificate of Authority
- Appendix B – Client List
- Appendix C – RFP Cover Page
- Appendix D – Proposal Signature Page

Attachment A – Official Proposal Price Sheet (submitted separately)



April 9, 2021

Bureau of Legislative Research
500 Woodlane Street
State Capitol Building, Room 315
Little Rock, Arkansas 72201

**Re: Request for Proposal to Provide Employee Health Benefits Consulting Services
RFP No. BLR-210001**

Dear Ms. Thayer:

Cheiron, Inc. is pleased to present this proposal in response to the RFP issued by the Bureau of Legislative Research (BLR) to provide Employee Health Benefits Consulting Services for the Executive Subcommittee of the Arkansas Legislative Council (the “Subcommittee”).

In the following sections, we will introduce you to our qualified and experienced consultants and our effective and innovative style of consulting as well as address how Cheiron meets and will work to exceed the minimum requirements stated in the RFP. As you read our response, please consider the following benefits to the Subcommittee from working with Cheiron:

Experience with Arkansas Plans. The project requires a thorough analysis of many areas to be done in a relatively short span of time. Therefore, the consulting firm needs be familiar with the unique characteristics and history of the ASE and PSE plans. Cheiron served as the actuary for EBD for 11 years, and the project team includes a former Deputy Executive Director of EBD and a long-term employee.

Experience with Arkansas Legislature. Cheiron has testified before the Arkansas Legislature, committees, and the Life and Health Insurance Task Force.

Unique tools. Cheiron has developed unique tools that will assist in this project including:

- **H-Scan** projection model of the ASE and PSE plans.
- **Cheiron Health BI** business information tool to analyze the ASE and PSE data and provide valuable insights
- **Cheiron Risk Score Model** to compare the risk of the population over time or across groups

Unbiased. Cheiron presents options and educates clients on the risks and potential benefits of those options. We will not recommend solutions.

Conflict free. Cheiron does not accept any assignments, compensation, or subcontracting arrangements from healthcare vendors in the group health marketplace. Firms that do so have a conflict of interest.

We consider it an honor to be considered for this assignment consultant role. We believe that our consulting team’s experience at handling large and complex assignments rivals that of any other firm. We have been told by our clients and peers that the reason we have been chosen for assignments is because of our superior innovative consulting tools in combination with the expertise, depth of experience, integrity and independence of our consultants. In other words, we have created a firm with excellent personnel who have excellent tools at their fingertips in order to provide the highest quality of service for clients.

Ms. Jillian Thayer

April 9, 2021

Page ii

We are confident we can do a superior job providing a unique experience for the Executive Subcommittee of the Arkansas Legislative Council, and we look forward to answering any questions you may have.

Sincerely,
Cheiron



John Colberg, FSA, EA, MAAA
Principal Consulting Actuary



Gaelle Gravot, FSA, MAAA
Principal Consulting Actuary

1. GENERAL INFORMATION

SECTION	RESPONSE
1.0	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.1	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.2	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.3	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.4	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.5	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.6	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.7	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.8	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.9	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.10	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.11	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.12	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.13	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.14	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.15	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.16	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.17	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.18	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.19	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.20	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.21	Cheiron acknowledges and agrees with the requirements set forth in this section.

SECTION	RESPONSE
1.22	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.23	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.24	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.25	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.26	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.27	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.28	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.29	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.30	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.31	Cheiron acknowledges and agrees with the requirements set forth in this section.
1.32	Cheiron acknowledges and agrees with the requirements set forth in this section.

2.0 EMPLOYEE HEALTH BENEFITS STUDY OVERVIEW

Cheiron acknowledges and agrees with the requirements set forth in this section.

2.1 OBJECTIVES

Cheiron acknowledges and agrees with the requirements set forth in this section.

Cheiron will deliver to the Subcommittee a timely report outlining options available to support the financial soundness and wellness of the ASE and PSE plans. Our analyses and our report will cover all aspects operations of the Plans, including but not limited to

- provider network reimbursement,
- employer/employee contribution strategy,
- administrative expenses,
- plan operations,
- plan designs,
- market-based benchmarking,
- quality initiatives, and
- over-arching systemic goals.

Our independence from current and prospective vendors, as well as our integrity and objectivity, are the guarantee that the results of our deep dive analysis of the Plans will be presented in an objective and politically neutral manner. Cheiron's experience and knowledge of the ASE and PSE plans will help provide a comprehensive report by the requested deadline.

3.0 TOPICS FOR ANALYSIS AND RECOMMENDATIONS

A. In general

Cheiron acknowledges and agrees with the requirements set forth in this section.

B. Topics for Analysis and Recommendations

- **A comprehensive market based analysis of large self-funded employers, both governmental and private sectors, to compare key elements of the Plans. Elements to include but not limited to:**
 - **member premium cost share as a percentage of the base monthly health plan premium (employer contribution compared to employee net cost),**
 - **member cost shares in the form of Deductible, Co-Pays, Co-Insurance percentage, and Maximum Out of Pocket compared to total annual cost of healthcare services, and**
 - **member participation rates by plan option and for various coverage tiers currently at Employee Only, Employee & Spouse, Employee & Child(ren), and Employee & Family.**

To the extent available and applicable to the discussions, Vendor shall consult fully insured employer groups for applicable comparisons as well as large employers in both the self-funded and fully insured market

We are experienced in producing comprehensive analysis across all plans. Our analysis for this project will include comparison of governmental and private sector plans. We propose combining this task of the analysis with the task to review other public employee plans throughout the state for employers outside the current ASE and PSE plans.

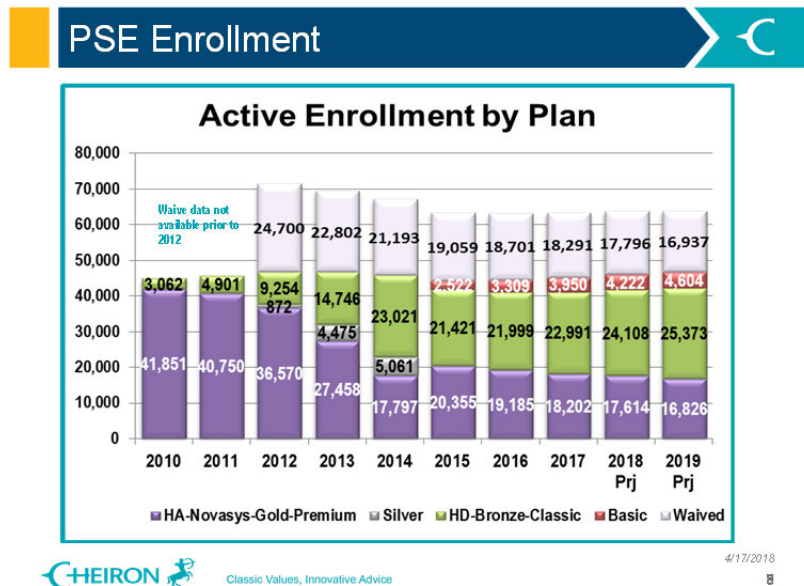
In our analysis we will model the actuarial values of each plan design, so the Legislature can see an aggregate comparison of plan designs and participant contribution rates. Actuarial values, however, present an aggregate picture of the plan designs and, thus, may not pick up subtle differences that can disproportionately affect a certain population. Therefore, we also will model the plan designs of sample individuals – such as those required for the Summary of Benefits and Coverage. The model will be presented interactively so the Subcommittee and/or the Legislative Council can see the impact of specific benefits or conditions they might be concerned about.

As part of this analysis, we will also identify key trends in plan design and compare to trends to ASE and PSE.

- **Non-member demographics to fully analyze and understand the characteristics of the employed and eligible population that opt NOT to participate in the Plans at any available coverage tiers.**

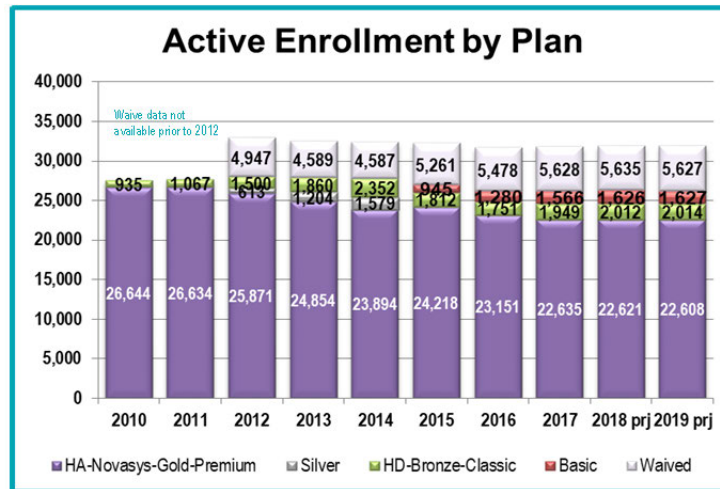
- **Data and analysis that will provide the Subcommittee with a better understanding of the economic impact of the premium at the current rate compared to salary of different individuals.**
- **Vendor shall then use applicable details to examine the impact of and present options such as a possible salary adjustment factor or other income-based element to the current employee premium schedule.**

Cheiron has experience in analyzing the nonmember demographics of ASE and PSE. The number of opt outs and the demographic characteristics of the opt outs for ASE nonmember demographics has been in the range of what we see for expected opt outs for typical population. PSE, however, has a higher proportion of opt outs compared to a typical population. In our April 17, 2018 Preliminary 2019 Rate Projections presented to the Board we identified for PSE the high number of “waived” (i.e., nonmember) was declining since 2012 but remained above the norm.



In contrast, the ASE “waived” population was creeping up slightly every year while the active enrolled population was slightly declining or stable.

ASE Enrollment



Classic Values, Innovative Advice

4/17/2018
14

With salary information, we can provide information on nonmembers by salary band as well as the demographic characteristics. From there we can model the impact of alternative salary-based contribution options.

As many factors may influence an employee to enroll or to waive coverage in the ASE or PSE plans, we will compare the nonmember demographics and salary analysis to the demographic characteristics and salary information of the employees enrolled in ASE and PSE to gauge the impact of salary and/or age on enrollment decision. We will also review whether geography has an impact on enrollment.

- **A comprehensive provider network analysis to review the breadth of the network supporting the Plans and a full actuarial analysis of the paid claims for a benchmark comparison to the published rates for Medicare fee for service.**
 - **Historically, the administrative aspect of provider network recruitment, credentialing, and fee schedule negotiation has been contracted to managed care networks and state-wide carriers with little to no direct intervention at the Board or legislative fronts.**

Cheiron has conducted numerous provider network analyses for its clients and assisted some of them with direct provider negotiations. Our clients have been able to reduce their health plan expenses and their member or employees health care expenses while maintaining the value of the benefit designs offered by selecting the provider networks that best suit their needs.

To enhance its service to the Subcommittee, Cheiron has subcontracted with Echelon Benefits Group (“Echelon”). Echelon has extensive knowledge of reviewing, evaluating, and negotiating network contracts on a state and national basis. Because of proprietary contract language often found in a network setting, Echelon analysis will uncover potential concerns

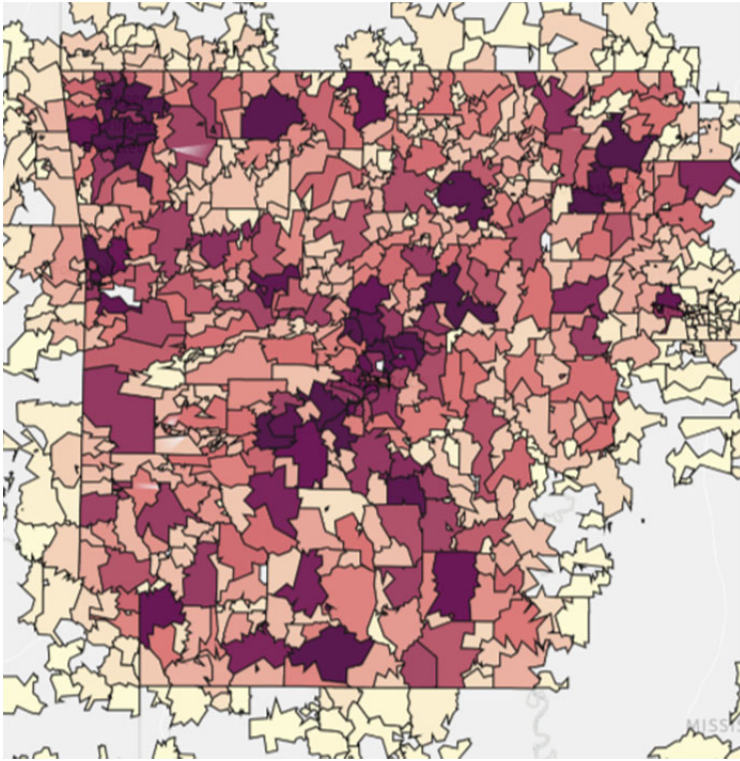
such as outlier and stop loss provisions that can create unnecessary and avoidable plan expenditures. Benchmarking past claims history in various carrier/provider contracting formats to a 100% Medicare baseline will provide a mechanism for understanding how to leverage quality and cost outcomes for long-term cost savings. In addition, the data will allow for a comprehensive solution for bringing the Board and/or legislature to the table for ongoing negotiations instead of paying capitated rates for access to network solutions without knowing the costs on a pre-claim basis.

Cheiron has also subcontracted with C4 Healthcare Solutions to assist with a gap analysis of EBD's plan operations and administration. The C4 consultants proposed to be assigned to this engagement are former EBD employees and have intimate knowledge of EBD's past plan operations, administrative procedures, and challenges, including relationship with network providers, and the regulations that apply to EBD.

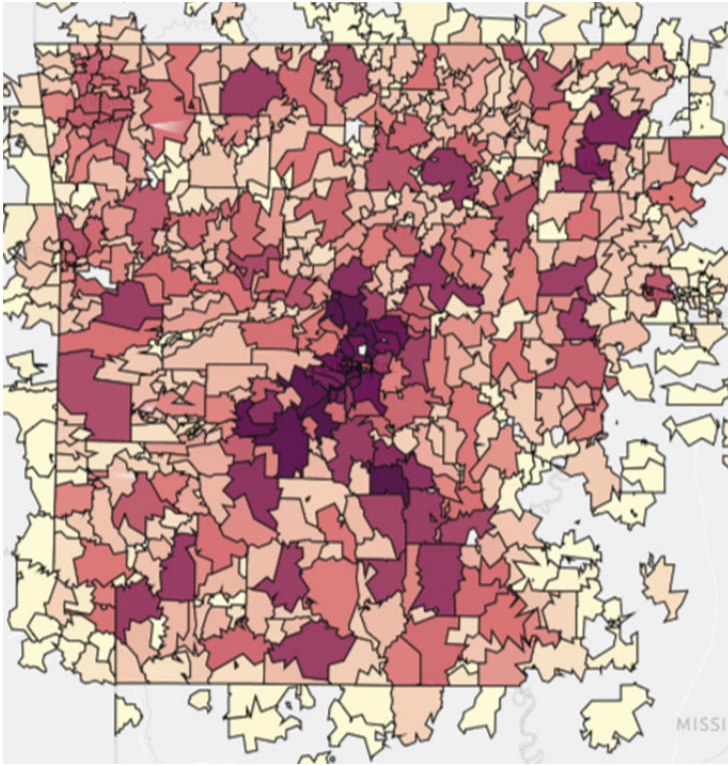
- **A comprehensive review of the Arkansas provider community to review Centers of Excellence or other recognized aspects of quality for various procedures as a consideration for a limited or specialized network for more complex procedures.**
 - **The review should be sensitive to the diversity of the State and School workforce in the areas of technical proficiency, geography, economic impact to the employer and member in regards to their time away from work, variations in out of pocket costs for care at different locations, and other issues that are directly impacted by limited access to care.**

Cheiron's and Echelon's current client base and associated members within the state are quite diversified in geography, education level, socioeconomic background, and training skillset. Developing equitable opportunities for quality of care, regardless of all factors above, has been a core tenet of reaching the desired outcomes of employer and member economic and healthcare goals. Our review and analysis will thoroughly consider how best to understand all unique aspects of the enrollment within all plans and provide solutions that reduce productivity issues, required time off work for routine and acute care, and increase access to quality care with reduced plan and member out-of-pocket expenses.

