

Alabama Department of Insurance

REQUEST FOR PROPOSALS for Planning for Alabama's Health Benefit Exchange

Responses to this Request for Proposals (RFP) must be received on or before the date and time specified below. All Respondents must complete the following:

Company Name:	_____
Address:	_____
CityStZip:	_____
Phone No.:	_____
Fax No.:	_____
E-mail address:	_____
Federal Tax ID #:	_____

Return by: _____ **3:00 PM, CST, December 17, 2010**

General Instructions: Respondents must submit a response to this RFP on or before the return date and time. Pricing must remain good for 180 days. All charges related to the services must be provided on this form. **NOTE: (1) Late responses will not be considered, and (2) award(s) will be made in the best interest of the State.**

NOTE: FAILURE TO RETURN ALL PAGES OF THIS RFP DOCUMENT WILL DISQUALIFY A RESPONSE. ADDITIONAL PAGES MAY BE ATTACHED IF NECESSARY.

The Respondent's authorized agent must sign below. By signing this response, Respondent acknowledges that all information contained in the document is true and correct. Respondent acknowledges and represents that Respondent has read, acknowledges and accepts all requirements of this RFP. Failure to sign below will disqualify this response.

Authorized Signature

Title

Date

REQUEST FOR PROPOSALS

PART I. GENERAL INFORMATION

The Alabama Department of Insurance (DOI), an agency of the State of Alabama, issues this Request for Proposals (RFP) to assist with the first year of planning for design and implementation of a federally mandated American Health Benefits Exchange (“the Exchange”) in Alabama. Award of this bid is expressly conditioned on the availability of grant funding. Even if grant funding is awarded, the DOI expressly reserves the right to award no contracts pursuant to this RFP, in its entirety or in sections. Contracts awarded pursuant to this RFP will not include minimum guarantees of funding and will include payments based on actual work performed as requested.

1.1. Background

The Patient Protection and Affordable Care Act (ACA), was signed into law in March 23, 2010. The ACA requires each state (or the federal government acting on behalf of each state) to create an Exchange that performs a variety of functions, including offering residents of each state the means to compare information on available health benefit plans, enroll in plans, and receive subsidies if eligible. In addition, the Exchange (or an entity on behalf of the Exchange) will certify “qualified health plans” to be offered on the Exchange, rate those plans based on quality, maintain a website and toll-free number, provide a calculator for consumers to determine the amount of their premium after subsidies have been calculated, coordinate with the Alabama Medicaid Agency and the Alabama Department of Public Health regarding eligibility and enrollment into Medicaid and All Kids (CHIP), identify individuals exempt from the federal insurance mandate, require participating plans to justify rate increases, and contract for Navigators to provide public education and facilitate enrollment. Either as part of the Exchange for individuals or as a separate Exchange, small businesses will have the opportunity to assist their employees in enrolling in health plans offered on the Exchange. Exchanges must be operational by January 1, 2014.

Alabama has received federal planning grant funds for the Federal Fiscal Year (October 1, 2010, through September 30, 2011). Please see Appendix A for the Project Abstract and Project Narrative for Alabama's grant application.

Respondents are cautioned to read the terms and conditions and attached specifications carefully. Award will be based on Respondent's responses to these specifications. Failure to provide the required information with the RFP response will automatically disqualify the response from consideration for award.

PART II. RFP GUIDELINES

2.1. Contact Persons. All requests for information concerning this RFP prior to bid opening must be directed **in writing**, to Kathleen Healey, Associate Counsel, Alabama Department of Insurance, P.O. Box 303351, Montgomery, Alabama 36130, or by facsimile at (334) 240-7581 or by e-mail to Kathleen.Healey@insurance.alabama.gov. Prior to award, the Respondent or Respondent's Agent may not contact other DOI employees regarding this RFP. Following award, DOI will designate a contract administrator to whom requests for information concerning the RFP or awarded contract should be directed.

2.2. Anticipated Timetable. DOI currently anticipates that the selection of a qualified firm and execution of the contract will proceed according to the following approximate timetable. DOI reserves the right, in its sole discretion, to revise all deadlines related to this RFP and post notice of these revisions on the DOI website (www.aldoi.gov).

Issuance of Request for Proposals	November 15, 2010
Deadline for Written Questions	November 19, 2010
Answers to Written Questions Posted on DOI Website	November 29, 2010
Deadline for Proposal Responses	December 17, 2010
Award date/Contract negotiations begin	January 1, 2011
Target date for finalized contract	February 1, 2011

2.3. Written Questions; DOI's Response. Respondents may submit any questions about the RFP **in writing** to Kathleen Healey, Associate Counsel, no later than the date and time indicated above, via fax or e-mail. Fax questions should be directed to (334) 240-7581. An e-mail question should be directed to Kathleen.Healey@insurance.alabama.gov. DOI will respond to these written questions in two ways: (1) DOI will fax or e-mail its response to all potential respondents that submit a fax or e-mail request for such a response; and (2) DOI will post its response on the DOI website as an amendment to the RFP posting. DOI will not mail any responses. DOI will make every reasonable effort to post, e-mail and fax responses by close of business on the date indicated above to written questions received by the deadline indicated above. DOI reserves the right, in its sole discretion, to revise all deadlines related to this RFP and post notice of these revisions on the DOI website (www.aldoi.gov).

2.4. Proposals

2.4.1. General Guidelines. Costs for the development of proposals are the sole responsibility of the Respondent. All proposals become the property of the State of Alabama and will be a matter of public record after a contract has been awarded.

Respondents must include a statement in the proposal certifying that the price was arrived at without any conflict of interest.

Four (4) printed copies of the proposal must be submitted in a sealed package marked "ALDOI HEALTH BENEFITS EXCHANGE PLANNING PROPOSAL." The Respondent shall provide one original signed copy that is marked ORIGINAL.

RFP RESPONSES MUST BE RECEIVED BEFORE THE DEADLINE. Late responses will NOT be considered.

Submit Sealed Responses to one of the following:

<u>Mail:</u> Kathleen Healey Alabama Department of Insurance P. O. Box 303351 Montgomery, AL 36130-3351	<u>Hand Delivery or Courier to:</u> Kathleen Healey Alabama Department of Insurance 201 Monroe Street, Suite 502 Montgomery, AL 36104
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Respondents must sign in ink on page 1 of this RFP in the space entitled "AUTHORIZED SIGNATURE." Failure to manually sign this space on page 1 of the RFP will automatically disqualify the response.

A response to this RFP must include all of the information requested. Any submitted responses and all attachments will be referred to in this RFP as "Proposal," "Response" or "Bid Response."

The Department reserves the right to accept or reject any or all bids.

2.4.2. Proposal Format. Proposals should be prepared simply and economically, providing straightforward, concise descriptions of how the Respondent proposes to meet the requirements of the RFP.

2.4.3. Sealed Envelope. All proposals must be submitted in a sealed envelope.

2.4.4. Range of Services. Responses must specify all ranges of services to be provided. Proposals must specify complete range of professional services that Respondent is qualified to provide and will provide if awarded the contract. Proposals for services that are only partial in nature will be automatically disqualified.

2.4.5. Transmittal Letter. Proposals must be submitted with a transmittal letter signed by an individual with authority to bind the Respondent in a contract with DOI. Proposals must include the Respondent identification number, which is the Federal Employer's Taxpayer Identification Number. The letter must also include the following statement:

"The undersigned represents that the only person or persons, companies or parties interested in the Proposal as principals are named in this Proposal. This proposal is made without collusion with any other person, persons, company or parties submitting a proposal. This proposal is in all respects fair and in good faith without collusion or fraud. The undersigned has full authority to bind the Respondent in a contract with DOI. This proposal shall remain firm and be valid through the latest date for completion of services under any contract issued as a result of this RFP. Respondent understands that the DOI's boilerplate contract language and terms and conditions included in the RFP are not negotiable and will not be revised unless DOI determines, in its sole discretion, that revision would be in the best interests of DOI and the State of Alabama."

