

REQUEST FOR PROPOSAL
BY THE MONTANA REINSURANCE ASSOCIATION

Background

Montana Senate Bill 125 (codified in 33-22-1301, MCA, et. seq). (the “Montana Reinsurance Association Act”) was signed into law on April 30, 2019. (See **Exhibit A**). The bill establishes a reinsurance association as a Montana nonprofit entity and authorizes the creation of a state reinsurance program (“Program”) through a 1332 State Innovation Waiver to stabilize Montana’s individual health insurance market through state-based innovation. Total funding for the reinsurance program for 2025 is estimated to be approximately \$58 million. The program will be funded through a 1.2% assessment on major medical health insurance premiums, as authorized in Section 8 of SB 125.

The five-person board of directors consist of the following appointees:

1. Lisa Kelley, Blue Cross and Blue Shield of Montana;
2. Richard Miltenberger, CEO, Montana Health Co-op;
3. Erik Wood, PacificSource Health Plan;
4. Beau Larson, CFO, Allegiance Benefit Plan Management (Commissioner appointment);
and
5. Tony Pfaff, (Governor appointment).

The Board adopted a preliminary Plan of Operation in June of 2019 and has issued annual updates to the Plan of Operations annually. (See **Exhibit B**).

The Centers for Medicare and Medicaid Services approved the Waiver on August 16, 2019 (“Waiver”). (See **Exhibit C**).

Purpose

The Montana Reinsurance Association (the “Association”), through its Board of Directors (“Board”), is seeking a qualified external independent auditor to audit the program as required by federal and state law.

Description of Audit Services

1. The Firm and express an opinion about whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
2. Plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
3. Consider the internal control of the Program solely for the purpose of determining audit procedures.
4. Plan and perform the required Single Audit for subrecipient for MRA’s 1332 Grant.
5. Plan and perform the carrier audit in addition to the financial audit. The carrier audit consists of taking a sample of the claims paid and the individuals ceded in the program and tracing the information back to source documents which might include the policy application, UB92 or HICFA documents.
6. Communicate significant matters related to the audit that are relevant to the responsibilities in overseeing the financial reporting process for the Program.

7. The response to this RFP should identify the membership and credentials of the review team, and the primary contact's information. The review team will include insurance audit experience.
8. The independent party shall prepare a written report upon completion of the audit that is addressed to the Board of Directors. A presentation on the audit results will be made to the Board of Directors.

Term of Contract

The initial term of any resulting contract or contracts will be for a two-year contract term starting February 1, 2025 and ending January 31, 2027 ("Contract Term") renewable annually thereafter, at the option of the Association, for up to five additional one-year terms.

Bidder will agree to a reasonable transition period not to exceed six months, at then existing contract rates (which may be prorated as reasonably necessary), after the termination of any contract or contracts.

Any contract will immediately terminate on termination or loss of funding for the Program.

Proposal Requirement

The bidder's proposal should include, at a minimum, the following:

1. Qualifications

The bidder's proposal should explain how your entity is organized and where the core team is located. The bidder's proposal should list its qualifications and expertise in administering a state-based reinsurance plan or similar programs.

2. Technical

The bidder's proposal should describe all systems used to provide its services including the capabilities and flexibility of such systems.

3. Personnel Qualifications and Experience

The bidder's proposal should describe the experience and background of the bidder's personnel, or subcontractors acting on its behalf, that will perform each function listed in the Description of Audit Services section. The description should include the qualifications and experience of key management and supervisory staff, including specific experience in the operations of state-based reinsurance programs.

4. Corporate Experience, Reputation and References

The bidder's proposal should describe the size of the company, corporate clients, length of time company has been in business, general financial status and stability of company and any other factors that contribute to the overall reputation of the company. The bidder's proposal may include references from other state-based reinsurance plans or other entities for which bidder performs functions similar to those listed in the Description of Audit Services section.

5. Price

The bidder's proposal should provide a price for each function listed in the Description of Audit Services section. The bid may also include a global price for all listed functions. The price proposal may be in any

form including without limit a fixed monthly or yearly price. The bidder's proposal should include any price escalator desired by the bidder.