As part of our analysis, we find mapping the population vs. the provider network to be of value. Below is a map of the PSE population from December 2018. Darker areas denote higher areas of concentration. Notice that various points around the state have significant concentrations of participants.



Contrast this with the ASE population below, which is much more concentrated in central Arkansas. Any provider networking needs to consider the different geographic makeup of the ASE and PSE populations.



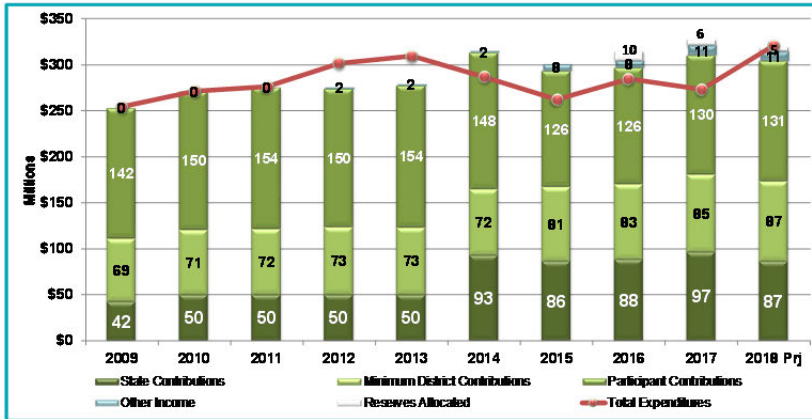
- **A comprehensive review of participation rates, members to subscriber ratio between the two Plans, plan designs detailing all cost shares to which the members were exposed, base premium cost, state/school contribution amounts, and employee / retiree premium for the last 15 years.**
 - **This review should include an analysis of the progression of the Plans in regards to participation, costs, and employer subsidy so that paths forward can have the benefit of the past to help direct strategic decisions.**

We believe it is important for all parties to have the historical perspective. We generally include a historical perspective during most of our work and have experience communicating such information in a way that educates parties on the history of the plans. We are well aware that many in the legislature do not have the background or history with the plans, and the ones who do have many other issues to deal with and will need a refresher on the history of the plans.

Specifically for ASE and PSE, having been the consulting actuaries to EBD for over 10 years, Cheiron has a thorough understanding of the history of the plans and has experience presenting this information. As part of our annual monitoring report, during the presentations to the Board during the rate-setting process, and also to the legislative task force, we presented a historical review of the members, participation, contributions, assets, and premiums. Below are some samples of presenting historical information.

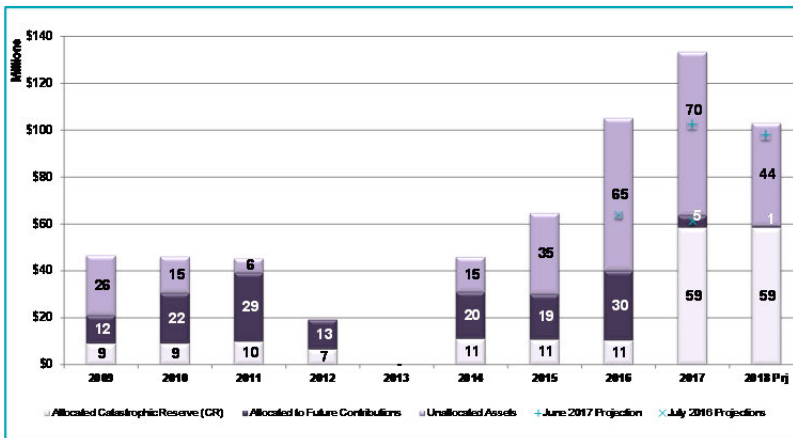
PSE -- Income vs. Expenditures

The chart below displays the total income and expenditures by calendar year as reported in the financial statements; however, State contributions are allocated to the fiscal for which they are used to offset the rates even if they were contributed in the prior calendar year. The total expenditures shown by the red line include paid claims, IBNR change, and expenses. The income includes State contributions, minimum District contribution, participant contributions and other income. 2018 figures are based on the updated projections developed for this report.



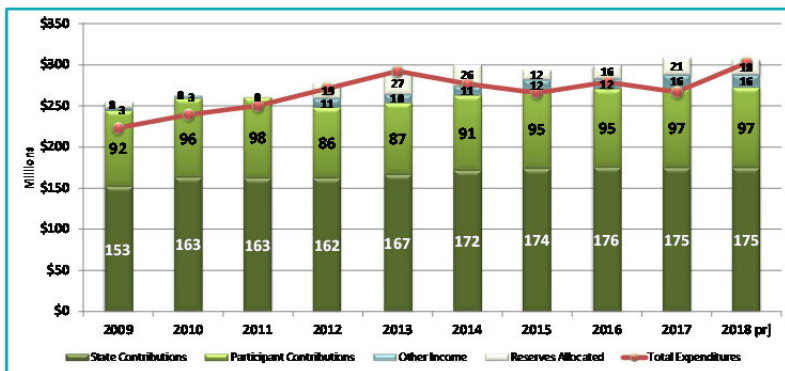
PSE – End of Year Assets Available

The chart below displays the total EOY assets available to offset for future contributions, excluding amounts that are contributed by the State for the following plan year. The darker shade shows assets that have been already allocated by the Board. The unallocated assets represent any additional assets available. The lighter shade shows the allocated catastrophic reserve. The 2018 figures are based on the updated projection developed for this report.



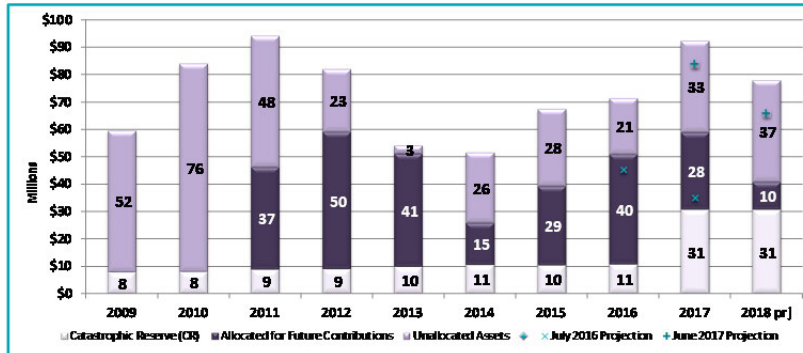
ASE -- Income vs. Expenditures

The chart below displays the total income and expenditures by calendar year as reported in the financial statements. The total expenditures, shown by the red line, include paid claims, IBNR change, and expenses. The income includes State contributions, participant contributions and other income. 2018 figures are based on the updated projections.



ASE -- End of Year Assets Available

The chart below displays the total EOY assets available to offset for future contributions. The darker shade shows assets that have been already allocated by the Board. The unallocated assets represent any additional assets available. The lighter shade shows the allocated catastrophic reserve. The 2018 figures are based on the updated projection developed for this report.



- A review of the other public employee plans (cities, counties, colleges, universities, and other public workforces) offered throughout the state for employers outside the current ASE and PSE Plans.
 - This should include, at a minimum, the primary elements of plan design, the base premium, employer subsidy, and employee net costs for the last 5-7 years.

As indicated under the first bullet of section 3.0., the review of the other public employee plans will be included in the comprehensive market-based analysis.

- A review of the contribution strategy for each plan option and coverage tier and how the funding strategy impacts the mix of enrolled members.
 - For the current 2021 plan year, the amount of “State & Plan Contribution” varies by plan option and by coverage tier.
 - Historically, a contribution was allocated based on a percentage of the Base Monthly Premium that varies by plan and tier.

At one time the contribution strategy for ASE was based on a philosophy of the employee paying for 25% of the cost of coverage for (what is now) the premium plan and 50% for the cost of dependents. For retirees, the percentages were 40% and 60%, respectively. PSE, however, had no such strategy (at least not in the last 10 years). Over the years, however, that philosophy has been abandoned as the Board focused primarily on the change in contribution rates year-to-year by plan option and tier.

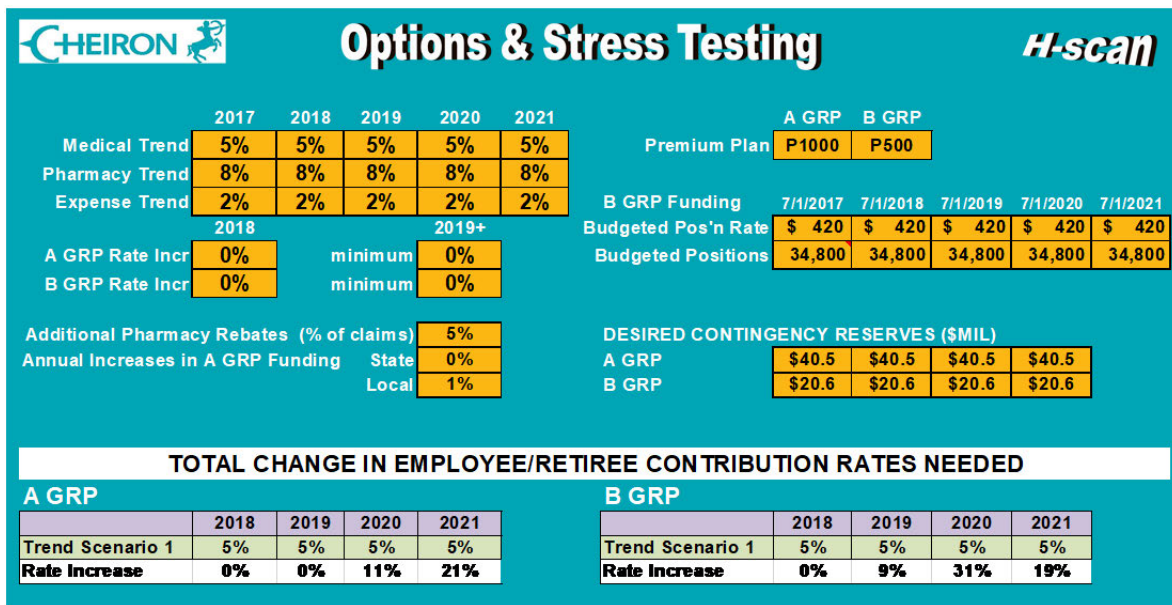
Cheiron, in our annual analysis for the board would model different contribution strategies by plan option and tier. Our analysis would include how the fund strategy would influence migration among the plan – participants changing plan coverage as a result of the changes in contributions. In addition, we would model the resulting change in health risks in the plans that would result from the plan migration. We would also present stress tests for different migration results. For this analysis, Cheiron would bring that same modeling to the Subcommittee to educate them on the impacts that contribution changes would likely result in.

April 9, 2021

Wellness Incentive		Benefits (Ded)		Reserve Building		Employee Cost	
Penalty PEPM	\$25	Premium	P500	Reserve Contrib per Adult	0	Method	Percent
% Wellness Util	90%	Classic	C2500	Reserve Load	0	Premium Change	0.0%
Current Wellness Util	80%	Basic	B6600	Migration Scenario	H	Classic Change	0.0%
Cost per New Exam	\$0	PT Eligible	No	% Plan B to Plan C	20%	Basic Change	0.0%
Claim Savings	0.0%	Bariat. Surg	Excluded	Lost Positions Oct 2016	0	Not Used	
Penalties offset rates?	Yes			Lost Covered Oct 2016	0	Min EE only Classic	\$0.00
NME Med Claims Flux	0%			Additional NME Retirees	0		

Actives	Risk Adjusted Total Rate	State Contrib. & FICA	Reserve Used / (Added)	2018 Employee Cost	2017 Employee Cost	Change in EE Cost (%)	Assumed Enrollment	Prior Year Rate	Percent Change	
Premium										
Employee Only	\$495.48	\$348.14	\$39.42	\$107.92	\$107.92	\$0.00	0%	13,365	\$478.84	3%
Employee & Spouse	1,104.06	641.03	72.57	390.46	390.46	0.00	0%	2,095	1,083.42	2%
Employee & Child(ren)	826.22	547.85	62.03	216.34	216.34	0.00	0%	4,907	807.42	2%
Family	1,434.80	840.74	95.18	498.88	498.88	0.00	0%	1,876	1,412.00	2%
Est. Monthly Total (\$mil)	\$15.7	\$10.3	\$1.2	\$4.3	\$4.3	\$0.0	0%	22,243		
Classic										
Employee Only	\$432.90	\$345.86	\$39.16	\$47.88	\$47.88	\$0.00	0%	1,293	\$415.98	4%
Employee & Spouse	957.76	635.49	71.95	250.32	250.32	0.00	0%	154	937.40	2%
Employee & Child(ren)	718.14	543.83	61.57	112.74	112.74	0.00	0%	340	699.36	3%
Family	1,243.00	833.46	94.36	315.18	315.18	0.00	0%	187	1,220.78	2%
Est. Monthly Total (\$mil)	\$1.2	\$0.9	\$0.1	\$0.2	\$0.2	\$0.0	0%	1,973		
Basic										
Employee Only	\$382.84	\$343.90	\$38.94	\$0.00	\$0.00	\$0.00	n/a	1,239	\$366.10	5%
Employee & Spouse	838.60	630.73	71.41	136.46	136.46	0.00	0%	153	818.86	2%
Employee & Child(ren)	630.54	540.36	61.18	29.00	29.00	0.00	0%	256	612.18	3%
Family	1,086.28	827.17	93.65	165.46	165.46	0.00	0%	168	1,064.94	2%
Est. Monthly Total (\$mil)	\$0.9	\$0.8	\$0.1	\$0.1	\$0.1	\$0.0	0%	1,816		
Total (Monthly) (\$ m)	\$17.8	\$11.9	\$1.4	\$4.5	\$4.5	\$0.0	0%	26,033		
Est Annual Total (\$ mil)	\$213.7	\$143.4	\$16.2	\$54.1	\$54.1	\$0.0	0%			
Total Active & Ret (\$ mil)	\$295.9	\$180.2	\$20.4	\$95.3	\$95.3	\$0.0	0%	38,755		

Above is one screen from one of our *H-Scan* models that similar to what we used for the ASE and PSE plans. The rates calculation is shown in the bottom two-thirds of the page. The top third represents inputs that can be changed with the results shown interactively. The top questions can change depending upon the issues being discussed. For this model, the top left section shows inputs related to wellness incentives and how they might affect costs. The next section represents different benefit design options. The next section shows the ability for an additional load into the rates for building reserves and (below that) for possible changes in population. The top right section presents different methods for calculating employee contribution increases.