2.4.6. Fill in All Blanks and Attachments. Unless otherwise indicated, Respondents must complete all of the following blanks and include all required attachments in its Response at the time of the initial submission of the RFP Response to DOI.

2.4.6.1. Respondent's Contact Persons. Respondent must list the name, title, phone number and fax number of at least two (2) individuals who will be the contact persons for this RFP and who have the authority to respond to questions from DOI.

Name: _____
Title: _____
Phone Number: _____
Fax Number: _____
Email: _____

Name: _____
Title: _____
Phone Number: _____
Fax Number: _____
Email: _____

2.4.6.2. References. Proposals shall include at least three (3) business references. Each reference shall include the name, address and phone number of the client organization and of the responsible project administrator familiar with the Respondent's performance. Additional references will need to be provided as requested by the DOI.

2.4.6.3. Cancellations. Respondents must provide a list of all contracts Respondent executed or accepted for professional services within the last two (2) years and that were canceled by any state agency prior to completion. For each canceled contract, include a detailed explanation for the cancellation and final resolution of the matter. Include the names and telephone numbers of each such agency's contact individual who has knowledge of the cancellation and the reasons for the cancellation. If none, specify none.

2.4.6.4. Litigation. To be entitled to consideration, Respondents must have available the necessary qualified personnel, skills, organization and facilities to fulfill all the services required under this RFP and any resulting contract. A response received from a Respondent whose services or performance have been documented as unsatisfactory, whose services or performance have documented problems pending resolution at DOI, and/or who have been involved in litigation with any federal, state, or governmental entity may not be considered. Respondent must state below whether during the last three (3) years the Respondent, including its parent company, any subsidiary, and/or office location, has been involved in litigation with any federal, state, or governmental entity. (attach additional sheets if necessary)

2.4.6.5. Cost Reimbursement. DOI will pay no costs or expenses of Respondent in submitting a response to this RFP. DOI will not authorize payments for any costs incurred prior to or for periods prior to the effective date of DOI's contract, if any, resulting from this RFP.

2.4.6.6. Conflicts or Potential Conflicts of Interest. Respondent must provide a statement of any conflicts or potential conflicts of interest of Respondent or Respondent's employees, who will or may provide services under any contract resulting from this RFP. Failure to disclose all conflicts or potential conflicts of interest may result in Respondent being disqualified and may result in cancellation of the contract. In submitting an RFP response, Respondent certifies that, except as disclosed under the provisions of this section, Respondent possesses the necessary independence in the provision of services sought by DOI under this RFP.

2.4.6.7. Other Information. Respondents may include any information that Respondent considers relevant but not solicited in this RFP.

2.4.7. Respondent Identification. Respondent must provide Federal Employer's Identification Number or, if a sole owner, may enter his/her Social Security Number.

2.4.8. Corporate Qualifications. Bids shall include evidence of Respondent's current or past experience in any of the areas of expertise identified as necessary in this Request for Proposal. In addition, the Respondent shall include the name and a one-paragraph biography of each principal person who will be assigned to this project. Respondents should answer the following questions:

1. What is your background and experience, including qualification and areas of expertise related to this request? Provide a full description of the experience you have had in this or similar work.
2. Describe your experience and your understanding of work within the context of state government. Have you had specific experience working with state government? Please describe.
3. How were prior relevant projects successful? Please provide examples.
4. Who will perform the work for each task included in your response? Please include resumes for key personnel.
5. What is your organization's size and structure?

2.4.9. Scope of Work. The work plan should be responsive to the requirements set out in Section 4. Respondents may bid on any one or more of the Sections of 4.1.1, 4.1.2., 4.1.3, 4.1.4., 4.1.5., or 4.1.6. Respondents may also bid on all sections. The Department of Insurance reserves the right to award contracts to Respondents of its choice for each Section 4.1.1., 4.1.2., 4.1.3, 4.1.4., 4.1.5., and 4.1.6. Respondents for Section 4.1.1. must bid on all subsections of 4.1.1.

2.4.10. Cost Proposal. Cost proposals should include estimates for each element of service requested and a total. The cost proposal should respond to the requirements set out in Section 4. If a Respondent chooses to bid on more than one section, the proposed budget must include separate costs for each section. Due to the variable nature of the services required, Respondents must include hourly rates for each staff class.

2.4.11. Respondent Affirmations and Certifications.

2.4.11.1. Financial Interests. Respondent warrants that neither Respondent nor any person or entity that will participate financially in the contract has received compensation from DOI for participation in preparation of the RFP or other specifications for this RFP and any resulting contract. In responding to this RFP, all Respondents must complete the disclosure statement required pursuant to Sections 41-16-80, et seq., Code of Alabama 1975 (Alabama Act 2001-955), which can be accessed from the Attorney General's web site at the following address:

http://www.ago.state.al.us/ag_items.cfm?Item=70

A copy of the disclosure statement is also on our website in PDF form, however, directions for completion can only be found on the Attorney General's website.

2.4.11.2. False Statements; Breach of Representations, etc. By signature to Respondent's Proposal or Response, Respondent makes all the representations, warranties, guarantees, certifications and affirmations included in this RFP. If Respondent signs the Proposal or Response with a false statement or it is subsequently determined that Respondent has violated any of the representations, warranties, guarantees, certifications or affirmations included in this RFP, Respondent will be in default under any contract awarded.

2.4.11.3. Favors By signature to Respondent's Proposal or Response, Respondent warrants that it has not given, offered to give, and does not intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor or service to any public servant or employee in connection with this RFP and any resulting contract.

2.4.11.4. Acceptance of Terms. By submitting a response, Respondent warrants that all terms of the contract (Exhibit B) are acceptable.

2.4.11.5. Respondent's Costs. Respondent will bear all costs and expenses for the provision of services required by this RFP and any resulting contract. All such costs and expenses must be included in the prices detailed in the contract. No other amounts will be paid by the DOI.

2.4.11.6. Franchise Taxes; Non Residents; Foreign Corporations. The Respondent warrants that it is not currently delinquent in the payment of any taxes owed the State of Alabama. If a foreign corporation or other business entity, Respondent certifies that the business entity has made the appropriate filing with the Alabama Secretary of State to be qualified to do business in this state.

PART III. TERMS AND CONDITIONS

3.1. Compliance with Requirements. In submitting bids in response to this RFP, all Respondents agree to comply with all requirements of this RFP and any resulting contract.

3.2. Award of Contract. A response to this RFP is an offer to contract with DOI based upon the terms, conditions and specifications contained in this RFP. Offers and RFP responses do not become part of a contract or agreement with DOI unless and until they are accepted and agreed to by DOI. DOI reserves the right to make any corrections or include additional requirements in DOI's contract prior to execution that is necessary for DOI's compliance, as an agency of the State of Alabama, with all state and federal requirements. The term of the contract is expected to be nine months.

3.3. Rejection of Bids; Open Records; Reissuance. DOI reserves the right to reject, in its sole discretion, any or all RFP responses and all or any part of any response and waive minor technicalities. DOI will award a contract, if any, to serve the best interests of DOI and the State of Alabama. DOI's waiver of any deviations in any response will not constitute a modification of this RFP and will not preclude DOI from asserting all rights against Respondent for failure to fully comply with all terms and

conditions of this RFP. All RFP responses become the property of DOI. DOI may reissue another RFP for the services as described in this RFP or similar services at any time.

3.4. Pricing. All pricing must be submitted in accordance with the Cost Proposal included as part of Respondent's proposal to this RFP. Responses subject to price increases will not be considered.

3.5. Time for Submission. Responses to this RFP must be time stamped by the DOI *before* the hour and date specified on page 1 of this RFP. Late responses properly identified will be returned to Respondent unopened. Late responses will not be considered under any circumstances. DOI reserves the right to evaluate responses submitted prior to the stated deadline as they are received.