Best Value, Evaluation Criteria, and Related Terms

The Association's selection of a bidder or bidders for the Contract Term will be based on a best value, wherein all the characteristics will be evaluated by the Association. While price is important, a final determination may not be based solely on price and will also depend on other factors requested in this Request for Proposal including without limit, bidder's understanding of the Program, bidder's proposed management of the Program, bidder's experience and qualifications.

Should an award or awards result from this Request for Proposal, such an award will be made to the entity or entities whose proposals best serves the interest of the Association.

A submitted proposal may be modified prior to the Association's decision. The Association reserves the right to reject any proposal received after the designated due date and time. Proposals must be valid for a period of 180 days from the date of submittal. The Association reserves the right to reject bids or offers submitted in response to the request, including the lowest cost bid or offer.

The Association may enter into discussions and/or negotiations with a bidder or more than one bidder simultaneously; however, it should be clearly understood that the Association reserves the right to award a contract or contracts based upon initial proposals without discussions. The Association may, in its sole discretion, require on-site bidder presentations.

Issuance of this Request for Proposal in no way constitutes a commitment by the Association to award a contract and the Association may reject any or all proposals. This Request for Proposal represents a definition of requirements, not an offer to contract. Only the execution of a written contract will obligate the Association according to the terms and conditions contained in such contract. The Association, in its sole discretion, reserves the right to:

1. waive any formality.
2. cancel or terminate this Request for Proposals.
3. reject any or all proposals received in response to this Request for Proposals.
4. award all or part of this Request for Proposals to one or several bidders.
5. not award any contract as a result of this RFP.
6. change the initial effective date of any contract.
7. choose to engage the Centers for Medicare and Medicaid Services ("CMS") to perform any function without requiring CMS to submit a bid.

At the time specified by the deadline for submission of proposals, the bidder must have and keep current any professional licenses and permits required by federal, state, and local laws for performance of the resulting contract. Employees performing work on behalf of bidder must have all industry standard licenses or certifications in order to perform work. Bidder must also procure and carry industry standard insurance coverage.

Timeline

This timeline represents the best estimate of the schedule that will be followed for this Request for Proposal. If a component of this schedule is delayed then the remainder of the schedule may also be delayed.

On or before October 30th, 2024, a bidder may submit written questions related to this Request for Proposal.

On or before November 15th, 2024, bidders should submit their proposals electronically (via .pdf or Microsoft Word format).

The Association will notify bidders of any questions by November 22nd, 2024.

The Association will use its best efforts make its final decision and notify bidder or bidders of the award on or before November 29th, 2024. However, the Association may extend its final decision deadline and the start date of any resulting contract at its option.

Responses Not Confidential

Responses to this RFP will be public record and will not be held in confidence.

Submission Instructions

Please email your written proposal to the following:

RaeLynn Williams
rwilliams@mtreinsurance.org

and

Richard Miltenberger
richard@mhc.coop

Please include contact information for you or your organization.

How to Contact the Association

If you have any questions or require further information or clarification please contact:

RaeLynn Williams
406.461.0627
rwilliams@mtreinsurance.org

Bidder's Agreement

Each bidder who submits a proposal represents its understanding of and agrees to the terms and conditions of this Request for Proposal. The bidder further understands and agrees that it has a duty to explain and clarify any and all conditions imposed on or included in its responses to the requirements and questions set forth in this request for proposal. The costs for developing and delivering responses to this request for proposal are entirely the responsibility of the bidder and the Association is not liable for any expense incurred by the bidders in the preparation and presentation of their proposals. The Association, at

its option, may incorporate any or all parts of a bidder proposal in the contract resulting from this request for proposal process. The Association may retain one copy of the materials submitted as part of a proposal and such material will become the property of the Association and will not be returned. Bidder agrees to enter into a contract containing the terms and conditions or substantially similar terms and conditions as those provided in response to this Request for Proposals.

Bidder

Signature

Name

Title

Date