Above is another screen from the same *H-Scan* model. The purpose of this screen was to show – based on the rate increase adopted for 2018 – what 2019 through 2021 employee and retiree rate increases might look like. Using the top inputs, the client can see the impact that alternative trends, rate increases in 2018, and State and Local funding increases would have on the future rate increases.

We would incorporate into this analysis the potential income-based changes from the non-member/income demographic analysis.

- **A review of the concepts around Value Based Contracting and Episode of Care contracting for various medical procedures as well as the benefits to the Plans and the members if all providers actively participated in public disclosure and price transparency**

Cheiron and Echelon have experience in value based contracting and episode of care contracting. Cheiron has helped plan sponsors negotiate value-based contracts directly with providers. We can present the advantages and disadvantages of each approach and the project the likely impact on the ASE and PSE plans.

In addition, as a result of the Consolidated Appropriations Act, 2021, all providers / networks will be required to participate in price transparency in 2022. The plans will be required to provide participants with tools to analyze the cost of treatment episodes. Although many of these tools have been available for several years, not all provides have participated, and few patients have taken advantage of these tools. We will present our outlook for the price comparison tools. We also believe that quality information will be a key component in addition to price and will comment on the extent to which the available tools include quality information.

- **A review of the economic impact regarding the pre-tax premiums coordinated through the public school’s cafeteria plans and how those tax savings could be used to benefit the PSE Plan as future premium subsidy.**

Cheiron was the consultant in 2014/2015 when the legislature voted to allow the PSE plan to use FICA tax savings to fund the PSE plan. We have experience modeling the plan with and without such tax savings and in projection the amount of tax savings to be used for future premium subsidies. This will be incorporated in the model of employee contributions, as the amount of contributions affects the FICA savings available.

- **A review of the economic impact regarding a revision to the public school contribution threshold adjusting from a minimum contribution amount per enrolled individual per month (per Arkansas Code § 6-17-1117 et seq.) to a methodology similar to the state funding of an amount per-budgeted position basis.**

Cheiron’s modeling capabilities of the PSE plans includes the ability to change the basis for the PSE contribution. This can be to an amount per-budgeted position basis or to another basis that the Subcommittee and/or Legislative Council would like to see modeled. It is also important to stress-test the contribution basis – what happens, for example, if budgeted positions go unfilled and then are trimmed (as happened recently with ASE)? If desired, we will also present other contribution bases that may have advantages but have not yet been considered.

- **Analysis of all current legislation applicable to the Plans and recommendations for draft legislation to aid in the strategic growth of the Plans and their improved financial viability.**

We have assembled a consulting team that includes the actuarial consultant for the plan for a decade and two former administrators of the plan, we are already familiar with most of the legislation that affects the plans. We will have no difficulty incorporating such legislation into our analysis. We will also identify challenges that could be overcome – as well as the potential disadvantages – of changing legislation.

In addition, the consulting team has experience in drafting legislation for various public sector entities.

3.1 CONSULTING CAPABILITIES

In this section we detail other capabilities, ideas, guidance, and other information to fully demonstrate our capabilities.

Our consulting and actuarial experience primarily focuses on public sector plans at all levels (States and municipalities) and multi-employer funds of various sizes in various industries nationwide. Cheiron offers significant experience in working with large, complex plans. Here are some facts to demonstrate our experience:

- Plans that Cheiron serves range in size on a participant basis from less than one thousand to several hundred thousand participants.
- The consulting team has experience with several large public sector clients including the State of Arkansas, the State of Maine, the State of Florida, and the District of Columbia.
- The proposed lead consultant has more than 25 years of experience with state benefit programs.

Cheiron is either the consultant and/or actuary to approximately 130 health care clients. Below we highlight some of our capabilities:

Experience with ASE & PSE

From 2009 - 2019, Cheiron provided consulting and actuarial services to the Employee Benefit Division of the State of Arkansas (EBD), consulting to the plans that cover the State (ASE) and Public School (PSE) employees. Services for the plans include the following:

- An annual monitoring report for the previous calendar year, reviewing the experience of the plan, how it compared to projections, and an overview of key statistics of the plan for the Board
- An annual detailed analysis on medical and pharmacy trends and how they compare to national benchmarks
- Projections of claims, expenses, and income
- Consultation on setting employee contribution rates to ensure financial stability
- Analysis of proposed benefit changes
- Attendance at all Benefits Committee and Board meeting as directed
- Testimony before State legislative bodies, committees, and task forces
- Calculation of incurred but not recorded claims levels
- Providing information for the State's Financial Reporting
- Bi-annual OPEB valuations
- Assisting in drafting medical network and pharmacy benefit manager RFPs
- Assisting in medical network and pharmacy benefit manager bid evaluations

H-Scan Interactive Projection Software

At Cheiron we present our projections our proprietary interactive projection software, called

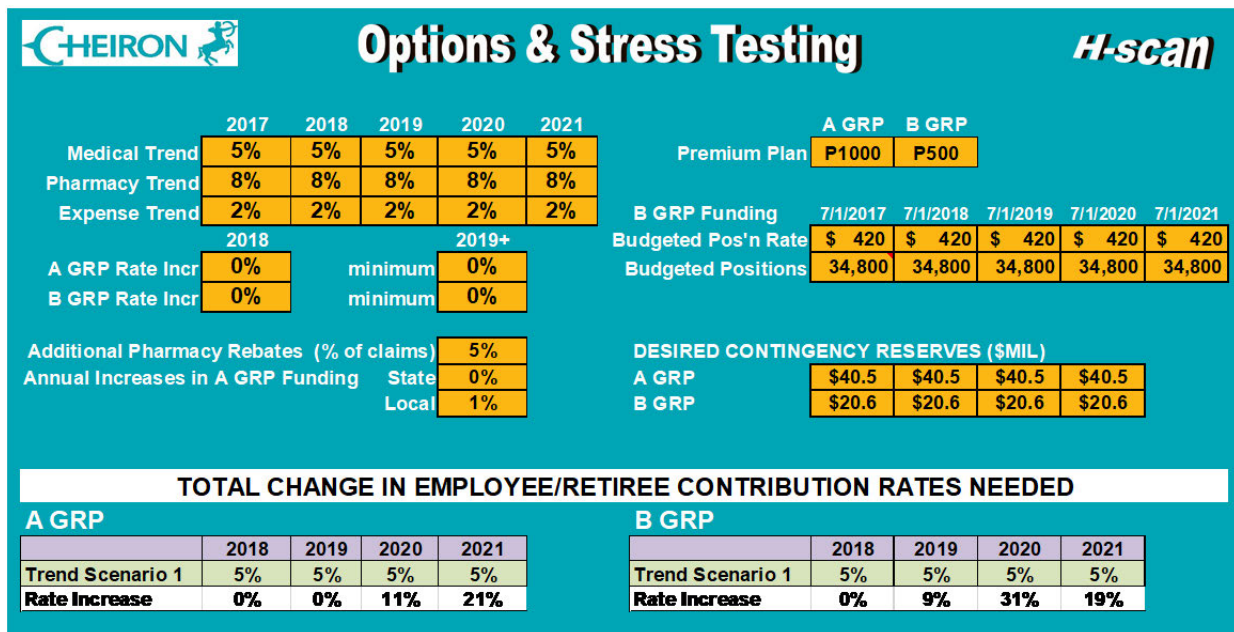
April 9, 2021

H-Scan. *H-Scan* provides projections of key financial components including monthly detailed cash flow projections – and has key interactive components like trend assumptions. *H-Scan* has many modules, including those that evaluates contribution rates, reserve levels, and annual claims. These interactive analyses allow decision makers to better understand both the projections themselves and which components have the biggest impact on the bottom-line. We further discuss the likelihood of any option that is simulated. For the State of Arkansas, we used a customized *H-Scan* during the rate-setting process. With the model already customized, it will help streamline our analysis for the Subcommittee.

Wellness Incentive		Benefits (Ded)		Reserve Building		Employee Cost	
Penalty PEPM	\$25	Premium	P500	Reserve Contrib per Adult	0	Method	Percent
% Wellness Util	90%	Classic	C2500	Reserve Load	0	Premium Change	0.0%
Current Wellness Util	80%	Basic	B6600	Migration Scenario	H	Classic Change	0.0%
Cost per New Exam	\$0	PT Eligible	No	% Plan B to Plan C	20%	Basic Change	0.0%
Claim Savings	0.0%	Bariat. Surg	Excluded	Lost Positions Oct 2016	0	Not Used	
Penalties offset rates?	Yes			Lost Covered Oct 2016	0	Min EE only Classic	\$0.00
NME Med Claims Flux	0%			Additional NME Retirees	0		

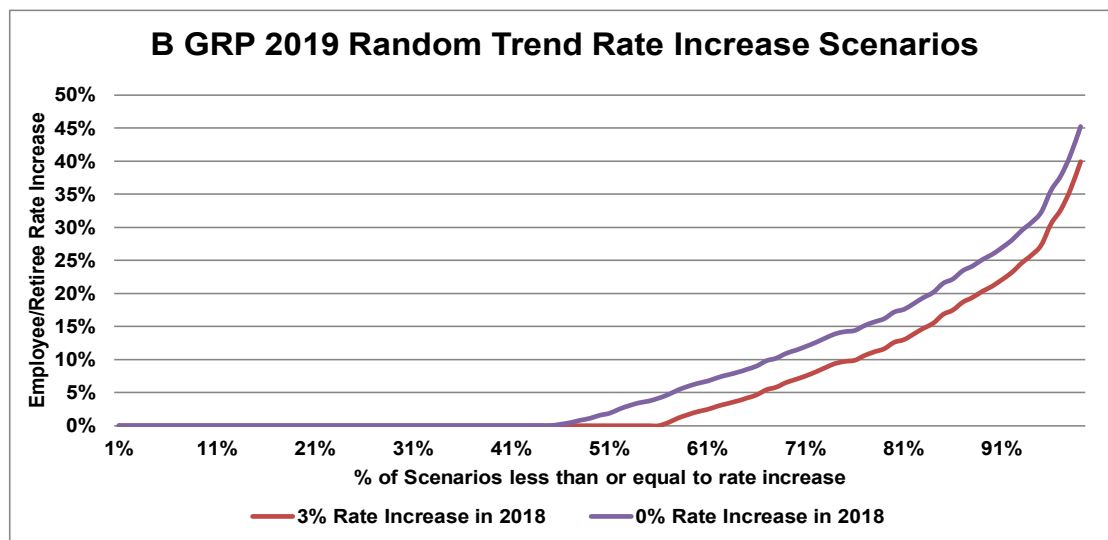
Actives	Risk Adjusted Total Rate	State Contrib. & FICA	Reserve Used / (Added)	2018 Employee Cost	2017 Employee Cost	Change in EE Cost (%)	Assumed Enrollment	Prior Year Rate	Percent Change	
Premium										
Employee Only	\$495.48	\$348.14	\$38.42	\$107.92	\$107.92	\$0.00	0%	13,365	\$478.84	3%
Employee & Spouse	1,104.06	641.03	72.57	390.46	390.46	0.00	0%	2,095	1,083.42	2%
Employee & Child(ren)	826.22	547.85	62.03	216.34	216.34	0.00	0%	4,907	807.42	2%
Family	1,434.80	840.74	95.18	498.88	498.88	0.00	0%	1,876	1,412.00	2%
Est. Monthly Total (\$mil)	\$15.7	\$10.3	\$1.2	\$4.3	\$4.3	\$0.0	0%	22,243		
Classic										
Employee Only	\$432.90	\$345.86	\$39.16	\$47.88	\$47.88	\$0.00	0%	1,293	\$415.98	4%
Employee & Spouse	957.76	635.49	71.95	250.32	250.32	0.00	0%	154	937.40	2%
Employee & Child(ren)	718.14	543.83	61.57	112.74	112.74	0.00	0%	340	699.36	3%
Family	1,243.00	833.46	94.36	315.18	315.18	0.00	0%	187	1,220.78	2%
Est. Monthly Total (\$mil)	\$1.2	\$0.9	\$0.1	\$0.2	\$0.2	\$0.0	0%	1,973		
Basic										
Employee Only	\$382.84	\$343.90	\$38.94	\$0.00	\$0.00	\$0.00	n/a	1,239	\$366.10	5%
Employee & Spouse	838.60	630.73	71.41	136.46	136.46	0.00	0%	153	818.86	2%
Employee & Child(ren)	630.54	540.36	61.18	29.00	29.00	0.00	0%	256	612.18	3%
Family	1,086.28	827.17	93.65	165.46	165.46	0.00	0%	168	1,064.94	2%
Est. Monthly Total (\$mil)	\$0.9	\$0.8	\$0.1	\$0.1	\$0.1	\$0.0	0%	1,816		
Total (Monthly) (\$mil)	\$17.8	\$11.9	\$1.4	\$4.5	\$4.5	\$0.0	0%	26,033		
Est Annual Total (\$mil)	\$213.7	\$143.4	\$16.2	\$54.1	\$54.1	\$0.0	0%			
Total Active & Ret (\$ mil)	\$295.9	\$180.2	\$20.4	\$95.3	\$95.3	\$0.0	0%	38,755		

Above is one screen from one of our *H-Scan* models that similar to what we used for the ASE and PSE plans. The rates calculation is shown in the bottom two-thirds of the page. The top third represents inputs that can be changed with the results shown interactively. The top questions can change depending upon the issues being discussed. For this model, the top left section shows inputs related to wellness incentives and how they might affect costs. The next section represents different benefit design options. The next section shows the ability for an additional load into the rates for building reserves and (below that) for possible changes in population. The top right section presents different methods for calculating employee contribution increases.



Above is another screen from the same *H-Scan* model. The purpose of this screen was to show – based on the rate increase adopted for 2018 – what 2019 through 2021 employee and retiree rate increases might look like. Using the top inputs, the client can see the impact that alternative trends, rate increases in 2018, and State and Local funding increases would have on the future rate increases.