3.6. No Alterations or Withdrawals of Bid after Deadline. Responses cannot be altered or amended after the deadline specified on page 1 of this RFP. Any alterations made before this deadline must be initialed by Respondent or Respondent's authorized agent. No responses can be withdrawn after the deadline without approval by the DOI.

3.7. Facsimile and Other Electronic Response. Facsimile, scanned or other electronic responses to this RFP will not be accepted.

3.8. Attachments. DOI will not consider any terms and conditions or other documents attached to a response as part of the RFP Response unless the Respondent specifically and prominently refers to each of them on page 1 of the RFP Response. DOI reserves the right, in its sole discretion, to reject any Respondent's terms and conditions or other documents or attachments as part of Respondent's RFP Response.

3.9. Unacceptable Terms in Respondent's Response. Any terms submitted by Respondent, regardless of whether such terms conflict with this RFP and/or contract, which conflict with or are in violation of Alabama law, are void regardless of whether DOI accepts such terms or is deemed to have accepted such terms.

Unacceptable terms and conditions included in a Respondent's RFP response may result in disqualification of the response. If an award is made to such a Respondent, such terms and conditions are void and are not part of a contract between Respondent and DOI.

3.10. Agreement between DOI & Respondent. If DOI makes a contract award as a result of the issuance of this RFP, the entire agreement between DOI and Respondent will consist of the contract executed by DOI and Respondent. This RFP and Respondent's response, subject to the limitations described in this RFP, will be incorporated as part of the executed contract.

3.11. Conflicting Provisions. Unless expressly authorized by the executed contract by reference to this section, in the event of conflicting terms or provisions between this RFP, the contract, and Respondent's response, the executed contract will control.

PART IV: SCOPE OF WORK

The Scope of Work is divided into six sections. Respondents may bid on one, several, or all of these sections. Respondents bidding on Section 4.1.1. must bid on all work described in sections 4.1.1.1. through 4.1.1.5. If a Respondent intends to subcontract specific services, the Respondent should identify the intent to subcontract and identify the subcontractor, including sufficient information to establish the

subcontractor's expertise in the subject area. Evidence of the subcontractor's qualifications to perform subcontracted work should be included in the bid.

4.1.1. STUDY OF EXCHANGE OPTIONS, DEVELOPMENT, DESIGN AND IMPLEMENTATION PLAN

This scope of work includes those tasks associated with overall planning and analysis supporting the DOI in the development, design, and, ultimately, the creation of an implementation plan to ensure the timely and effective creation of an Exchange in Alabama. The following tasks are preliminary identified as necessary for such planning and implementation, but it is expected that selected contractors will be assisting the DOI with identifying key questions, analysis, and decision points required prior to the successful implementation of an Exchange. *Please note: Respondents must indicate whether study methodology will comply with human research subject requirements under HHS' Office for Human Research Protections regulations and guidance, if necessary. (More information can be obtained at <http://www.hhs.gov/ohrp/>).*

4.1.1.1. Roadmap for Planning

As a preliminary step, the DOI needs to identify the goals for its Exchange, the most critical policy decisions that must be made, the data necessary for these decisions, and the order in which decisions should be made to facilitate the completion of the remaining tasks under this RFP. It is anticipated that the successful Respondent will, as directed by the DOI, create a strategic plan identifying potential Exchange goals, key policy decisions, timelines for decision making, and issue and analysis required for each decision. This roadmap should serve as the overarching framework for all Exchange planning, design, and implementation. Such roadmap may include recommended strategies for organizing stakeholder groups and government activities, for organizing data analysis tasks, and for identifying timelines for key planning steps. This plan must identify areas where work relating to the design and implementation of the Exchange could be coordinated with on-going state initiatives relating to health care reform.

4.1.1.2. Exchange Design Options

Consistent with the roadmap created pursuant to Section 4.1.1.1, and informed as appropriate by the results of activities identified in the rest of this RFP, as well as Alabama's existing programs and information technology (IT) infrastructure (both current and future), the successful Respondent will develop a comprehensive and written analysis recommending one or more models for the State's Exchange. Such model or models shall be aligned with key policy goals identified by the DOI and shall build on existing information and information gathered through other activities conducted pursuant to the contract(s) contemplated in this RFP. Such model or models shall be sensitive and responsive to stakeholder input obtained by the DOI, both through this RFP and otherwise.

The analysis shall include a thorough examination of fiscal and operational issues, including governance, cost efficiency, and contracting needs to operate the Exchange under different potential models. The analysis shall include discussion and recommendations regarding whether specific functions should be performed by existing state entities, by newly created state entities, by regional entities, or by other outside entities. Such models should include organizational charts describing recommended

functions for each aspect of the Exchange model or models. It is anticipated that the successful Respondent will work very closely with the DOI in preparing the analysis to ensure maximum coordination with other State health care reform initiatives. Respondents' responses to this RFP should describe how such coordination with the DOI will occur. Current State strengths and resources should be leveraged, while maximizing opportunities to improve health care delivery and financing infrastructure.

It is anticipated that such modeling shall also include an analysis of important questions necessarily implicated in the creation of an Exchange. Anticipated questions to be addressed in the modeling and recommendations may include:

- How should the Exchange be governed?
- Should the Exchange have a board of directors? If so, who should be on the board and how will they be selected? If not a Board, what is the most appropriate form of ongoing oversight?
- How will the Exchange interact with existing state government? With the federal government?
- Are there functions in the Exchange that would be more cost-effective and efficient to perform regionally?
- How should applications most effectively be processed? Should there be an in-person plan application option, in addition to the required web portal, phone, and mail options?
- How will the Exchange provide "no wrong door" service such that applications for coverage be enrolled in the proper program, whether Medicaid, All Kids, or private insurance plans? What role can www.myalabama.gov play?
- How will the Exchange determine whether an applicant has an employer plan available that provides essential coverage and is affordable?
- How will the Exchange determine if an applicant is exempt from the coverage mandate?
- Should the Exchange be expanded to include large groups?
- Should the small employer (SHOP) Exchange be separate or integrated with the individual Exchange?
- What functions should the SHOP Exchange perform to make it attractive to small businesses? For example, should the Exchange operate as an "aggregator"? What HR functions, if any, should the Exchange provide to small businesses?
- Should the SHOP Exchange be available to businesses with 50-100 employees prior to 2016? How many businesses and employees would potentially fall into this range?
- Will physical space be needed for the Exchange?
- What are important considerations for decisions on the design of the web portal?
- What technological challenges exist in the state and how best can the state overcome these challenges?
- What are the key considerations for designing a marketing and outreach component for the Exchange?
- What is the best way to utilize the ACA-mandated Navigator function?
- What role should brokers and producers (agents) have in the new Exchange environment?
- What should be the process for resolving consumer complaints? For example, should there be one process for Medicaid, All Kids and private insurance?

- How should the consumer satisfaction surveys required by the ACA be conducted and presented on the web?
- Should the Exchange connect with the Health Information Exchange, and if so, how?
- How should the Exchange be evaluated? What measures should be used to define success?
- How should the Exchange be regulated?
- Should the Exchange be implemented in phases beginning earlier than January 2014? What phases could be implemented earlier?
- How could the Exchange be used to improve population health?
- How should the Exchange drive quality and cost containment?
- How could the Exchange support prevention and wellness initiatives?
- How could the Exchange be used to drive or support payment and health care delivery reform?
- How can the Exchange leverage existing data sources and IT infrastructure to be the most efficient and effective?
- What staffing needs are required to operate the Exchange? What financial start-up costs are expected? How can funding be sustainable?

4.1.1.3 Creation of an Implementation Plan

After DOI direction concerning the best Exchange model, the successful Respondent will prepare a written implementation plan for the Exchange, including key milestones, objective measures of success, and specific dates such milestones shall be achieved. It is anticipated that the successful Respondent will work very closely with the DOI, including stakeholders, in preparing the implementation plan to ensure maximum coordination with ongoing federal and state health care reform activities. The Respondents' response to this RFP should describe how such coordination will occur.

