

## State of Maine Procurement Justification Form

This form must accompany all contract requests and sole source requisitions (RQS) over \$5,000 submitted to the Division of Procurement Services.

**INSTRUCTIONS:** Please provide the requested information in the white spaces below. All responses (except signatures) must be typed; no hand-written forms will be accepted. See the guidance document posted with this form on the Division of Procurement Services website (Forms page) for additional instructions.

### PART I: OVERVIEW

Department Office/Division/Program:		DPFR / Insurance	
Department Contract Administrator or Grant Coordinator:		Mary M. Hooper 624.8449	
(If applicable) Department Reference #:			
Amount: (Contract/Amendment/Grant)	\$40,000	Advantage CT / RQS #:	20190423 3118
<b>CONTRACT</b>	Proposed Start Date:		Proposed End Date:
<b>AMENDMENT</b>	Original Start Date:	05/01/2019	Effective Date:
	Previous End Date:	06/30/2020	New End Date:
<b>GRANT</b>	Project Start Date:		Grant Start Date:
	Project End Date:		Grant End Date:
Vendor/Provider/Grantee Name, City, State:		Gorman Actuarial, Inc. 210 Robert Road Marlborough, MA 01752	
Brief Description of Goods/Services/Grant:		Actuarial Consultation Services	

### PART II: JUSTIFICATION FOR VENDOR SELECTION

Mark an "X" before the justification(s) that applies to this request. (Check all that apply.)

	A. Competitive Process		G. Grant
X	B. Amendment		H. State Statute/Agency Directed
X	C. Single Source/Unique Vendor		I. Federal Agency Directed
	D. Proprietary/Copyright/Patents		J. Willing and Qualified
	E. Emergency		K. Client Choice
	F. University Cooperative Project		L. Other Authorization

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**PART III: SUPPLEMENTAL INFORMATION**

Please respond to ALL of the following:

**1. Provide a more detailed description and explain the need for the goods, services or grant to supplement the response in Part I.**

On March 23, 2010, the President signed into law a comprehensive health reform legislation measure, the Patient Protection and Affordable Health Care Act, PPACA (P.L. 111-148). Included in this law is the potential for the merging of the individual and small group health insurance markets. In order to provide meaningful support to the legislature's Committee on Health and Human Services, it is necessary that the Bureau of Insurance, as directed by the Governor's office, perform a study targeted at merging Maine's individual and small group health insurance markets.

**2. Provide a brief justification for the selected vendor to supplement the response in Part II.**

In 2007 and again in 2010, the Bureau of Insurance engaged Gorman Actuarial, LLC, to study/model the merging of the Maine individual health insurance market and the Maine small group health insurance market. The study included collecting and normalizing claims data for the individual market and small group markets, determining the claims base impact of a merged market to the individual and small group populations, determining the change in conversion factor due to merging the markets, reviewing the membership trends in the collected data, reviewing the elasticity of demand for health insurance and modeling the merging of the markets. Included in the modeling was performance of a sensitivity analysis on assumptions including impact on premium varying by member and health status assumption.

Gorman Actuarial, LLC, in addition to performing the Bureau of Insurance's 2007 study, did modeling work for the Massachusetts Connector health legislation of which some features are present in PPACA and Public Law 90.

**3. Explain how the negotiated costs or rates are fair and reasonable; or how the funding was allocated to grantee.**

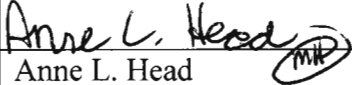
The hourly rates proposed by Gorman Actuarial, LLC are very competitive with those of other actuarial consulting firms. They range from \$220 for an actuarial analyst up to \$350 for the firm's principal actuary. In comparison, rates the Bureau of Insurance has paid in the past have ranged from from \$185-\$270 for an assistant actuary up to \$508-\$611 for a principal actuary.

**4. Describe the plan for future competition for the goods or services.**

The Bureau of Insurance views this as a special case necessitated by the timeline set forth by the governor's office. The Bureau of Insurance anticipates that future needs for actuarial services will follow the competitive RFP process.

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### PART IV: APPROVALS

<b>Signature of requesting Department's Commissioner (or designee):</b>	<i>By signing below, I signify that I approve of this procurement request.</i>		
	<i>Anne L. Head</i> 		
<b>Printed Name:</b>	Anne L. Head	<b>Date:</b>	04/ 7 /2020
<b>Signature of DAFS Procurement Official:</b>	<small>DocuSigned by:</small> <i>Kathy Paquette</i>		
	<small>41C2BA36FAF44CD...</small>		
<b>Printed Name:</b>	Kathy Paquette	<b>Date:</b>	4/27/2020