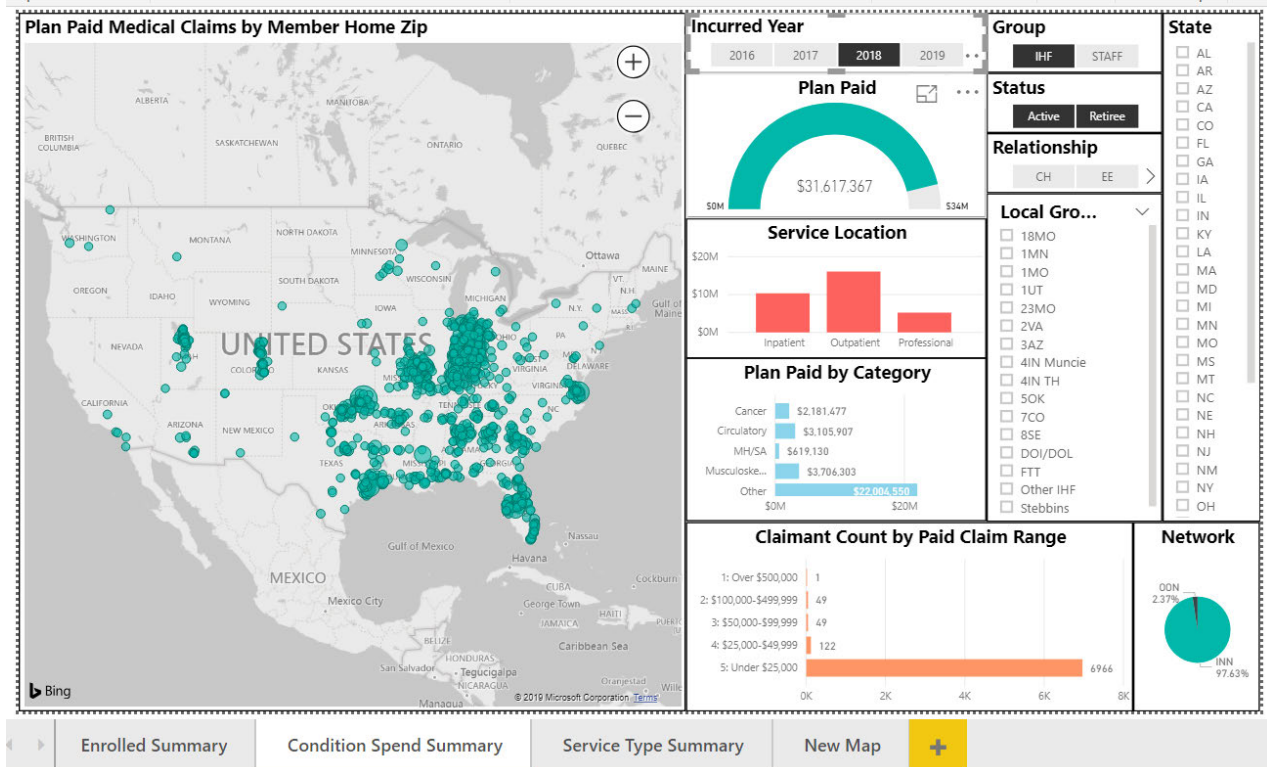
When considering trends, there is a wide range of possible results. Therefore, we go one step further and model 1,000 different randomly selected trend scenarios and compile the results, allowing us to educate the Subcommittee on the risks of each approach.



2019 Rate Increase	0%	10%	20%	30%	40%	
% of scenarios less than or equal to increase	45.0%	66.9%	83.3%	92.7%	97.2%	with 0% Rate Increase in 2018
	55.6%	75.5%	88.2%	95.3%	98.4%	with 3% Rate Increase in 2018

Health BI

One example of how Cheiron works with your plan experience to identify cost management strategies is our Cheiron Health BI.



Cheiron’s health actuarial and clinical team can embark upon defining and tracking the level of management evident by engagement (i.e., evidence that an aging population is caring for key health risks faced). We reflect biometric screening interventions, clinic visits and other types of engagement with programs to date. We refer to this concept as “Health Preparedness and Measured Engagement.” 2020 was an interrupted year due to the global pandemic but be assured that this analysis helps form solid cost management strategies during any challenging year.

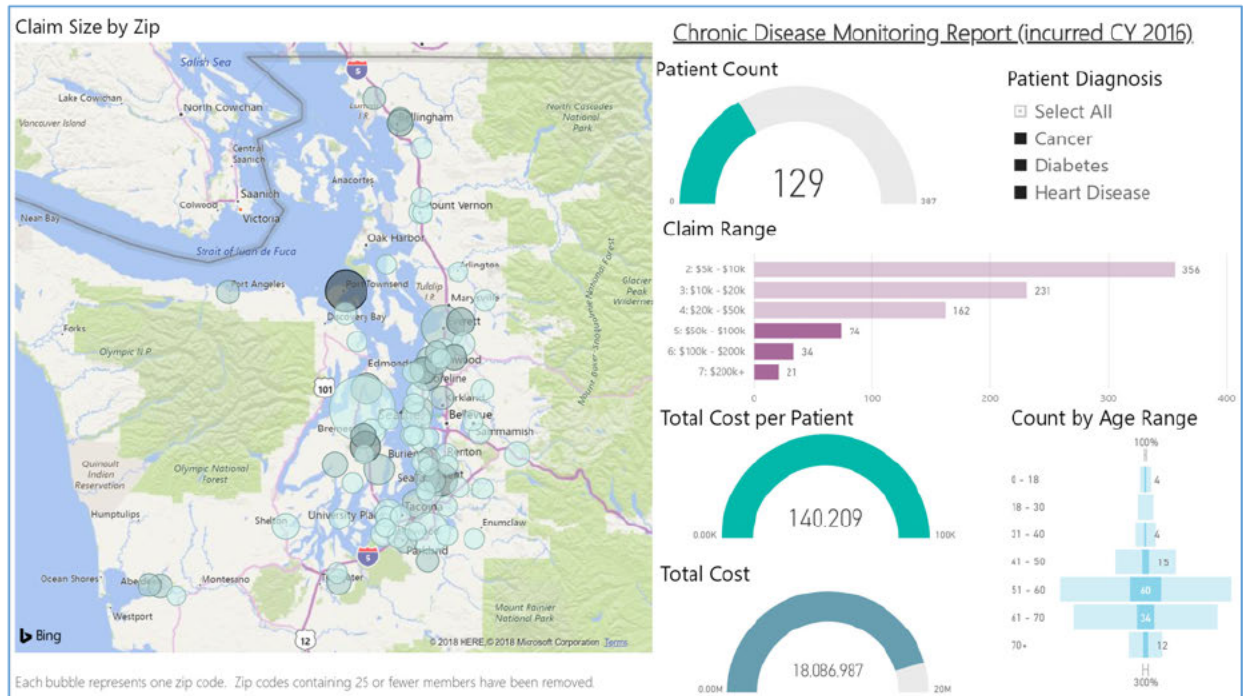
Here we quantify several factors:

- Preventive care utilization per 1000 and other utilization visits per 1000 to track how members access and use care in the program
- The number of patients who have been covered in the plan with little or no engagement prior to a high cost “shock” claim.
- For heart disease, given that we had implemented no cost no copay preventive drugs, we measure the incidence of heart events that had no prior prescription drug care and no prior doctor visits– that is the incidence of unmanaged heart disease.
- For diabetes related high cost care, we measure the incidence of conditions related to diabetes but no evidence of care.

April 9, 2021

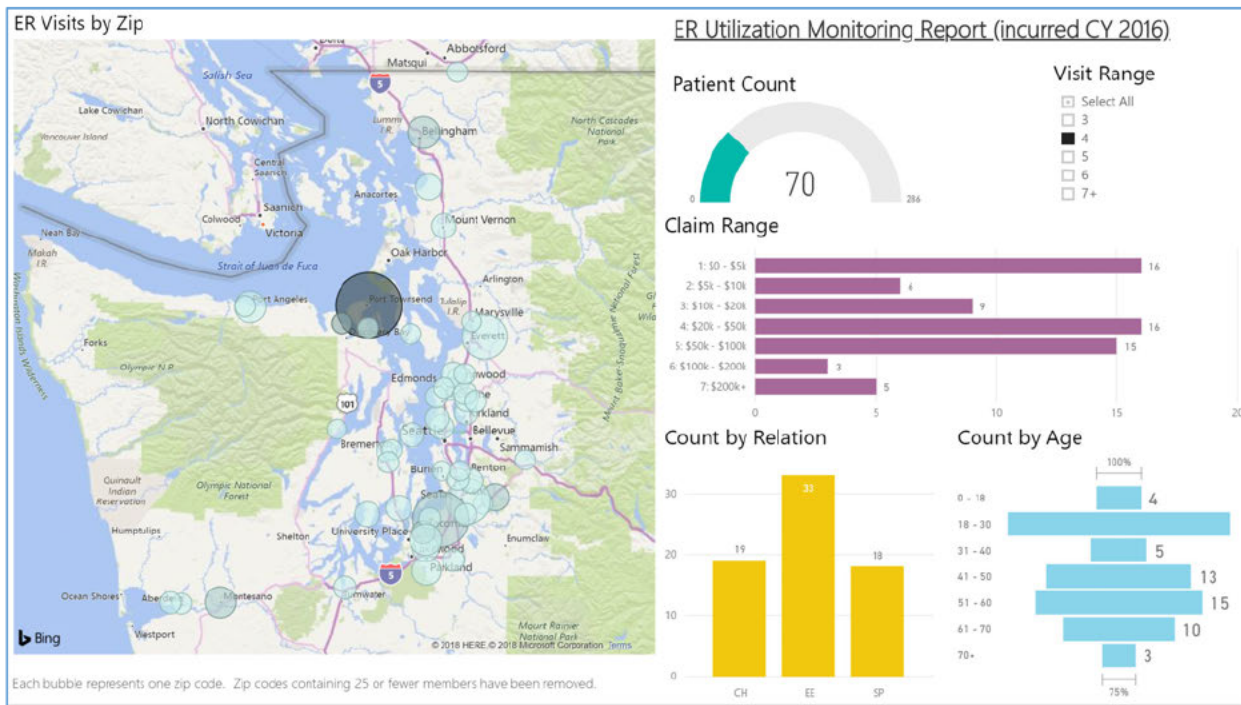
- Identification of any substance abuse conditions.

Using Cheiron's Health BI, we map those with low health preparedness to show what areas and groups need outreach to improve the overall utilization.

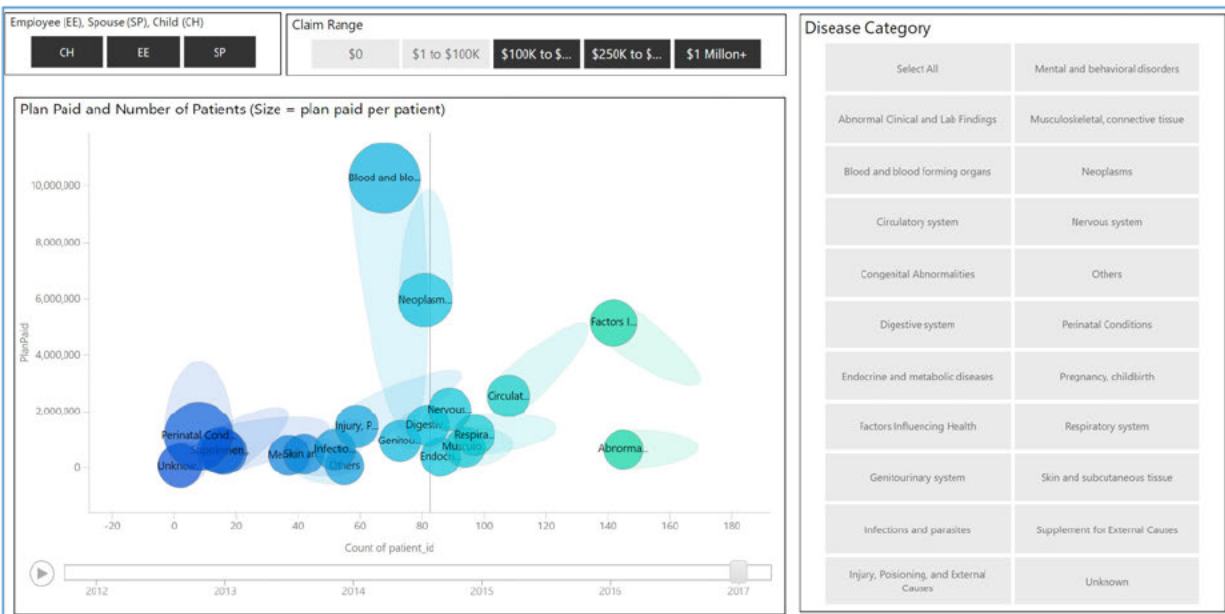


The above chart maps high cost patients with chronic diseases for a client in the Pacific Northwest. The bubbles show the concentration of participants and claims: darker bubbles contain more participants and larger bubbles represent more claims dollars. By mapping this information, we are able to assess where resources are needed to be directed to reduce patient spend and improve their health. By using this tool, we were also able to help the client see a growing population of younger participants with diabetes (not shown above). In another analysis (below) we mapped the use of emergency use, identifying frequent users to once again dedicate resources where needed.

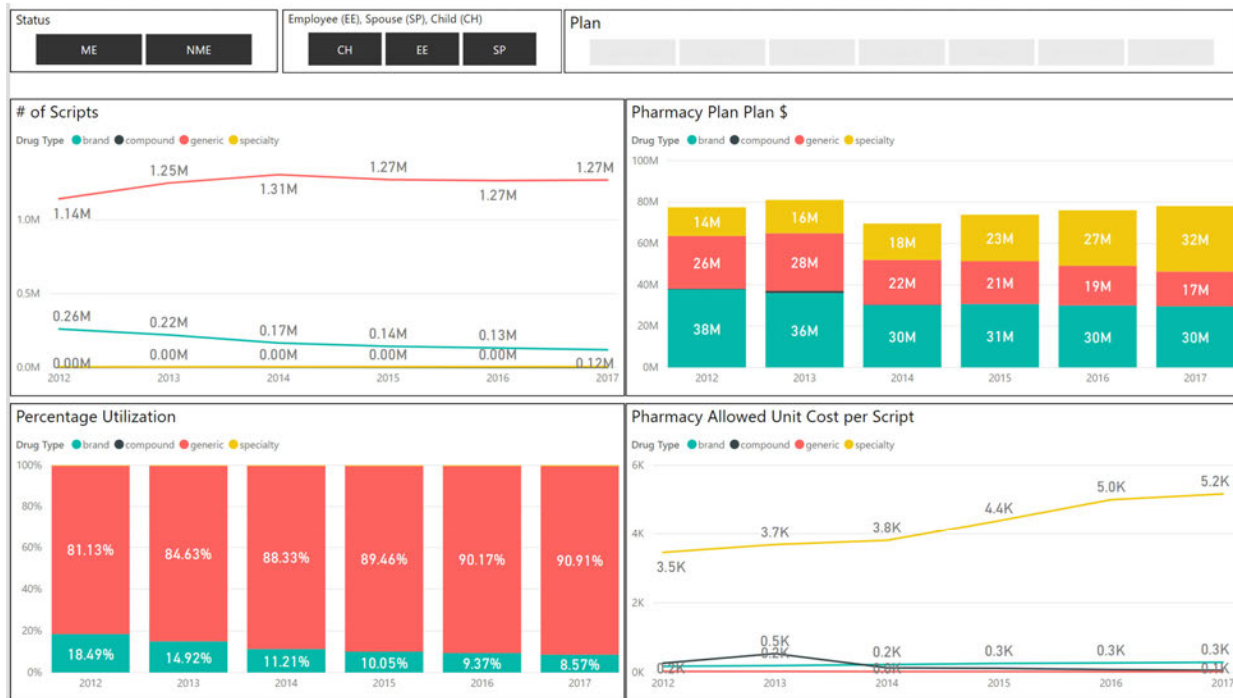
April 9, 2021



We have also used these tools for trend analysis. Below are two screens from that analysis.