4.1.1.4. Recommendation for Exchange Financial Sustainability

The Exchange must be financially sustainable by January, 2015, and the DOI must determine the best way to meet this requirement. It is anticipated that the successful Respondent will draft a written analysis of sustainable financing options, including a thorough discussion of the pros and cons of each option. Financing options should consider the state budgeting process. Additionally, the financing options analysis would be expected to include consideration of the additional cost of state-mandated insurance benefits, in any, and the impact such costs would have on financing options.

4.1.1.5. Recommendation relating to Exchange Finance Functions

The Exchange must perform a variety of finance-related functions, such as developing, accounting and auditing standards; collecting premiums; controlling for waste, fraud, and abuse; creating transparency and reporting mechanisms for the public; and developing the technical infrastructure to comply with federal reporting requirements. It is anticipated that the successful Respondent will produce a written assessment of each financial function the Exchange must, or could, perform, and a recommendation or set of options for performing these functions, as well as an estimated cost. Functions should include collecting and safeguarding premium collections; reconciling tax credits and cost-sharing

subsidies; selecting accounting systems, audit procedures, and internal controls; and financial reporting to the federal government and to the public.

4.1.2. STUDY OF THE UNINSURED AND THE UNDERINSURED

In order to design and successfully implement an Exchange, the DOI must have a clear and comprehensive understanding of its uninsured and underinsured population. Identifying and analyzing the demographics and needs of this population should inform Exchange design, including such aspects as web interface and benefit design. The successful Respondent shall have expertise in the areas of survey design, planning, implementation, and analysis, including technical and statistical expertise in those areas.

Respondents should specify how they would work with the DOI to identify necessary data and, after the identification of such data, how the Respondent will sample and analyze data elements. It is possible that additional data will not be collected for this analysis, and current available data will require further analysis.

Respondents shall include timelines and cost estimates for each phase of such a study. A range of cost estimates is appropriate based on unanswered questions regarding the breadth of the study. Respondents are encouraged to be mindful of the DOI's needs regarding timeliness of such analysis and should tailor bid proposals, including timelines, accordingly.

4.1.3. ACTUARIAL SERVICES IN SUPPORT OF EXCHANGE PLANNING

It is anticipated the DOI will need a wide variety of actuarial services to support the work in Section 4.1.1. above, as well as to analyze numerous issues that will arise during the Exchange planning and development process. These services will be provided on an as-requested basis. The successful Respondent for ad hoc actuarial services will have sufficient credentials to be able to model and analyze the impact of various legal and policy decisions on insurance rates and markets as the Exchange is in the planning stages and become operational. It is anticipated that the successful Respondent for this Section 4.1.3. work will work closely with the successful Respondent for the Section 4.1.1. work (if such Respondents are not the same). The response to this RFP should include a discussion of how that coordination would occur. Examples of anticipated issues to be addressed may need to include:

- Looking at open enrollment strategies and modeling the impact such strategies could have on the insurance market, in and outside the Exchange
- Analyzing risk adjustment methodologies and recommending best approaches to comply with state and federal goals
- Assessing reinsurance options
- Analyzing various reforms and the impact such reforms, potential and actual, will likely have on premiums in different markets
- Modeling the impact of merging small and individual markets into one Exchange
- Modeling the impact of increasing the small group market to employers up to 100 employees
- Modeling likely behavior in nongroup, small group, and large group market in response to specified market changes and policy decisions
- Modeling the impact of the self-insured market on the Exchange and recommending various approaches to mitigate adverse impact

- Recommending methodologies for standardizing and operationalizing the actuarial valuation of different benefit levels in the Exchange, in accordance with state and federal laws
- Recommending methodologies for standardizing and enforcing the new federal medical loss ratio requirements in federal law
- Assessing the adverse selection impacts of various legislative and policy decisions
- Developing methodologies to measure the cost of state-mandated benefits and to ensure that no federal funding supports insurance coverage for abortions

4.1.4. FORMAL STAKEHOLDER STUDY

As part of the Exchange planning and design, the DOI shall engage the public in policy development and implementation planning. In addition to ongoing work soliciting stakeholder involvement performed by the DOI, the DOI seeks a contractor to conduct a formal analysis and assessment of individual stakeholder needs and goals for the design of an Exchange. Stakeholders include, but are not limited to, members of the public from a variety of political, cultural and socioeconomic perspectives; people covered by both public and private health insurance programs; state legislators; individuals with disabilities and special health needs' small and large employers; nonprofit organizations; insurance companies; insurance producers; community-based organizations; health care providers (including primary care, as well as other physical and mental health providers; brokers; and stakeholders involved in public health. Stakeholder input should come from all geographic regions within the state.

It is anticipated that the successful Respondent will provide a formalized mechanism to solicit meaningful feedback from stakeholders and provide the DOI with a written summary of such feedback, as well as identifying key points and recommendations for how such feedback could be incorporated into the Exchange design and implementation.

Respondents should have expertise in communications and inclusive public policy development. It is anticipated this Respondent would work with the successful Respondent for Section 4.1.1. Respondents should include a description of how it is anticipated that such work will be coordinated.

4.1.5 STUDY OF THE CURRENT INSURANCE MARKET

To inform the work performed under Section 4.1.1., the DOI must analyze the current insurance market, including a comprehensive review of available plan designs and payment models. The successful Respondent will design and conduct a formal analysis of the current health insurance market, including modeling the impact ACA changes will have on that market. Such analysis shall be used to inform Exchange design decisions, and the successful Respondent shall provide the DOI with guidance on how best to use data to inform Exchange design and implementation decisions. Examples of anticipated issues that will need to be addressed are the quality and quantity of grandfathered plans within the State, the premium impact of reforms, the present breadth and anticipated future of the limited medical benefit plan market, the pros and cons of allowing a catastrophic health plan. Respondents shall describe how they would approach this work and describe timelines, recognizing that much of the work performed herein will need to be completed before key Exchange policy decisions can be made.

4.1.6 ASSESSMENT OF CURRENT PROGRAMS AND INTEGRATION OPPORTUNITIES

The successful Respondent will assist the DOI in developing a comprehensive assessment of health care benefit programs across public and private sectors, with the anticipated goal of aligning or standardizing benefit packages to minimize coverage disruptions and maximize care continuity. Such integration should consider benefit design, outreach, funds flow, eligibility determinations, enrollment/disenrollment, care coordination, claims payment, information systems, and applicable quality standards where feasible and appropriate. Where such integration is not feasible, the DOI may also require assistance in examining the best methods to explain benefit and other program feature differences to maximize consumer understanding and participation. A successful Respondent may also be required to study how different populations interact with health coverage distribution channels and whether, beyond benefit integration, communication tools associated with the acquisition of health care coverage need to be standardized or customized for specific populations. It is anticipated that this work will culminate in a written report comparing benefits as discussed above, with one or more recommendations relating to the standardization of benefits across programs.

It is anticipated that a successful Respondent will work closely with the DOI and other stakeholders to examine and answer these questions, and the bid response should include detailed discussion of how the Respondent will work with the DOI, how the Respondent will gather data regarding these issues (including ways in which currently available data and reports can be used to achieve maximum cost effectiveness) and identify the manner in which this data and analysis will be coordinated with ongoing efforts. Respondents should also identify timelines by which components of this analysis will be completed.

4.2. COST PROPOSAL

The Respondent shall offer a cost proposal, distinct from the Scope of Work proposal in Section 4.1. Cost proposals should include the anticipated price for each component and a total bid price for all work. Respondents shall provide one hourly rate for each staff class identified in the proposal. A blended rate, whereby a proposal identifies one hourly rate for all categories of services, is not acceptable. The DOI will also not accept a range of hourly compensation for the same staff level or function. Costs bids must be related to the functions and responsibilities outlined in Section 4.1.

PART V: PROPOSAL EVALUATION AND SELECTION

5.1. Proposal Evaluation

The DOI will conduct a comprehensive, fair and impartial evaluation of the proposals received in response to this RFP.

5.1.1. Phases of the Evaluation

The evaluation will consist of the following elements:

1. Evaluation of Minimum Requirements
2. Evaluation of References and Qualifications
3. Evaluation of the Scope of Work

4. Evaluation of the Cost Proposal

5.1.2. Phase 1: Evaluation of Minimum Requirements

The purpose of this phase is to determine if each proposal is sufficiently responsive to the RFP to permit a complete evaluation of the organization and its experience. Proposals must comply with the instructions to Respondents in Sections 2 and 3. Failure to comply with the instructions shall deem the proposal non-responsive and subject to rejection without further consideration. The DOI reserves the right to waive minor irregularities.

The minimum requirements for a proposal to be given consideration are:

1. The proposal must have been received as provided in Section 2 before the closing of acceptance of proposals and in the number of copies specified.
2. The proposal must contain a transmittal letter as provided in Section 2.4.5.
3. The proposal must respond to the applicable requirements as provided in Section 4.1 and include a cost proposal as outlined in Section 4.2.
4. RFP General Terms and Conditions and other Contract terms must be accepted (Section 3, Appendix B).

5.1.3. Phase 2: References and Qualifications

The DOI will evaluate bids to confirm evidence of Respondents' current or past certification and assess the experience, corporate resources, and qualifications of the Respondents and any subcontractors. If necessary, additional references will be requested.

5.1.4. Phase 3: Evaluation of Scope of Work

For each proposal considered, the scope of work will be examined to determine the extent to which they will meet the requirements of the RFP and objectives of the DOI. Any work plan that is incomplete or in which there is significant inconsistency or inaccuracy may be rejected by the DOI. The DOI reserves the right to reject all proposals.

5.1.5. Phase 4: Evaluation of Cost Proposal

For each proposal considered, the cost proposal will be examined to determine the extent to which they will meet the requirements of the RFP and objectives of the DOI. Any costs proposal that is incomplete or in which there is significant inconsistency or inaccuracy may be rejected by the DOI. The DOI reserves the right to reject all proposals.

5.2. Proposal Selection

The Commissioner of Insurance will make the final selection of the contractors. The selected contractors will be requested to enter into negotiation with the DOI on detailed work plans, deliverables, and timetables. If negotiations do not result in a signed contract, the DOI will make another selection. Respondents will be notified of the selection. If all proposals are rejected, all Respondents will be notified. Proposals made by Respondents will not be made available to other Respondents until after a

contract is completed and fully executed.

APPENDIX A

STATE OF ALABAMA GRANT APPLICATION ABSTRACT AND NARRATIVE

PROJECT ABSTRACT

The Alabama Department of Insurance is pleased to submit the following grant application to prepare the state for implementation of the Affordable Care Act's Health Insurance Exchange. The Department will utilize this grant to determine if Alabama has the capability to effectively establish and maintain an Exchange. This will include determining which models would work in Alabama; the governance, financing and structure of the Exchange; what infrastructure would need to be developed or reallocated in order to work with public health insurance programs such as Medicaid and ALL Kids (Alabama's CHIP), website development, and the consumer assistance toll-free hotline; and the managerial aspects of day-to-day operation of the Exchange.

The Department anticipates that it will:

- Subcontract with a research entity that has the capability of providing information on the status of health insurance in the state as it relates to the uninsured, the underinsured and the currently insured to determine what the environment will look like in 2014 and what consumer demand for the Exchanges will be.
- Incorporate a broad-based workgroup and working subgroups of interested stakeholders to assist the Department as it envisions an Alabama Exchange. These stakeholders will include consumer advocacy organizations for consumer input and other state agencies to ensure that all existing systems can work together to enhance the Exchange.
- Seek appropriate legal and regulatory authority to establish an Exchange.

In order to accomplish these initiatives, the DOI anticipates utilizing approximately \$1 million in grant funds to fund a research and planning project which would include subcontracting with a research entity as well as funding for project director and other appropriate Department staff as determined. It is anticipated that a project director will be hired to provide services. Until such time, existing staff will serve as an interim project director and interim assistant project director. Staff support costs as well as travel expenses and fringe benefits are included in this grant application budget.

PROJECT NARRATIVE

The Patient Protection and Affordable Care Act ("Affordable Care Act") established a framework for states to establish a new marketplace where individuals and small businesses could purchase health insurance—now known as "Exchanges." These Exchanges are meant to serve as a tool for consumers so they may easily compare health insurance plan options as well as purchase and enroll in these plans, both public and private. These Exchanges also serve as a mechanism to use premium subsidies provided by the government, employers and other groups. Additionally, an Exchange provides an opportunity for consumers to learn about and enroll in public insurance programs such as Medicare, Medicaid and ALL Kids (Alabama's CHIP program).

The Alabama Department of Insurance's mission is to serve the people of Alabama by regulating the insurance industry, providing consumer protection, promoting market stability and enforcing fire

standards safety and laws. One of the most critical decisions in the furtherance of the Department's mission is whether the state should establish and manage an Exchange as it is described under the Affordable Care Act. In order to effectively make an informed decision, the Department, in collaboration with the Medicaid Agency and the Department of Public Health (ALL Kids), must analyze a variety of factors that will impact any development of the Exchange and review the accompanying requirements in order to accomplish the goal of creating and operating such an Exchange by the year 2014. This grant proposal will outline the Department's plans to determine the insured, uninsured and unstably insured populations currently within the state and the anticipated changes in those populations between now and 2014; narrow the program development options for developing an Exchange based on the expected environment in 2014; and, if approved by the new Administration, develop those partnerships and infrastructure necessary to implement an Exchange. Alabama has the added challenge of a change in Administration due to an election year where the current Governor will not be eligible for re-election due to term limitations. In 2011, a new Administration will take office in addition to significant changes in the Alabama Legislature. It is crucial that the DOI and its partner Agencies work diligently to achieve the goals outlined in this grant application in order to provide well-researched recommendations to the new Governor and to the Alabama Legislature.

Background Research: On July 1, 2002, the Alabama Department of Public Health's Children's Health Insurance Program (CHIP), with a grant from the U.S. Health Resources and Services Administration, conducted one of the largest and most comprehensive surveys on health insurance ever fielded in Alabama. This survey was focused on health insurance and its availability. The 2003 Alabama Health Care Insurance and Access Survey helped Alabama leaders better understand the characteristics of the uninsured; improved the focus of programs, policies, and outreach activities; and identified those who may be eligible for private or public health insurance coverage but were not enrolled. The Alabama Department of Insurance and its partner Agencies in this grant application were key stakeholders in this effort.

The results of the survey showed there were population groups within Alabama that experienced significantly higher rates of uninsurance than the average for the state. Some potentially important groups included young adults (25-34 year olds specifically), people with lower incomes, unemployed or unpaid workers, temporary or seasonal workers, and employees of very small firms (fewer than 10 employees). Additionally, the survey found that over a third of the uninsured potentially have access to health care coverage through an employer or an existing public program such as Medicaid. This, coupled with the information from the survey that a majority of the uninsured did not have information regarding public health insurance programs and that most would enroll in such a program, suggested that targeted outreach would be fruitful in reducing numbers of uninsured in Alabama. An Exchange, in conjunction with targeted outreach to the populations who need it most, would be an ideal resource for health insurance coverage for these populations.