The above screen shows the evolution of large claims by disease category. The client has the ability to focus on different employee status (employee, child, or spouse), claim range, and disease category. The ability to show by plan was also available but not shown to protect the confidentiality of the client. The slider bar allows the client to see how the disease categories change over time.



In addition to medical trends, the client could also view pharmacy trends. The above screen shows four different graphs of pharmacy costs: number of scripts, total plan spend, percent utilization, and allowed cost per script (combining plan paid and copays). The client can view by employee/dependent status, Medicare status, and by plan. Clicking on, for example, generic scripts will zoom in on the generic cost per script (which is not otherwise clearly seen on the graph).

We have also used the Health BI in plan design review, including identifying and adding clinics at a low or no copay to regions where such care would steer cost effective health result for the plan.

Cheiron's Risk Score Model

Cheiron's proprietary risk score model was developed using a Multilayer Perceptron Machine Learning model. The model uses age, gender, geographic location, over 220 drug classes, and nine medical diagnosis conditions to assign a combined medical and Rx risk factor to each member. By using the risk score model we can compare the effectiveness of networks across different populations.

3.2 EMPLOYEE HEALTH BENEFITS OVERSIGHT CONSULTING

Cheiron acknowledges and agrees with the requirements set forth in this section.

3.3 PROCUREMENT OF GOODS AND SERVICES

Cheiron acknowledges and agrees with the requirements set forth in this section. None are anticipated.

4.0 COMPENSATION

Cheiron acknowledges and agrees with the requirements set forth in this section.

4.1 PAYMENT SCHEDULE

Cheiron acknowledges and agrees with the requirements set forth in this section.

4.2 TRAVEL, LODGING, AND MEALS

Cheiron acknowledges and agrees with the requirements set forth in this section.

5.0 COMPREHENSIVE VENDOR INFORMATION

Cheiron acknowledges and agrees with the requirements set forth in this section.

5.1 VENDOR PROFILE

In addition to information requested in other sections of the RFP, the Vendor shall submit the following:

- **Business Name;**

Cheiron, Inc.

- **Business Address;**

Headquarters Office

8300 Greensboro Drive, Suite 800
McLean, VA 22102

- **Alternate Business Address;**

Charlotte Office

9115 Harris Corners Parkway, Suite 380
Charlotte, NC 28269

- **Primary Contact Name, Title, Telephone, Fax, and E-mail Address;**

Primary Contact: John Colberg, Principal Consulting Actuary

Phone: 877-243-4766, ext. 1101

Fax: 703-893-2006

Email: jcolberg@cheiron.us

- **How many years this company has been in this type of business;**

Cheiron has been in business 18+ years. Cheiron was incorporated in the State of Delaware in September 2002 and began providing actuarial and consulting services to public sector healthcare plans in November 2002.

- **Proof that the Vendor is qualified to do business in the State of Arkansas;**

Cheiron is qualified to do business in the State of Arkansas. Please see Appendix A for a copy of the certificate of authority.

April 9, 2021

- A disclosure of the Vendor's name and address and, as applicable, the names and addresses of the following: If the Vendor is a corporation, the officers, directors, and each stockholder of more than a ten percent (10%) interest in the corporation. However, in the case of owners of equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to own beneficially five percent (5%) or more of the securities need be disclosed; if the Vendor is a trust, the trustee and all persons entitled to receive income or benefits from the trust; if the Vendor is an association, the members, officers, and directors; and if the Vendor is a partnership or joint venture, all of the general partners, limited partners, or joint venturers;

Cheiron, Inc.
8300 Greensboro Drive, Suite 800
McLean, VA 22102

Officers

NAME	TITLE	ADDRESS
Gene Kalwarski	President and CEO	8300 Greensboro Dr., Ste. 800, McLean, VA 22102
Peter Hardcastle	CFO	8300 Greensboro Dr., Ste. 800, McLean, VA 22102
Christopher Mietlicki	Assistant Treasurer	8300 Greensboro Dr., Ste. 800, McLean, VA 22102
Anu Patel	COO and Corporate Secretary	701 East Gate Dr., Ste. 330 Mount Laurel, NJ 08054
John Colberg		9115 Harris Corners Pkwy, Ste. 380, Charlotte, NC 28269
Fiona Liston		8300 Greensboro Dr., Ste. 800, McLean, VA 22102
Karen Mallett		8300 Greensboro Dr., Ste. 800, McLean, VA 22102
Christian Benjaminson		701 East Gate Dr., Ste. 330 Mount Laurel, NJ 08054
Margaret Tempkin		8300 Greensboro Dr., Ste. 800, McLean, VA 22102
Michele Domash		8300 Greensboro Dr., Ste. 800, McLean, VA 22102

Kevin Woodrich		9115 Harris Corners Pkwy, Ste. 380, Charlotte, NC 28269
Karen Zangara		701 East Gate Dr., Ste. 330 Mount Laurel, NJ 08054



- A disclosure of all the states and jurisdictions in which the Vendor does business and the nature of the business for each state or jurisdiction;

State/Jurisdiction	Nature of Business
Alabama	Consulting and Actuarial Services
Arkansas	Consulting and Actuarial Services
California	Consulting and Actuarial Services
Connecticut	Consulting and Actuarial Services
Delaware	Consulting and Actuarial Services
District of Columbia	Consulting and Actuarial Services
Florida	Consulting and Actuarial Services
Illinois	Consulting and Actuarial Services
Kansas	Consulting and Actuarial Services
Maine	Consulting and Actuarial Services
Maryland	Consulting and Actuarial Services
Massachusetts	Consulting and Actuarial Services
Michigan	Consulting and Actuarial Services
Missouri	Consulting and Actuarial Services
Montana	Consulting and Actuarial Services
New Hampshire	Consulting and Actuarial Services
New Jersey	Consulting and Actuarial Services
New York	Consulting and Actuarial Services
North Carolina	Consulting and Actuarial Services
Ohio	Consulting and Actuarial Services
Oregon	Consulting and Actuarial Services
Pennsylvania	Consulting and Actuarial Services
Rhode Island	Consulting and Actuarial Services
Vermont	Consulting and Actuarial Services
Virginia	Consulting and Actuarial Services
Washington	Consulting and Actuarial Services
West Virginia	Consulting and Actuarial Services

- **A disclosure of all the states and jurisdictions in which the Vendor has contracts to supply the type of services requested under this RFP and the nature of the goods or services involved for each state or jurisdiction;**

Same as the prior list.

- **A disclosure of the details of any finding or plea, conviction, or adjudication of guilt in a state or federal court of the Vendor for any felony or any other criminal offense other than a traffic violation committed by the persons identified as management, supervisory, or key personnel;**

There have been no such offenses.

- **A disclosure of the details of any bankruptcy, insolvency, reorganization, or corporate or individual purchase or takeover of another corporation, including without limitation bonded indebtedness, and any pending litigation of the Vendor;**

Cheiron opened a Chicago office in January of 2007, when it acquired the business and staff of Feinstein, Glaser and Olney (FGO), a Chicago-based actuarial consulting firm. FGO had been in business for over 15 years serving clients in the Chicago metropolitan and northern Indiana area.

In January 2013, Cheiron combined forces with EFI Actuaries, a highly respected consultancy focused on public pensions.

- **A disclosure of any conflicts of interest on the part of the Vendor or its personnel that will be working on this project.**

We foresee no conflicts of interest on the part of Cheiron or any of its personnel in undertaking this project. Cheiron takes great care to avoid conflicts of interest. Cheiron has not and does not accept assignments or subcontracting arrangements from any healthcare insurer, network, or other vendor that services group health plans.

Although we do not believe it is a conflict, we do want to disclose that two of the employees of our subcontractor C4 Healthcare Solutions, LLC, Donna Cook and George Platt, are retired state employees. They currently have health insurance coverage through their non-state employer, but when they do retire, they will be eligible to receive health insurance coverage through the state retiree insurance program. George and Donna's role in this assignment will be limited to the data and administrative aspects of the project.

- **Additional disclosures and information that the Subcommittee may determine to be appropriate for the procurement involved.**
 - Cheiron understands the history of how ASE and PSE plans have been funded and the challenges ahead.

- Cheiron understands the challenges of the provider marketplace, including pockets where there are access issues.
- Cheiron has knowledge that spans four EBD executive directors and has presented before the legislature and the Task force.
- Cheiron understands the health status of the population and the challenges that surround improving their health.
- Cheiron understands the unique characteristics of the pharmacies and pharmacy plan operations in the plans.
- Cheiron is free of conflicts of interest. Cheiron does not accept any assignments, compensation, or subcontracting arrangements from healthcare vendors in the group health market.
- Cheiron presents options in an unbiased manner with the goal of educating our clients about the advantages and disadvantages of each option and the relative risks involved with each option so that our clients can make educated, informed decisions.

5.2 GENERAL INFORMATION

Vendor shall submit any additional information for consideration such as specialized services, staffs available, or other pertinent information the Vendor may wish to include.

We have included additional information in our response to 3.1 earlier in this proposal.

5.3 DISCLOSURE OF LITIGATION

A Vendor shall include in its Proposal a complete disclosure of any civil or criminal litigation or indictment involving such Vendor. A Vendor shall also disclose any civil or criminal litigation or indictment involving any of its joint ventures, strategic partners, prime contractor team members, and subcontractors. This disclosure requirement is a continuing obligation, and any litigation commenced after a Vendor has submitted a Proposal under this RFP must be disclosed to the BLR in writing within five (5) days after the litigation is commenced.

Originally, Cheiron was a named defendant in Gerber Plumbing Fix. v. Bryan, Pendleton, Swats, 152 F.Supp.3d 1065 (2015), which alleged various breaches of fiduciary duty under ERISA. However, by order dated November 5, 2015, the United States District Court, N.D. Illinois (E.D.), granted Cheiron's motion and dismissed all claims against Cheiron. Other than Gerber, there has been no other such claims or threats brought against Cheiron or any of its employees or principals.

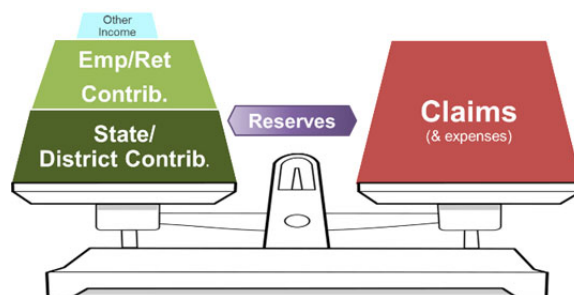
5.4 EXECUTIVE SUMMARY

A Vendor must provide a summary overview and an implementation plan for the entire project being proposed. The intent of this requirement is to provide the Subcommittee with a concise but functional summary of the discussion of each phase of the Vendor’s plan in the order of progression. While the Subcommittee expects a Vendor to provide full details in each of the sections in other areas of the RFP relating to its plan, the Executive Summary will provide a “map” for the Subcommittee to use while reviewing the Proposal.

Each area summarized must be listed in chronological order, beginning with the date of Contract execution, to provide a clear indication of the flow and duration of the project. A Vendor may use graphics, charts, pre-printed reports, or other enhancements as a part of this section to support the chronology or add to the presentation. Any such materials must be included in the original and each copy of the Proposal.

We understand that the Bureau is looking for a vendor to analyze all operational aspects of the ASE and PSE plans and present options to the Subcommittee and Arkansas legislative Council. To respond to the Bureau’s needs we have assembled a team with extensive knowledge of health and welfare public plans, of the Arkansas healthcare market, and of the ASE and PSE plans. George and Donna at C4 Healthcare Solutions, LLC are former employees of the Employee Benefit Division (EBD) and will provide great expertise regarding the plan operations and administration. Timothy Hyde at Echelon has intimate knowledge of the Arkansas health provider market. Gaelle and John at Cheiron were the consulting actuaries of the ASE and PSE plans for over 10 years and are very cognizant of the past financial hurdles the plans encountered, and the decisions made by the State and Public School Life and Health Insurance Board to remedy to those.

We understand the funding mechanism of the plans, with ASE being based on a State contribution per budgeted position plus employee contributions, and PSE being based on a Public School minimum contribution, a fixed State contribution of \$70 million per year, plus employee contributions. Setting up employee contributions is a balancing act and the Board has been able to use built-up reserves to keep large employee contributions at bay until 2020. As unallocated reserves have depleted, there is the need to make changes so that the equilibrium between income/revenue and claims & expenses is maintained while the employee contributions remain affordable to State and Public School employees.



April 9, 2021

We understand that the Bureau is looking for strategic short- to medium-term options available to the plans so that the solvability of the plans does not solely rest on increasing State/District funding and/or employee contributions. We propose to review every aspect of the plans – financing, designs and operational – to provide the Arkansas Legislative Council with a comprehensive report outline a breadth of options.

Factors influencing	
Income/revenue	Claims and Expenses
✓ State and Department of Education funding	✓ Medical provider network and contract
✓ Public School District contributions	✓ Pharmacy formulary and negotiated discount
✓ FICA savings redistribution to the plan	✓ Medical and Pharmacy plans and benefit designs
✓ Investment income	✓ Education/guidance for cost effective use of healthcare services
✓ Pharmacy Rebates	✓ Administration/Operations
✓ Participant contributions	✓ Employee coverage selection (e.g., coverage vs. no coverage, Premium vs. Classic vs. Basic, employee only vs. employee plus spouse, employee plus children, or family)
✓ Legislation (affects both)	

Assuming a contract award date of June 1, 2021, we envision that the bulk of our analysis will be done between June and August. By August 31, 2021 we will present preliminary results to the Subcommittee. By September 15, 2021 we will issue our draft report. We will then work with the Subcommittee to finalize the report and assist it with the preparation for presentation of the Legislative Council on October 15, 2021.

The month of June will be dedicated to gathering Arkansas specific data with the following tentative deadlines:

- June 15, 2021: obtain all requested data from EBD. Data will include, but not be limited to enrollment by plan and tier (including opt-outs), medical claims, Rx claims, administrative expenses, employee salary information, monthly financials, annual employee contribution rates for January 2005 through date.
- June 30, 2021: obtain all requested data from other Arkansas public plans such as Arkansas University, colleges and Arkansas State Police for January 2015 through date.

We will provide BLR with weekly status update starting June 8, 2021, and attend monthly Subcommittee meeting starting with the June meeting.

We expect the following the subcommittee meeting agendas to include the following topics:

- June Agenda:
 - Current legislation applicable to the plans
 - Concepts around Value Based Contracting and Episode of Care contracting
 - Preliminary benchmarking and market analysis, including:
 - ASE and PSE vs. other public and private large self-funded employers,
 - Cost containment initiatives that some employers have implemented,
 - Presentation of member assistance programs to help navigate the healthcare system
 - Presentation of non-member demographic analysis (pending on date we receive the data vs. meeting date) Address any previous requests from the subcommittee

- July Agenda:
 - Preliminary Provider network analysis and review of Arkansas provider community.
 - Demographic analysis of the non-participant employees (the opt-outs) and a risk and demographic analysis of employees participating in the plans.
 - Review of other Public Employee plans offered through Arkansas.
 - Final benchmarking and market analysis.
 - Presentation of participation rates, member to subscriber ratios, plan designs and member cost shares, State/School contributions
 - Address any previous requests from the subcommittee

- August Agenda:
 - Contribution strategy for each plan, including:
 - Modeling the economic impact of pretax premium coordinated through the PSE cafeteria plans.
 - Modeling the economic impact regarding revision of PSE contribution threshold
 - Modeling potential migration
 - Final Provider network analysis and review of Arkansas provider community.
 - Recommendations for draft legislation
 - Address any previous requests from the subcommittee

- September Agenda:
 - Review of Draft report
 - Address any outstanding requests from the subcommittee

We expect that preliminary results and conclusion of our analysis be complete by 8/31/2021, with the Draft report being available to the Bureau and the subcommittee by 9/15/2021. After the presentation of the draft report, we will continue to work with the subcommittee to finalize the report and in preparation for the 10/15/2021 presentation to the Arkansas Legislative Council.

Material delays in receiving the data requested or material deficiencies in the data could result in a need to adjust the scope and/or timeline. We will work with the Subcommittee to adjust the scope and/or timeline as appropriate.

5.5 VENDOR'S QUALIFICATIONS

A Vendor shall provide resumes or short biographies and qualifications of all management, supervisory, and key personnel to be involved in performing the services contemplated under this RFP. The resumes shall present the personnel in sufficient detail to provide the Subcommittee with evidence that the personnel involved can perform the work specified in the RFP. A Vendor shall provide a brief history of its company, to include the name and location of the company and any parent/subsidiary affiliation with other entities. If a Vendor is utilizing the services of a subcontractor(s) for any of the service components listed, the Vendor shall include in its proposal response a brief history of the subcontractor's company to include the information requested herein.

Below we provide a summary of the roles of key personnel. Our brief history of the company and of our subcontractors is provided in our response to the next question.

- **John Colberg FSA, MAAA, EA**, Principal Consulting Actuary, is a proposed co-lead actuary for this engagement.
- **Gaelle Gravot, FSA, MAAA**, Principal Consulting Actuary, is also a proposed co-lead actuary for this engagement.
- **Rajesh Patel, ASA**, Associate Actuary, will provide data and actuarial analysis for this engagement.
- **Taylor Stevens, ASA**, Associate Actuary, will provide data and actuarial analysis for this engagement.
- **Matthew Li, ASA, MAAA**, Associate Actuary and Chief Programmer, will provide data analysis for this engagement.
- **Amul Shah, MD**, Clinical Researcher and Actuarial Analyst, will provide clinical support for this engagement.
- **Michael Schionning, FSA, MAAA**, Principal Consulting Actuary, is the proposed Peer Review & National Market Knowledge specialist on this engagement.
- **Jo Ann Butler, JD, LLM, CEBS**, is proposed as a special resource for compliance issues and regulatory support for this engagement.
- **James Holland, ASA, FCA, FSPA, MAAA, EA**, Chief Research Actuary, is proposed to provide regulatory support for this engagement.
- **Donna Cook, PAHM, PMP (renewing)**, is with C4 Healthcare Solutions, LLC and will provide project management support and assist in the review of plan operations and administration.

- **George S. Platt, MSOM, FHIAS, MHP, PAHM**, is with C4 Healthcare Solutions, LLC and will provide assistance in the review of legislation applicable to the ASE and PSE plans and in the review of plan operations and administration.
- **Timothy Hyde** is with Echelon Consulting Group and will provide assistance in the review of marketplace plan designs and provider networking.

Short biographies of each of the above individuals are provided on the following pages.

John L. Colberg, FSA, MAAA, EA
Principal Consulting Actuary

John Colberg is one of Cheiron's founders and has more than 25 years of actuarial experience in public sector health plans and other employee benefit plans including group life and disability insurance, and employee leave plans. His experience includes healthcare and retirement consulting assignments for government employers at the Federal, state, and local levels, Taft-Hartley funds, private corporations, and non-profit organizations. John's style of consulting merges communication skills, actuarial expertise, and computer knowledge to present complex concepts in an easily understood format.



Examples of recent projects include:

- Projecting health care costs and contribution rates under random trend scenarios to assist the client in setting contribution rate policy
- Evaluating the effectiveness of wellness programs
- Analysis of emergency room use and disease conditions by geographic area to assist in assigning the resources to control those conditions
- Negotiating and evaluating a direct ACO contract between a client and a hospital system
- Developing, modeling, and communicating the impact of alternative benefit options or healthcare delivery systems

In addition to the above projects, John has also assisted clients in the development of RFPs; evaluated the performance of and assisted in negotiations with vendors; developed and analyzed cost-containment strategies; analyzed legislative reform proposals; compliance with Other Postemployment Benefit disclosures for private sector plans; and helping clients with their Medicare options.

His governmental client work has included the U.S. Department of Defense, the U.S. Army Community and Family Support Center, the States of Arkansas, Florida, Maine, Delaware, and the District of Columbia. His Taft-Hartley and related clients include work for plans covering members of the Communication Workers of America, the United Food & Commercial Workers, the International Brotherhood of Teamsters, the International Brotherhood of Electrical Workers, and the Hotel Employees and Restaurant Employees.

John is a Fellow in the Society of Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA. He graduated *cum laude* from the Wharton School of the University of Pennsylvania with a B.S. in Economics with concentrations in actuarial science and insurance.

Gaelle Gravot, FSA, MAAA
Principal Consulting Actuary

Gaelle Gravot joined Cheiron as Consulting Actuary in 2011 and has 23 years of experience in health insurance. Gaelle’s prior experience as Managing Consultant with OptumInsight (formerly Ingenix Consulting) and a health insurance actuary has proven to be very valuable in assisting our clients as she brought in her Medicare Advantage expertise and expertise from working with the payer side (i.e., health insurance, health plan). Her experience includes:



- Setting up contribution rate strategies for self-insured and fully insured health plans
- Evaluating and negotiating renewal pricing from vendors for fully insured health plans
- Enrollment, revenue and expenses reporting on an accrual and/or cash basis
- Evaluating RFPs from vendors (medical, pharmacy, disease/utilization management), including developing contracting strategies, participating in negotiations, and proposal analysis
- Medicare Part C and Part D bids - including strategy, plan design and pricing of Medicare Advantage products
- Other Postemployment Benefits (OPEB) valuations
- Medicare Supplemental pricing (Group and Individual)
- IBNR calculations, trend analysis
- Providing collective bargaining support, including assistance in developing bargaining strategy, pricing the cost of various options, and presenting at the bargaining table as the client expert
- SME deposition and testimonies for Collective Bargaining Agreement arbitration.
- Review of PBM financial performance and contractual guarantees
- Retiree Direct Subsidy (RDS) attestation of creditable coverage
- Commercial pricing, including development of an Excel based pricing tool for Commercial Group business
- Due diligence for Merger/Acquisition
- Part D audit – review of Prescription Drug Events (PDE) and their submission to CMS
- Part D reporting – provides revenue and claims experience based on PDE accepted records, as well as estimates of the Part D settlement amounts for reinsurance, LICs and risk corridor
- Part D bid tool development – lead the Formulary Module development team for 2010 bid tool
- Medicaid pricing – assisted clients with their filing with State

Gaelle received a Master in Mathematics and Fundamental Applications from the University of Le Havre, France and graduated from Ball State University with a Master of Arts in Actuarial Science. She is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries.

Rajesh Patel, ASA

Associate Actuary

Rajesh Patel joined Cheiron in 2017. He received a Bachelor of Science degree in Actuarial Science from the Southern Illinois University, Edwardsville. His actuarial background is primarily focused in multiemployer and public sector funds. He also has experience in the employee benefits arena and other post-employment benefits (OPEB) plans. His experience and technical duties include:

- Health actuarial valuations (including analyzing data, programming of valuation software, and evaluating results);
- Creating and updating health experience monitoring reports;
- Benefit calculations and projections;
- Benefit design studies and benefit change pricing;
- Health claims analysis and projections; and
- IBNR reserve calculations and rate setting.



Rajesh is an Associate in the Society of Actuaries, and is currently working to become a Fellow of the Society of Actuaries.

Taylor Stevens, ASA

Associate Actuary

Taylor Stevens joined Cheiron in March 2021 with five years of actuarial experience.

He began his career at an actuarial consulting firm where he performed OPEB valuations and assisted in a variety of analyses pertaining to retiree health benefit plans. He has also worked for a health insurer where his focus was on developing IBNR reserve estimates, forecasting financial performance, and supporting value-based care programs.

Taylor is an Associate of the Society of Actuaries and is pursuing a Fellowship in the Society of Actuaries. He has a Bachelor's degree in Mathematics from Southern Oregon University.

Matthew Li, ASA, MAAA
Associate Actuary/Chief Programmer

Matthew Li joined Cheiron in January 2006. Some of Matthew's major projects include health benefit pricing, projection modeling, monitoring reports, benchmarking reports, risk score analysis, Cheiron's time/billing system, and miscellaneous web applications and IT projects. Matthew develops our procedures for handling individual claims databases.

Matthew's prior work experience includes four years at Freddie Mac where he served as a senior programmer and developed several mortgage pricing online applications, utilizing Java J2EE and C. During his years at Freddie, Matthew was awarded the Premier Achievement Award, Rookie of the Year, and ISS Breakthrough Award.



Matthew earned a Bachelor's of Science in Computer Science from Virginia Tech in 2000 and a Graduate Certificate in Actuarial Sciences from George Mason University in 2006. He is an Associate of the Society of Actuaries, a Member of the American Academy of Actuaries, and is working towards a Fellowship in the Society.

Amul Shah, MD

Clinical Researcher and Actuarial Analyst

Dr. Amul Shah joined Cheiron in October 2018 after completing his residency at the Loma Linda University School of Medicine. He works closely with Cheiron's actuaries on a variety of health care actuarial services, including:

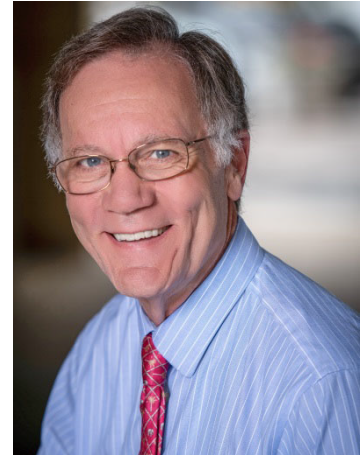


- Providing clinical experience to assist in pricing benefit changes and interpreting technical language.
- Creating and updating proprietary databases containing medical network provider contract terms, PBM contract terms, PBM formularies, and other niche business partners.
- Supporting the summary of experience and recommendation of subsequent rate changes for a county's Substance Use Disorder Medicaid waiver program reimbursement rates for providers.
- Regularly updating plan experience monitoring and analysis.
- Helping with the calculation of Incurred But Not Reported reserve estimates.
- Performing in-depth individual analysis of catastrophic claimants to determine a comprehensive picture of overall health based on medical diagnoses and distribution of physician visits.

He received his Doctor of Medicine from the Loma Linda University School of Medicine in June 2016, completed his transitional year medical residency in July 2018, and is a licensed physician in the State of California. He graduated *cum laude* from the University of California, San Diego, with a B.S. in Applied Mathematics and Bioengineering.

Michael Schionning, FSA, MAAA
Principal Consulting Actuary

Michael Schionning joined Cheiron in 2012, and has more than 35 years of actuarial experience, providing consulting services to mid-size to large employers, including governmental, quasi-governmental, Trusts, health care plans, and corporate employers. Prior to joining Cheiron, Michael was a Principal and Consulting Actuary with Buck, LLC, where he was the lead health care actuary in Buck's Western Region.



Michael's experience includes:

- Providing strategic consulting services, including benefit design, pricing and contribution strategy solutions based on marketplace, competition, and client objectives.
- Providing provider contracting support, including contracting strategies, negotiations, and revenue and expense development.
- Evaluating and selecting third-party administrators and providers, including developing contracting strategies, participating in negotiations, and proposal analysis.
- Performing claim data analyses to determine experience trends, identify utilization patterns, and provide assistance in developing strategies to manage emerging medical costs and disease states.
- Developing reserve analyses, including self-funded LTD and life insurance plans, health care benefit IBNR, and workers compensation reserves.
- Performing actuarial valuations under ASC, IAS, and GASB, including postretirement and postemployment benefits, including medical cost assumption development, result reviews, and full disclosures and certifications.
- Providing collective bargaining support, including assistance in developing bargaining strategy, pricing the cost of various options, and presenting at the bargaining table as the client expert.

Michael is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. He received a B.S. in Mathematics from the University of Notre Dame. Michael is located in Cheiron's San Diego office.

Jo Ann Butler, JD, LLM Taxation, CEBS
Legislative and Regulatory Advisor

Jo Ann Butler joined Cheiron in May 2015 and has more than 20 years of employee benefit law experience working with qualified and tax exempt retirement plans, welfare benefit plans, executive compensation, plan investment and fiduciary matters, and ERISA litigation management.

Before joining Cheiron, Jo Ann worked as counsel at Nixon Peabody, LLP in Rochester, NY. She also worked at Towers Perrin in Philadelphia as a governance and compliance consultant. Throughout her career, Jo Ann has advised clients, boards and plan committees on the strategic direction of their benefit programs while taking into consideration legal compliance and financial impact. Jo Ann's advisory function often touched upon the practicalities of the delivery and administration of health care benefits.



Jo Ann received her Juris Doctorate and Masters of Taxation Degrees from the Temple University School of Law. She is a Certified Employee Benefits Specialist and holds a Global Benefits Management Certificate from the International Foundation of Employee Benefit Plans.

James Holland, ASA, FCA, FSPA, EA, MAAA
Chief Research Actuary

James Holland joined Cheiron January 2010 and leads the research and compliance teams at Cheiron. He has more than three decades of professional, managerial and public service experience working on issues relating to retirement plans and welfare benefit plans. He was a long-time official at the IRS before joining Cheiron. At the IRS, Jim held a variety of positions, was the chief of the actuarial branch for many years and ended his career as the assistant director for the employee plans rulings and agreement area, where all aspects of the regulatory and legal guidance pertaining to pension plans is produced. In his roles, he often worked with officials from the Treasury Department, the Pension Benefit Guaranty Corporation, the Department of Labor and other government agencies to develop rules pertaining to both pension plans and welfare benefit plans. At Cheiron, Jim is providing his expertise to consultants and clients on a variety of pension and welfare benefit related issues.



Jim is a frequent speaker at professional meetings where he makes complicated regulations understandable to the pension community. The professional meetings include those of the Conference of Consulting Actuaries, the American Academy of Actuaries, and the American Society of Pension Professionals and Actuaries. He is currently on the program committee for the Enrolled Actuaries meeting. Usually, he was on numerous sessions at these meetings. Jim taught pension funding and other pension law as an Adjunct Professor at the George Washington University Law Center for a number of years.