The study also focused on an often forgotten population when discussing of health insurance—the underinsured. According to the study results, approximately seven percent of the publicly insured and 11 percent of the privately insured did not seek or postponed health care due to cost in 2002. While at the time this result was substantially lower than the national average of 18 percent, it still highlights a population who could benefit from an Exchange and the standardization of the health insurance policies offered. With these factors and survey results in mind, the Alabama Department of Insurance and its partner Agencies will conduct similar research and establish the criteria of a successful Exchange which will include what state resources and capabilities an Exchange will require. Utilizing the research and methodology previously conducted by the Department of Public Health, the Department of Insurance and its partner Agencies propose to use a three-pronged approach to develop recommendation to the new Governor regarding health insurance coverage and what the position is of businesses and individuals

regarding the availability and design of Exchanges in 2014: (1) Gathering primary data plus secondary data to use in the discussions with key stakeholders; (2) Utilizing and empowering groups of stakeholders to research and develop the framework of an Exchange, including options and design; and, (3) Assessing the feasibility of the options presented through and by stakeholders.

This approach will consist of an Executive Workgroup that will serve as the core decision-making group for the final report to the Secretary of Health and Human Services (HHS) and Working Subgroups will focus on particular issues key to the establishment of an Exchange. The Department, in its role as the lead agency and with input from the Executive Committee and Working Subgroups, will provide the final recommendation to the Governor regarding the establishment of an Alabama Exchange.

During the scope of the project, Working Subgroups will consist of stakeholders representing a broad base of Alabamians. The Executive Workgroup will include upper-level decision makers within the Department, its partner Agencies, key advocates, health care providers, insurance vendors, and representatives of business communities across the state. The Working Subgroups will also be comprised of a wide, interdisciplinary range of people who have an interest in health insurance for Alabamians. While the Executive Workgroup will meet monthly to review the progress of the project and to suggest other avenues for investigation, the Working Subgroups will meet more frequently to research possible Exchange development options.

The data collection of the project will consist of two (2) primary data gathering approaches and at least one secondary data assessment program. Primary data will be initially gathered, via a telephone survey, on the insured, the uninsured, the underinsured, and the unstably insured in Alabama. It will seek information on the current insured status as well as barriers to health insurance and its availability—including internet connectivity and access to other technology. This approach will ultimately yield demographic, employment, and other quantitative data on a statistically valid number of households in the state in order for the Department and its partner Agencies to evaluate data at the county level. From development of the research instrument to the final report, the Department estimates that this survey will span seven months. The second approach to gather primary data will be to gather quantitative data by conducting focus groups. These focus groups are scheduled to be held during a two month time period and will focus on the business community's challenges regarding health insurance as well as individual employee challenges to obtaining health insurance. Such discussions will include what the perception is of an Exchange and what Alabamians would expect an Exchange to do for them.

The third prong of the project will be to assess the feasibility of the establishment of the Exchanges and to assess issues related to different Exchange "models" among the different sectors of the population. This will be accomplished in meetings of key stakeholders and will utilize the data gathered during the study period. Subgroups will focus on the issues crucial to the development of Exchange models utilizing data results.

Stakeholder Involvement: The Department of Insurance will serve as the lead agency in this grant project. In addition to several key staff of the Alabama Department of Insurance, the Executive Workgroup and Working Subgroups will be tentatively comprised of:

- The Alabama Medicaid Agency and the Department of Public Health (ALL Kids), the partner agencies previously outlined in this grant application
- Directors or their designees from other relevant state agencies (including the Alabama Department of Human Resources, the Alabama Department of Mental Health, the Alabama Department of Senior Services, the Alabama Department of Rehabilitation Services, the Governor's Office, Alabama Department of Economic and Community Affairs)
- Representatives from the Health Committees in Alabama's Senate and House of Representatives

- Representatives of both large and small businesses in the state as identified by the Business Council of Alabama
- A representative from the Medical Association of the State of Alabama
- A representative from Alabama Arise and Voices for Alabama's Children (prominent advocacy groups for low income Alabamians)
- A representative from Alabama Family Voices (prominent advocacy group for Alabamians with special health care needs)
- A representative from the research organizations (TBA) that are conducting the survey and research pursuant to this grant proposal. The research organization will be named after a Request for Proposals process
- A representative from the Alabama Hospital Association
- A representative from the Alabama State Employees Insurance Board
- A representative from Blue Cross Blue Shield of Alabama (the largest private insurer in the state)
- A representative from the Alabama Association of Health Plans (the Alabama HMO Association)
- A representative of the Alabama Rural Action Commission (a rural Alabama advocacy organization)

Please note: This list is not exhaustive and groups/organizations may be added or eliminated as necessary.

Governance, Resources and Capabilities: At the conclusion of the study and during the establishment of the recommended Exchange model for the state, if it proves best for Alabama, the Department and its partner Agencies will continue to internally examine its existing resources and capabilities. Should the final result of the study include a recommendation to establish a State-run Exchange, the Department will utilize the Executive Committee and the Working Subgroups to develop a final proposal and plans for the State-run Exchange. This will include any increase or reallocation of existing resources.

The underlying purpose of this grant application is to provide Alabama with an opportunity to conduct a comprehensive study on the current health insurance climate and what can be expected in the future, whether Alabama should run an Exchange, participate in a multistate Exchange or defer to HHS to establish an Exchange. In order to adequately determine this, the workgroups will attempt to answer difficult questions such as:

- What types of Exchange models exist now?
- Should the Individual and Small Group Exchanges be combined?
- Should Alabama include large groups into the Exchange in 2017?
- What information would an Alabama Exchange need to provide Alabamians and what would be the best way to present this information?
- How will Alabama bring consumers to the Exchange? What marketing to specific populations work best?
- What technological challenges exist in the state (i.e. internet connectivity in rural Alabama) and how best can the state overcome these challenges?
- How will the linkages between the Exchange and programs such as Medicaid and ALL Kids occur?
- What are the staffing needs to handle an Exchange? What initial staff requirements will be needed for the open enrollment when the Exchange goes live versus ongoing requirements to operate the Exchange in future years?
- How will funding be created to make the Exchange self-sustainable?
- How will this integrate with www.myalabama.gov and the possibility of a "single point of entry" for eligibility for all assistance programs offered by the state?

- How should the governance structure of the Exchange look? Who will be the “Navigator”?
- Who will have oversight of the Exchange?
- What information should be included in the web portal that will assist consumers in making wise choices that are best for their individual needs?
- How will the Exchange ensure quality and competitive pricing?

Finance and Business Operations. The study outlined in this grant application, once complete, will serve two primary purposes. The first will determine whether Alabama should operate an exchange. If that answer is “yes,” the second purpose will define what the recommended Exchange model will be. At that point, comprehensive planning will be conducted to prepare for implementation of the Exchange. This will include development of a future grant application to “build” the Exchange. In addition, the methods of financing for the Exchange as well as procedures to address reporting, accounting and auditing requirements, criteria for Exchange eligibility, qualifications and other required operation policies and procedures necessary to comply with the Affordable Care Act will be developed.

Program Integration. The Working Subgroups will be dedicated to addressing what an Exchange would need to do in order to integrate existing state programs, specifically Medicaid and ALL Kids. The Working Subgroups will also develop solutions to such challenges as lack of internet connectivity to access the Exchange, and the transfer of eligibility data between systems.

Technical Infrastructure. Among the many provisions of the Affordable Care Act is a requirement that an Exchange maintain a website to provide standardized comparative information on the qualified health benefit plans offered by the Exchange. In addition, the Exchange must operate a toll-free consumer assistance hotline. Currently, the Department has one general website (www.aldoi.gov) and a second website dedicated to health insurance (www.healthinsurance.alabama.gov) that the Department acquired from the Department of Public Health. In anticipation of increased website traffic, these two websites are being consolidated and redesigned to be more consumer-friendly with current and meaningful information for Alabama consumers on the Affordable Care Act. The Department has a Consumer Services Division to provide assistance to consumers on all aspects of insurance. It does not have a dedicated “hotline” for health insurance, however. This grant will enable the Department to study the feasibility of expanding its existing websites to provide the required Exchange comparative information or whether such a website should exist separately from the Department site. The Department is aware that any development must include a process for coordination of Medicaid, ALL Kids and Exchange-related activities as well as the integration of Health Information Exchange standards for program interoperability. Costs in hardware, software, and security measures will be reviewed. Personnel needs, whether new staff or a reallocation of existing staff, will also be a part of this review. Finally, the Department and its partner Agencies will review the need for a toll-free consumer assistance hotline dedicated to health insurance questions, review its current staff capacity for increased utilization of consumer assistance, and what existing services and equipment will need to be enhanced.

Regulatory or policy actions: In order for the Department to establish and run an Exchange, there must be statutory authority to do so. Currently, the Department does not have this authority. Part of the planning for the development of an Exchange will be to create and encourage passage of this legal authority in the 2011 Legislative Session. This will require researching other state laws and model acts from the National Association of Insurance Commissioners (NAIC) for guidance in the language for the Alabama legislation. It will be important for the Department and stakeholders to work together to encourage passage of this important legislation.

APPENDIX B
CUSTOMARY PROVISIONS FOR ALDOI CONTRACTS

1. CONTRACT

The Contract between the State of Alabama Department of Insurance (“Department”) and _____ (“Contractor”) shall include the Request for Proposal (RFP) and any amendments thereto, and the Contractor’s proposal submitted in response to the RFP and any amendments subsequently negotiated between the Department and the Contractor. The Department reserves the right to clarify any contractual relationships in writing with the concurrence of the Contractor.

2. RELATIONSHIP OF PARTIES

It is understood by the parties that the Contractor, including Contractor’s employees, partners and business associates, is an independent contractor with respect to the Department, and is not an employee of the Department. The Department will not provide fringe benefits, such as health insurance benefits, paid vacation, or other employee benefits for the benefit of the Contractor. It is agreed that the Contractor is not subject to the control of the State of Alabama or the Department of Insurance in the performance of its duties and is not entitled to the benefits of the State Personnel System or the State Merit System laws.

3. INDEMNIFICATION

The Contractor agrees to indemnify and hold the Department harmless from all claims, losses, expenses, fees including attorney fees, costs and judgments that may be asserted against the Department that result from the acts or omissions of the Contractor, the Contractor’s employees, and the Contractor’s agents.

4. OWNERSHIP OF INFORMATION AND CONFIDENTIALITY

The Department shall own and retain unlimited rights to use, disclose, or duplicate all information and data developed, derived, documented, stored, or furnished by the Contractor under this contract.

The Contractor, its officers, agents, and employees, and subcontractors, shall treat all information, which is obtained by it through its performance under this Contract as confidential information to the extent required by the laws of the State of Alabama and the United States. Individual identifiable information shall not be disclosed pursuant to privacy rules, including, but not limited to, the Health Insurance Portability and Accountability Act, P.L. 104-191. The use of information obtained by the Contractor in the performance of its duties under this Contract shall be limited to purposes directly related to the requirements of the contract.

Any publicity given to the services provided by the Contractor under this contract, including but not limited to notices, information pamphlets, press releases, research, reports, or other publications prepared by or for the contract shall not be released in written or oral form without prior approval from the Department. In no way shall the Contractor represent itself directly or by inference as a representative of the State of Alabama or the Department of Insurance except within the confines of its role as Contractor.

The Department or an authorized representative of the State of Alabama shall, at all reasonable times, have the right to enter Contractor’s premises, or such other places where duties under the contract are being performed, to inspect, monitor, or otherwise evaluate the work being performed. The Contractor

and all subcontractors must provide access to all reasonable facilities and assistance for State representatives. All inspections and evaluations shall be performed in such a manner as will not unduly delay work.

5. NOTICES

All notices required or permitted under this Contract shall be in writing and shall be deemed delivered when delivered in person or deposited in the United States mail, postage prepaid, addressed as follows:

Department:

Alabama Department of Insurance
Street address: 201 Monroe Street, Suite 502
Montgomery, AL 36104
Mailing address: PO Box 303351
Montgomery, AL 36130-3351

Contractor:

Such address may be changed from time to time by either party by providing written notice to the other in the manner set forth above.

6. PAYMENT

Contractor will furnish an invoice to the Department for services rendered and expenses incurred. Each invoice or billing statement shall itemize costs incurred in connection with the particular matter for which services were rendered at the prices set forth in the pricing form. The contact person for matters relating to invoicing and payment processing for this Contract shall be Tisha Johnson, Department Accountant. Contractor will submit two (2) copies of an invoice to the Department, Attn: Tisha Johnson. If by hand delivery or courier, invoices shall be delivered to: 201 Monroe Street, Suite 502, 1Montgomery, AL 36104. If by U.S. Mail, invoices shall be delivered to: P.O. Box 303351, Montgomery, AL 36130-3351. Invoices that are received by the Department which are otherwise received in non-conformance with all of the requirements of the contract will be returned to Contractor unpaid or will be held by the Department until proper documentation is submitted. Contractor will promptly refund or credit within thirty (30) calendar days any erroneously paid funds that are not expressly authorized by the Department.

The Department will not prepay for any services provided by Contractor in its performance under the contract.

Upon termination of this Contract, payments under this section shall cease; provided, however, that the Contractor shall be entitled to payments for periods or partial periods that occurred prior to the date of termination and for which the Contractor has not yet been paid, up to the limits of the Contract.

7. RECORDS AVAILABLE FOR AUDIT

The Contractor will maintain all books, documents, payroll papers, accounting records and other evidence pertaining to costs incurred under this Contract and make them available at reasonable times during the period of the Contract and for three years thereafter for inspection by any authorized representative of the

State or Federal Government. If any litigation, claim, or audit is commenced before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this Contract.

8. ADDITIONAL REQUIREMENTS

In addition to the specifications otherwise included in this contract, Contractor will provide professional services to the Department under a contract in accordance with the following:

Immigration. Contractor will comply with the requirements of the Immigration Reform and Control Act of 1986 regarding employment verification and retention of verification forms for any individuals hired on or after November 6, 1986, who will perform any labor or services under the contract.

Equal Opportunity. The Contractor will comply with the Civil Rights Act in giving equal opportunity without regard to race, color, creed, sex or national origin. The Contractor will prohibit discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilitation Act of 1973, on the basis of sex under Title IX of the Education Amendments of 1972, or on the basis of race, color or national origin under Title VI of the Civil Rights Act of 1964.

ADA. Contractor will comply with the requirements of the Americans with Disabilities Act (ADA).

Payment of Taxes and Insurance by Contractor. Contractor will be responsible for payment of all taxes, including, but not limited to, state, federal, foreign, or local taxes, including income tax, withholding tax, Social Security tax, pension contributions, and any other form of payroll or other taxes, for all Contractor's employees. At Contractor's sole cost and expense, Contractor will secure and maintain any and all insurance that is required by the contract or is necessary to protect the interests of the State of Alabama and the Department or that Contractor may need or desire for Contractor or Contractor's Employees.

Certification regarding Debarment. Contractor certifies that as of the date that this contract is signed, neither Contractor nor Contractor's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs or programs supported in whole or in part by federal funds.

Non-discrimination Based on National Origin as evidenced by Limited English Proficiency. The Contractor agrees to comply with the non-discrimination requirements of Title VI of the Civil Rights Act, 42 USC Section 2000(d) and with the federal guidelines promulgated pursuant to Executive Order 13166 of 2000, which require that contractors and subcontractors receiving federal funds must assure that persons with limited English proficiency can meaningfully access services. To the extent the Contractor provides assistance to individuals with limited English proficiency through the use of oral or written translation or interpretive services in compliance with this requirement, such individuals cannot be required to pay for such services.

Drug Free Workplace Act. The Contractor will assure a drug-free workplace in accordance with 45 CFR Part 76.

Lobbying. No federal funds under this agreement may be used to influence or attempt to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, continuation, renewal, amendments other than federal appropriated funds.

Environmental Tobacco Smoke. Public Law 103-227, also known as the Pro-children Act of 1994, requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, child care, early childhood development services, education or library services to children under the age of 18, if the services are funded by federal programs either directly or through state or local governments, by federal grant, contract, loan or loan guarantee. The law also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with Federal funds.

Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1,000 for each violation and/or the imposition of an administrative compliance order on the responsible entity.

Contractors are prohibited from promoting the use of tobacco products for all clients. Facilities supported by state and federal funds are prohibited from making tobacco products available to minors.

Federal public policy requirements. The Contractor agrees to abide by applicable public policy requirements for contractors under federal grants as outlined by the HHS (Health and Human Services) Grants Policy Statement. (www.hhs.gov/grantsnet)

9. SUPPORT SERVICES

The Department will not provide support services, including office space and secretarial services, for the benefit of the Contractor.

10. COMPUTING AND COMMUNICATION

The Contractor shall select, in consultation with the Alabama Department of Insurance Information Technology Division and the Alabama Department of Finance Information Services Division, one of the approved methods for secure access to the State's systems and data, if required. Approved methods are based on the type of work performed by the Contractor as part of this agreement. The State will not supply e-mail accounts to the Contractor. The State shall work with the Contractor to ensure compliance with all applicable State and Federal policies standards, especially those related to privacy and security.

11. INTELLECTUAL PROPERTY/WORK PRODUCT OWNERSHIP

All data, technical information, materials first gathered, originated, developed, prepared, or obtained as a condition of this contract and used in the performance of this contract—including but not limited to all reports, surveys, plans, charts, literature, brochures, mailing, recordings (video or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and printouts, notes and memoranda, written procedures and documents, which are prepared for or obtained specifically in this contract—or are the result of the services required under this grant—shall be considered “work for hire” and remain the property of the State of Alabama, regardless of the state of completion—unless otherwise specified in this contract. Such items shall be delivered to the Department upon 30 days notice by the Department. With respect to software computer programs and/or sources codes first developed for the Department, all work shall be considered “work for hire,” i.e., the Department, not the contractor or subcontractor, shall have full and complete ownership of all software computer programs, documentation and/or source codes developed.

The Contractor shall not sell or copyright a work product or item produced under this agreement without explicit permission from the Department.

If the Contractor is operating a system or application on behalf of the State of Alabama, then the Contractor shall not make information entered into the system or application available for use by any other party than the State of Alabama, without prior authorization by the Department. Nothing herein shall entitle the State to pre-existing Contractor's materials.

12. TERM/TERMINATION

The contract may be terminated or cancelled for any one of the following circumstances, but in no event shall the term of this contract extend past September 30, 2011:

- Upon the mutual written agreement of both parties, either party may terminate or cancel the contract with thirty (30) days written notice.
- Either party may, upon giving thirty (30) days written notice identifying specifically the basis for such notice, terminate the contract for breach of a material term or condition of the contract, provided the breaching party shall not have cured such breach within the thirty (30) day period. In the event of such termination, Contractor shall be paid for all services provided prior to the date of the termination.
- Contractor agrees that all individuals provided to the Department under any contract are subject to removal from the Department's contract by the Department if, in the sole judgment of the Department, the individual is not performing satisfactorily. The Department shall notify the Contractor by written notice of unsatisfactory performance and removal from the Department's contract for any affected individual. This right of removal is in addition to the Department's rights to terminate this contract.
- Contractor agrees that in the event of a termination, Contractor shall transfer title to the Department (to the extent that title has not been transferred) and deliver all files, processing systems, data manuals and other documentation that relate to the work terminated by the Notice. Contractor shall also take such action as may be necessary for the protection and preservation of the property related to this contract which is in the possession or control of the Contractor, and in which the Department has or may acquire an interest.

This contract is subject to termination or cancellation, without penalty to the Department, either in whole or in part, subject to the availability of funds, including federal grant funding, and the provisions of the Patient Protection and Affordable Care Act (ACA). The Department is a state agency whose authority and appropriations are subject to actions of the Alabama Legislature. If the Department becomes subject to a legislative change including the material alteration, revocation or amendment of the provisions of the ACE, revocation of statutory authority, proration, or lack or withdrawal of appropriated funds, the contract will be terminated or cancelled and be deemed null and void. In the event of a termination or cancellation under this section, the Department will not be liable to Contractor for any damages that are caused or associated with such termination or cancellation and the Department will not be required to give notice. In the event of such termination, Contractor shall be paid for all services provided prior to the date of the termination.

In the event the Department terminates or cancels the contract for Contractor's nonperformance or for cause, the Department may procure, upon such reasonable terms and in such manner as it deems appropriate, substitute services similar to those so terminated or cancelled and Contractor will be liable to

the Department for any excess or additional costs incurred by the Department in acquiring such services plus court costs and attorneys' fees. The Department's recovery of costs under this section is in addition to any other remedies available to the Department under the contract and/or under applicable law.

If the contract is terminated for any reason, the Department and the State of Alabama will not be liable to Contractor for any damages, claims, losses or any other amounts arising from or related to any such termination. The Department expressly reserves any and all legal remedies to which it may be entitled to collect any and all damages directly or indirectly resulting from breach of contract by Contractor or any of its agents, representatives, subcontractors, employees, or any other party acting on behalf of the Contractor. The Department reserves the right to pursue any and all applicable rights and remedies if the contract is terminated for any reason and DOI expressly waives no such rights or remedies.

13. ENTIRE AGREEMENT

This Contract contains the entire agreement of the parties and there are no other promises or conditions in any other agreement whether oral or written. This Contract incorporates by reference the Request for Proposals and supersedes any prior written or oral agreements between the parties. This Contract will be binding upon and inure to the benefit of the Department and Contractor and to their respective heirs, executors, administrators, legal representatives and successors.

14. AMENDMENT

This Contract may be modified or amended if the amendment is made in writing and is signed by both parties. To the extent the laws of the State of Alabama require the Department to include additional language in its contracts, Contractor agrees to amend any resulting contract and to cooperate in the execution of any contract amendments necessary to effectuate such state law.

15. SEVERABILITY

If any provision of this Contract shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Contract is invalid or unenforceable, but by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

16. WAIVER OF CONTRACTUAL RIGHT

The failure of either party to enforce any provision of this Contract shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Contract. The failure to enforce or any delay in the enforcement of any privileges, rights, defenses, remedies, or immunities detailed in the contract or otherwise available to the Department by law will not constitute a waiver of said privileges, rights, defenses, remedies, or immunities or be considered as a basis for estoppel. The Department does not waive any privileges, rights, defenses, remedies, or immunities available to the Department as an agency of the State of Alabama or otherwise available to the Department.

17. APPLICABLE LAW

This Contract shall be governed by the laws of the State of Alabama. It is agreed that the terms and commitments contained herein shall not be constituted as a debt of the State of Alabama in violation of Article XI, Section 213, of the Constitution of Alabama, 1901, as amended by Amendment 26. It is further agreed that if any provision of this contract shall contravene any statute or constitutional provision or amendment, either now in effect or which may, during the course of this Contract, be enacted, then any conflicting provision in the Contract shall be deemed null and void. The Contractor's sole remedy for settlement of any and all disputes arising under the terms of this Contract shall be limited to the filing of a claim with the Board of Adjustment for the State of Alabama. The Contractor shall not incur any liability on behalf of the State of Alabama.

18. EXEMPTION

The Department, notwithstanding any provisions of this Contract, incorporations or amendments hereto, does not release or waive, expressly or impliedly, its right to assert sovereign immunity or any other affirmative or defensive right or claim it may have under law.

19. AUTHORITY

This Contract is made pursuant to and under the authority of Section 27-2-10(c), Code of Alabama, 1975.

20. EFFECTIVE DATE

This Contract shall not become effective until approved by the Governor of Alabama. The Contractor acknowledges and understands that this contract is not effective until it has received all the requisite state government approvals and the Contractor shall not begin performing work under this contract until notified to do so by the Department. The Contractor is entitled to no compensation for work performed under this contract prior to the effective date of this contract.