Jim has written a number of articles related to pension plans and regulatory requirements, including *Plan Funding and Benefit Restrictions: An Analysis of Complex Interactions Among Certain Provisions in Regulations Under Tax Code Sections 430 and 436*, published by Bloomberg BNA Inc. in the *Pension & Benefits Daily*. He also wrote *Distributions After Normal Retirement Age: Are You Prepared*, published by the American Society of Pension Professionals and Actuaries, now the American Retirement Association, in its *Plan Consultant* journal. He was named the 2012 recipient of the Edward E. Burrows Distinguished Achievement Award by the ASPPA College of Pension Actuaries for his distinguished service to the actuarial profession.

Jim is an Associate of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries, a Fellow of the ASPPA College of Pension Actuaries, a Member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA. He earned a B.A. in Mathematics from the University of Virginia.

Donna Cook, PAHM, PMP (renewing)
Project Delivery Director, C4 Healthcare Solutions, LLC

Donna Cook, PAHM, as the Project Delivery Director for C4 Healthcare Solutions, LLC. Ms. Cook has over thirty (30) years' experience in managing information technology (IT) projects. Ms. Cook has experience with Medicaid (16 years), Commercial Health Insurance (12 years) and Medicare (4 years). Her focus during her career has been based on the Information Technology. She has implemented Contained-Off-The-Shelf (COTS) systems as well as plan designed systems and a combination of both. She achieved her Project Management Professional (PMP) in 2003 and is currently in the renewal process. She has successfully managed several large-scale IT project implementations.



Ms. Cook has extensive knowledge of data reporting. She has worked with legislative auditors and data validation vendors to produce, validate, and defend the information on the reports. She has a working knowledge of SQL and Microsoft Access which may be used to gather information for mandated as well as fact-finding scenarios. She is often called upon to run “what-if” or Ad-hoc reports to identify issues or perform impact analyses.

Ms. Cook has worked with numerous entities to setup training for staff regarding systems implementations and changes. This can be one-on-one training or in a group setting. While working for Arkansas Medicaid, the largest group to train at one time was a four-hour training for over 1,800 trainees.

George S. Platt, MSOM, FHIAS, MHP, PAHM
CEO, C4 Healthcare Solutions, LLC

George Platt serves as the Chief Executive Officer C4 Healthcare Solutions, LLC. In this capacity, Mr. Platt manages all operations of the company. Previously, Mr. Platt has served as the CEO of a multi-state TPA focused on Medicare Advantage Special Needs Plans, as well as the Operations Director for an alliance of Medicare Advantage Special Needs Plans, functioned as the Deputy Executive Director of a 173,000-life governmental health plan and as the Information Director for a pharmacy benefits management company. He has worked with Medicare, Medicaid, and other governmental health initiatives since 2002, including implementing the Part D Retiree Drug Program for state retirees and transitioning school retirees to Part D Plans at that program's inception in 2006.



Prior to those experiences, Mr. Platt served as the Information Director and SQL Administrator for local and national pharmacy benefits manager, the System Administrator for the City of Little Rock Emergency Services/9-1-1 Division, and in secure computer communications, as well as the communications security manager for encrypted materials, in the U.S. Air Force. These experiences gave him an extensive background in the use of technology and defined process to meet business needs.

Mr. Platt earned a Master of Science in Operations Management from the University of Arkansas. He also co-authored a poster presentation titled Using Health Risk Assessments to Influence the Structure of Health Benefits presented at the Academy Health Annual Research Meeting in 2007.

Mr. Platt is recognized by America's Health Insurance Plans (AHIP) as having earned the Managed Healthcare Professional (MHP), a Fellow, Health Insurance Advanced Studies (FHIAS), and a Professional for Academy Healthcare Management (PAHM).

Timothy Hyde
CEO, Echelon Benefits Group

Timothy (Tim) Hyde serves as Chief Executive Office for Echelon Benefits Group. Mr. Hyde has over eighteen (18) years in the healthcare space, primarily focused on consulting, administering, and promoting large group, self-funded health plans.



Mr. Hyde began his health care career in 2003 as Vice President of HealthSCOPE Benefits, one of the largest Third-Party Administrators in the U.S., based in Little Rock, Arkansas. During his tenure, Mr. Hyde sold and managed most employer accounts in the state of Arkansas, as well as employers across the country. His client's health plans consisted of an array of industry from publicly traded and private manufacturing, hospitals, medical practices, municipal county and city governments, universities, non-profit, and religious organizations. In 2017, he left HealthSCOPE Benefits to serve as President and Chief Relationship Officer of ClaimDOC, LLC, a Reference-Based Pricing company based out of Des Moines, Iowa. During his time at ClaimDOC, he led the effort to automate all system to scale the organization for national growth, all while promoting the brand leading to 660% growth in less than three years.

In June 2020, Mr. Hyde created Blue Chair Consulting to provide independent clarity to those navigating the complex world of employer sponsored healthcare. Partnering side-by-side with those entities providing cost-containment strategies, Blue Chair Consulting provides meaningful and decisive solutions within the existing healthcare system to provide long-term, sustainable healthcare to employers and their employee families. In the efforts to build cutting-edge solutions to combat rising, unsustainable healthcare costs, he was tasked to develop and lead Echelon Benefits Group, a full-service Life and Health, and Property and Casualty agency based in North Little Rock, Arkansas, to implement such strategies in and around the state of Arkansas and beyond for employers of all sizes and industry.

Mr. Hyde is licensed in Life and Health and earned his Bachelor of Business Administration from Mercer University in Macon, Georgia in 2000.

A Vendor shall provide:

- **A brief professional history, including the number of years of experience in providing the services required under this RFP or related experience and any professional affiliations and trade affiliations.**

Cheiron has been providing actuarial consulting services similar to that required in this RFP for 18+ years, or since its inception in 2002. Cheiron, is an employee-owned corporation which was incorporated in the State of Delaware in September 2002 and began business in November 2002. Cheiron was formed after the seven founding consultants left a major actuarial firm in Washington, DC due to a philosophical disagreement with respect to imposing liability limitations on clients. We took exception to the efforts of our industry to impose liability limitations on clients. Cheiron has never asked for liability limitations and never will. Cheiron has grown significantly since our inception with a focus on serving public sector and multiemployer plans. Our growth stems from our unique focus on communicating the risks and forward-looking outlook of the systems we serve, thereby providing better decision-specific information for our clients.

Cheiron consultants are members of the Society of Actuaries and the American Academy of Actuaries. Some are also members of the Conference of Consulting Actuaries and Enrolled Actuaries. Cheiron is also a frequent participant at the International Foundation of Employee Benefit Plans.

Subcontractors

C4 Healthcare Solutions, LLC

C4 Healthcare Solutions, LLC was established in 2019 to provide consulting services but has recently expanded to provide consulting, comprehensive project management, compliance review, and call/crisis center solutions for Medicare, Medicaid, and commercial plans. C4 Healthcare Solutions, LLC is a limited liability company domiciled in Arkansas with its primary focus on Arkansas citizens. Currently, C4 Healthcare Solutions, LLC is building out a Crisis Center for Behavioral Health and Intellectually and Developmentally Disabled citizens of Arkansas through a community investment grant provided by one of three PASSE programs. The company's personnel have over 25 years' experience with health insurance operations with the CEO having 11 years of direct experience with the management, trust funds and operations of Arkansas' State and Public School Life and Health Insurance, as well as the Employee Benefits Division.

Echelon Benefits Group

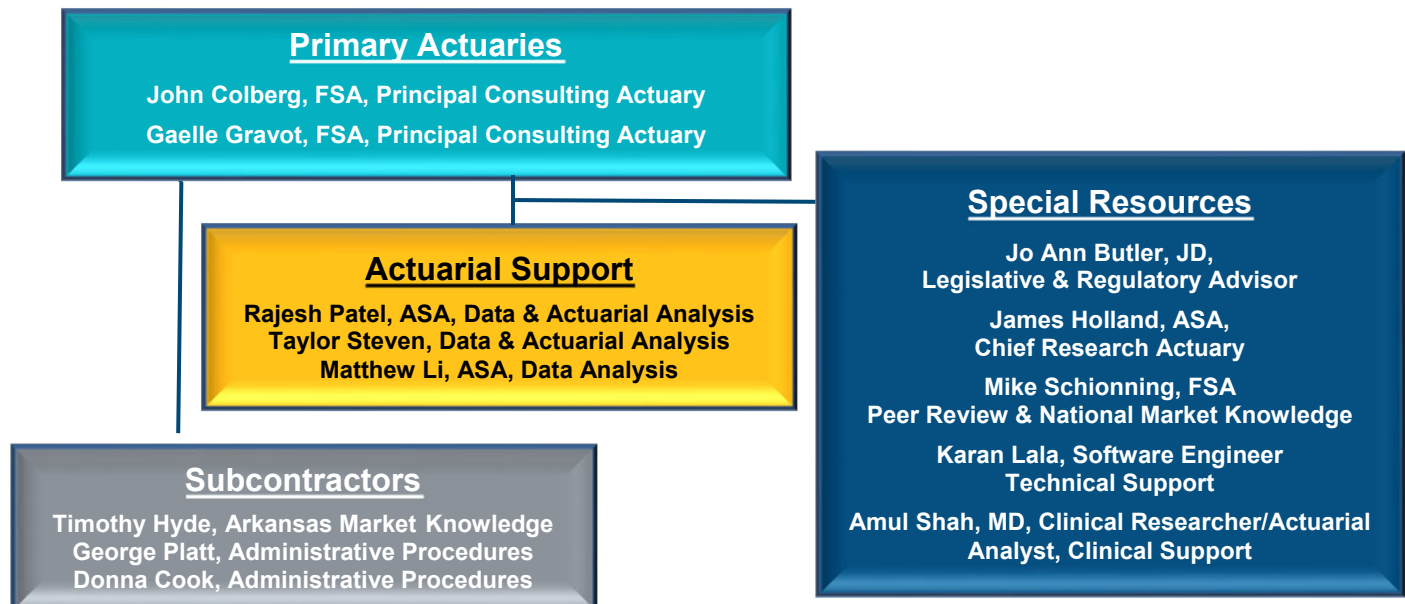
Echelon Benefits Group (EBG) was formed in September in 2020 as Caremax Services Agency with the intent of providing comprehensive access to unique and customized services within the complex health care landscape. Initially the services were tailored around the Medicare and Medicaid arena, with continued growth into the employer sponsored

commercial health plans and property and casualty policies. EBG is singularly focused on Arkansas employers and Arkansans to provide solutions for lowering health care costs, increasing benefits, and driving positive engagement of cost and quality through price transparency and EBG’s own patient concierge support. Licensed in both Life and Health, and Property and Casualty, EBG offers clients a full-service suite with best-in-class partners, as well as our own custom underwritten services. The agency’s staff has 40+ years of experience in the insurance marketplace with significant insight into the needs of municipal operations, budgetary requirements and complexities, and the importance of employee satisfaction.

- **A listing of current accounts and the longevity of those accounts.**

Please see Appendix B for a listing of current Cheiron accounts. Please note that Cheiron considers this information proprietary, therefore highly **CONFIDENTIAL** and not for public distribution.

- **An organizational chart highlighting the names/positions that will be involved in the contract, including the individual who will be primarily responsible for managing the account on a day-to-day basis.**



- **A detailed description of the plan for assisting the Subcommittee in meeting its goals and objectives, including how the requirements will be met and what assurances of efficiency and success the proposed approach will provide.**

Our detailed description of the plan is provided in our response to 3.0 – Topics for Analysis and Recommendations

- **An indication of the timeframe the Vendor would require to assist the Subcommittee in meeting its goals and objectives.**

Assuming a contract award date of June 1, 2021, we envision that the bulk of our analysis will be done between June and August. By August 31, 2021 we will present preliminary results to the Subcommittee. By September 15, 2021 we will issue our draft report. We will then work with the Subcommittee to finalize the report and assist it with the preparation for presentation of the Legislative Council on October 15, 2021.

Please see the timeline in the Executive Summary for additional information.

- **A detailed, narrative statement listing the three (3) most recent, comparable contracts (including contact information) that the Vendor has performed and the general history and experience of its organization.**

Contract 1

The client offered covered members the choice of a self-insured PPO plan and a fully insured HMO plan. The client was concerned that the fully insured HMO plan was not delivering value for the premium that was being paid and was receiving a number of member complaints about service issues, including the ability to access primary care in a reasonable timeframe. In addition, it was concerned that the provider network used for the PPO plan was not providing a sufficient level of discount and was not providing a broad network for those members, including retirees and college students, who lived outside of the main service area for the client. Cheiron was hired to help the client address these issues and provide a cost effective solution that also addressed the member concerns regarding access to care.

Our analysis was broken out into three main areas:

- What were the available options for the current fully insured HMO plan?
- What were the available options for the PPO network and could that network also be used to replace the HMO plan?
- What options could help with the provider access issues, particularly for primary care in the main service area?

The resulting solution consisted of:

- Replacing the current PPO network vendor with a new vendor that provided significantly greater provider discounts and a larger provider network both within the main client service area as well as for those members who resided outside of this service area.
- Replacing the current HMO with a self-insured EPO plan that mirrored the benefits (copays, covered services, etc.) of the HMO and that used the same provider network as the PPO plan.
- Implementing two primary care clinics for the exclusive use of the client's members, with the members having no copayments for using these clinics. Our analysis showed that this was a cost effective option to deal with the provider access issues in the client's main service area. In addition, the plan design was set to make primary care clinics the

“gatekeeper” for the EPO members, similar to the function that primary care providers served for the HMO plan.

This solution has been in place since January 1, 2019. The total health care spend for the client for both calendar year 2019 and calendar year 2020 were lower than the actual spend for calendar year 2018, including the costs of the primary care clinics. In addition, the membership has embraced the clinics and analyses of the data has shown that they are very engaged with the clinic providers. The client has seen improvements in the members accessing their preventive care and better compliance for members with chronic diseases.

Contact information: [REDACTED]

Contract 2

The client offered coverage to its retired members. The premiums paid by the retirees for coverage were subsidized by the active members; that is, the premiums were lower than the actual expected cost of providing the coverage. In addition, retirees were eligible for an additional subsidy based on the following:

- While an active member, the employers contributed an amount per hour worked to a separate retiree account; the contributions were accumulated on an aggregate basis (that is, they did not go to a specific account for the active member). For each \$300 in contributions made on behalf of the active member, he or she received one credit.
- At retirement, the retiree was given an additional subsidy towards his or her retiree premium based on the number of credits earned as an active employee. The amount of subsidy varied for pre-Medicare and Medicare-eligible coverage; in addition, the value of the credit could not exceed the premium cost.

When the client engaged Cheiron, we were asked to review the performance of the retiree plan. In our analysis we found that the current program was highly confusing to the membership and that the amount accumulated to provide the retiree premium subsidy under the credit program greatly exceeded the amount needed because the retiree premiums were significantly lower than the cost of providing the benefits. This was causing a greater than desired subsidization from the active members which impacted the level of benefits that could be provided to the active members.

As a result of this, Cheiron developed a redesign of the program with the following goals:

- Eliminating the subsidization of the retiree premiums by the active members.
- Maximizing the value of the employer contributions to the separate retiree account.
- Simplifying the credit formula for retiree coverage.
- Ensuring that the current retirees would not be negatively impacted by the changes.

The redesigned program that was developed first set the retiree premiums to be consistent with the expected cost of the benefit plans and was different for the pre-Medicare and Medicare-eligible retirees. The retiree credit program was revised so that the retiree premium

subsidy was a percentage based on the number of credits earned. If 50 or more credits were earned as an active member, the retiree subsidy is 100% of the premium cost.

To recognize that this change would have a significant impact on current retirees who paid 100% of the heavily subsidized retiree premiums, we reviewed each retiree separately and set the client subsidy percentage such that the net cost to the retiree was equal to the amount he or she was currently paying under the old program.

As a result, the retiree program is now fully supported by the employer funding into the retiree account for the Trust; the active members are no longer subsidizing the retiree coverage, and the program is much better understood and accepted by the membership.

Contact information: [REDACTED]

Contract 3

Cheiron has a long-term client funded by employer and employee contributions that are predominantly fixed for a three-year period (that renews every three years). Cheiron is continually monitoring the experience, updating our *H-Scan* projections, and recommending ways to improve the plan. Examples of recent projects have included:

- Using Cheiron's **Risk Score Model** to evaluate the cost effectiveness of an HMO compared to the PPO after adjusting for health risks.
- Negotiating a direct contract and risk sharing arrangement with an Accountable Care Organization.
- Evaluating wellness participation by geographic and demographic patterns with Cheiron's **Health BI**.
- Using Cheiron's **Health BI** to evaluate the geography and characteristics of high Emergency Room user and chronic condition patients.
- Evaluating the effectiveness of case management, eventually leading to the plan hiring four nurses to help guide members through the healthcare system.

As a result, the program has been able to maintain the benefits at the same or better levels for the past 11 years with only modest increases in the employer contribution rate and no changes to employee contributions over that period. In addition, the contributing employers have been able to take partial contribution holidays to fund other benefits or initiatives.

Contact information: [REDACTED]

- **At least three (3) references from entities that have recent (within the last three (3) years) contract experience with the Vendor and are able to attest to the Vendor's work experience and qualifications relevant to this RFP.**

You are welcome to contact the above references in the question above. We provide the following additional references below.

April 9, 2021

Client:	Maine Municipal Employees Health Trust
Contact:	Kristy Gould, Assistant Director, Health Trust Services [REDACTED]

Client:	The University of Arkansas System
Contact:	Terry Fuquay, Associate Director for Employee Benefits [REDACTED]

Client:	District of Columbia, Department of Human Resources
Contact:	Paul Shaw [REDACTED]

- **A list of every business for which Vendor has performed, at any time during the past three (3) years, services substantially similar to those sought with this solicitation. Err on the side of inclusion; by submitting an offer, Vendor represents that the list is complete.**

Please refer to the Health and Welfare portion Cheiron's client list, Appendix B.

- **List of failed projects, suspensions, debarments, and significant litigation.**

Cheiron has not been subject to any failed projects, suspensions, debarments, and significant litigation.

- **An outline or other information relating to why the Vendor's experience qualifies in meeting the specifications stated in Section 3 of this RFP.**

Cheiron, Inc., supplemented by our subcontractors C4 Healthcare Solutions, LLC and Echelon Benefit Group, is uniquely qualified for this project for the following reasons.

- **Experience with Arkansas Plans.** The project requires a thorough analysis of many areas to be done in a relatively short span of time. Therefore, the consulting firm needs be familiar with the unique characteristics and history of the ASE and PSE plans. Cheiron served as the actuary for EBD for 11 years, and the project team includes a former Deputy Executive Director of EBD and a long-term employee.
- **Experience with Arkansas Legislature.** Cheiron has testified before the Arkansas Legislature, committees, and the Life and Health Insurance Task Force.
- **Unique tools.** Cheiron has developed unique tools that will assist in this project including
 - *H-Scan* projection model of the ASE and PSE plans.
 - **Cheiron Health BI** business information tool to analyze the ASE and PSE data and provide valuable insights

April 9, 2021

- **Cheiron Risk Score Model** to compare the risk of the population over time or across groups
- **Unbiased.** Cheiron presents options and educates clients on the risks and potential benefits of those options. We will not recommend solutions.
- **Conflict free.** Cheiron does not accept any assignments, compensation, or subcontracting arrangements from healthcare vendors in the group health marketplace. Firms that do so have a conflict of interest.

Our consulting team's experience at handling large and complex assignments rivals that of any other firm. We have been told by our clients and peers that the reason we have been chosen for assignments is because of our superior innovative consulting tools in combination with the expertise, depth of experience, integrity and independence of our consultants. In other words, we have created a firm with excellent personnel who have excellent tools at their fingertips in order to provide the highest quality of service for clients.

A Vendor shall provide information on any conflict of interest with the objectives and goals of the Subcommittee that could result from other projects in which the Vendor is involved. Failure to disclose any such conflict may be cause for Contract termination or disqualification of the response.

We foresee no conflicts of interest with the objectives and goals of the Subcommittee that could result from other projects in which Cheiron is involved.

A Vendor or its subcontractor(s) must list all clients that were lost between March 2018 and the present and the reason for the loss. The Subcommittee reserves the right to contact any accounts listed in this section. A Vendor must describe any contract disputes involving an amount of thirty-five thousand dollars (\$35,000) or more that the Vendor, or its subcontractor(s), has been involved in within the past two (2) years. Please indicate if the dispute(s) have been successfully resolved.

Neither Cheiron nor its subcontractors have been involved in any contract disputes involving an amount of \$35,000 or more within the past two years.

Below is the listing of lost clients.

- 1) Client: City of Falls Church
Reason/Date Lost: Lost in competitive rebid in 2018
Contact: [REDACTED]
- 2) Client: National Wildlife Federation
Reason/Date Lost: Consolidated benefits administration in 2020
Contact: [REDACTED]

- 3) Client: Employee Benefit Division of the State of Arkansas
Reason/Date Lost: Cheiron's contract with the Employee Benefit Division of the State of Arkansas expired on June 30, 2020. In 2018 EBD, through the Office of State Procurement, issued RFP SP-18-0059 for Bundled Health Services. The Bundled health services included the Actuarial Services performed by Cheiron along with health insurance, medical management program, and the employee assistance program. Our existing contract included evaluation of the cost proposals for RFPs such as SP-18-0059 within our scope of services. Cheiron chose to honor our existing contract and fulfil our contractual obligation to the state. In addition, we believe that having a consultant who performs as a subcontractor or accepts money in any form from a vendor or potential vendor is a conflict of interest. Cheiron does not engage in such activity. Honoring our existing contract and holding to our values as a company meant that our contract with EBD would be allowed to expire.
- Contact: Shalada Toles, Deputy Executive Director
501-682-5142/ shalada.toles@dfa.arkansas.gov

5.5.1 Background Investigation

Vendors must allow the BLR to perform an investigation of the financial responsibility, security, and integrity of a Vendor submitting a bid, if required by the Subcommittee.

Agreed.

6.0 GENERAL

Cheiron acknowledges and agrees with the requirements set forth in this section.

6.1 EVALUATION CRITERIA

Cheiron acknowledges and agrees with the requirements set forth in this section.

Appendix A
Certificate of Authority

STATE OF ARKANSAS



Charlie Daniels
SECRETARY OF STATE

To All to Whom These Presents Shall Come, Greetings:

I, Charlie Daniels, Secretary of State of Arkansas, do hereby certify that the following and hereto attached instrument of writing is a true and perfect copy of

Application for Certificate of Authority

of

CHEIRON, INC.

filed in this office June 30, 2009 to be a Foreign For Profit Corporation formed under the laws of the State of Delaware.

I further certify that said Foreign For Profit Corporation, having complied with all statutory requirements in the State of Arkansas, is qualified to transact business in this State.

In Testimony Whereof, I have hereunto set my hand and affixed my official Seal. Done at my office in the City of Little Rock, this 30th day of June 2009.



Charlie Daniels

Secretary of State

Appendix B

Cheiron Client List

CONFIDENTIAL

REDACTED

Appendix C
RFP Cover Page



State of Arkansas
Bureau of
Legislative Research

Marty Garrity, Director
 Kevin Anderson, Assistant Director
 for Fiscal Services
 Tim Carlock, Assistant Director
 for Information Technology
 Matthew Miller, Assistant Director
 for Legal Services
 Estella Smith, Assistant Director
 for Research Services

REQUEST FOR PROPOSAL

RFP Number: BLR-210001	
Commodity: Employee Health Benefits Consulting Services	Proposal Opening Date: April 12, 2021
Date: March 15, 2021	Proposal Opening Time: 4:00 P.M. CDT

PROPOSALS SHALL BE SUBMITTED IN HARD COPY AND ELECTRONIC FORMAT AND WILL BE ACCEPTED UNTIL THE TIME AND DATE SPECIFIED ABOVE. THE PROPOSAL ENVELOPE MUST BE SEALED AND SHOULD BE PROPERLY MARKED WITH THE PROPOSAL NUMBER, DATE AND HOUR OF PROPOSAL OPENING, AND VENDOR'S RETURN ADDRESS. THE ELECTRONIC SUBMISSIONS SHOULD BE CLEARLY MARKED AS A PROPOSAL IN RESPONSE TO RFP NO. BLR-210001. IT IS NOT NECESSARY TO RETURN "NO BIDS" TO THE BUREAU OF LEGISLATIVE RESEARCH.

Vendors are responsible for delivery of their proposal documents to the Bureau of Legislative Research prior to the scheduled time for opening of the particular proposal. When appropriate, Vendors should consult with delivery providers to determine whether the proposal documents will be delivered to the Bureau of Legislative Research office street address prior to the scheduled time for proposal opening. Delivery providers, USPS, UPS, FedEx, and DHL, deliver mail to our street address, 500 Woodlane Street, State Capitol Building, Room 315, Little Rock, Arkansas 72201, on a schedule determined by each individual provider. These providers will deliver to our offices based solely on our street address.

MAILING ADDRESS: 500 Woodlane Street State Capitol Building, Room 315 Little Rock, Arkansas 72201	PROPOSAL OPENING LOCATION: Bureau of Legislative Research Director's Office State Capitol Building, Room 315
E-MAIL: thayerj@blr.arkansas.gov	
TELEPHONE: (501) 682-1937	

Company Name: Cheiron, Inc.

Name (type or print): John L. Colberg

Title: Principal Consulting Actuary

Address: 9115 Harris Corners Parkway, Suite 380, Charlotte, NC 28269

Telephone Number: 877-243-4766 ext. 1101

Fax Number: 703-893-2006

E-Mail Address: jcolberg@cheiron.us

Identification:

Federal Employer ID Number
13-4215617

Social Security Number

**FAILURE TO PROVIDE TAXPAYER IDENTIFICATION NUMBER MAY
RESULT IN PROPOSAL REJECTION**

Business Designation (check one):	Individual []	Sole Proprietorship []	Public Service Corp []
	Partnership []	Corporation [X]	Government/ Nonprofit []

GENERAL DESCRIPTION:	Employee Health Benefits Consulting Services
TYPE OF CONTRACT:	Term

MINORITY BUSINESS POLICY

Participation by minority businesses is encouraged in procurements by state agencies, and although it is not required, the Bureau of Legislative Research ("BLR") supports that policy. "Minority" is defined at Arkansas Code Annotated § 15-4-303 as "a lawful permanent resident of this state who is: (A) African American; (B) Hispanic American; (C) American Indian; (D) Asian American; (E) Pacific Islander American; or (F) A service-disabled veteran as designated by the United States Department of Veteran Affairs". "Minority business enterprise" is defined at Arkansas Code Annotated § 15-4-303 as "a business that is at least fifty-one percent (51%) owned by one (1) or more minority persons". The Arkansas Economic Development Commission conducts a certification process for minority businesses. Vendors unable to include minority-owned businesses as subcontractors may explain the circumstances preventing minority inclusion.

EQUAL EMPLOYMENT OPPORTUNITY POLICY

The Vendor shall submit a copy of the Vendor's Equal Opportunity Policy. EO Policies shall be submitted in hard copy and electronic format to the Bureau of Legislative Research accompanying the solicitation response. The Bureau of Legislative Research will maintain a file of all Vendor EO policies submitted in response to this solicitation. The submission is a one-time requirement, but Vendors are responsible for providing updates or changes to their respective policies.

EMPLOYMENT OF ILLEGAL IMMIGRANTS

The Vendor shall certify prior to award of the contract that it does not employ or contract with any illegal immigrants in its contract with the Bureau of Legislative Research. Vendors shall certify on the Proposal Signature Page and online at <https://www.ark.org/dfa/immigrant/index.php/disclosure/submit/new> . Any subcontractors used by the Vendor at the time of the Vendor's certification shall also certify that they do not employ or contract with any illegal immigrant. Certification by the subcontractors shall be submitted within thirty (30) days after contract execution.

RESTRICTION OF BOYCOTT OF ISRAEL

Pursuant to Arkansas Code § 25-1-503, a public entity shall not enter into a contract with a company unless the contract includes a written certification that the person or company is not currently engaged in, and agrees for the duration of the contract not to engage in, a boycott of Israel. This prohibition does not apply to a company which offers to provide the goods or services for at least twenty percent (20%) less than the lowest certifying business.

By checking the designated box on the Proposal Signature Page, the Vendor agrees and certifies that they do not, and will not for the duration of the contract boycott Israel.

Appendix D
Proposal Signature Page

PROPOSAL SIGNATURE PAGE

Type or Print the following information:

Prospective Contractor Contact Information

Contact Person: John L. Colberg Title: Principal Consulting Actuary
Phone: 877-243-4766 ext. 1101 Alternate Phone: 703-893-1456 ext. 1101
Email: jcolberg@cheiron.us

Confirmation of Redacted Copy

- YES, a redacted copy of proposal documents is enclosed.
- NO, a redacted copy of submission documents is not enclosed. I understand a full copy of non-redacted submission documents will be released if requested.

Note: If a redacted copy of the proposal documents is not provided with the Vendor's proposal, and neither box is checked a copy of the unredacted documents will be released in response to any request made under the Arkansas Freedom of Information Act (FOIA).

Illegal Immigrant Confirmation

By signing and submitting a response to this RFP and by certifying online at <https://www.ark.org/dfa/immigrant/index.php/disclosure/submit/new>, the Vendor agrees and certifies that they do not employ or contract with illegal immigrants. If selected, the Vendor certifies that they will not employ or contract with illegal immigrants during the aggregate term of the contract.

Israel Boycott Restriction Confirmation

By checking the box below, the Vendor agrees and certifies that they do not boycott Israel, and if selected, will not boycott Israel during the aggregate term of the contract.

- Vendor does not and will not boycott Israel.

An official authorized to bind the Vendor to a resultant contract shall sign below.

The Signature below signifies agreement that any exception that conflicts with the requirements of this RFP will cause the Vendor's proposal to be disqualified.

Authorized Signature:  Title: Principal Consulting Actuary
Printed/Typed Name: John L. Colberg Date: April 9, 2021