

State of Maine Waiver of Competitive Bidding Request Form

Form Instructions: Please provide the requested information in the white boxes below. This form is to precede all contract requests that are not the direct result of a competitive bid process.

Requesting Department's Contract Administrator:	Mary M. Hooper 624.8449	Office/Division/Program of Contract Administrator:	DPFR / Insurance
Est. Contract Amount:	\$175,000	Contract or RQS Number:	20190423 3118
Proposed Start Date:	05/01/2019	Proposed End Date:	12/31/2019
Vendor/Provider Name, City, State	Gorman Actuarial, Inc. 210 Robert Road Marlborough, MA 01752		
Short Description of Good or Service:	Actuarial Consultation Services		
Please note, for transparency purposes, Waivers of Competitive Bidding will be publicly posted. Public postings are placed on the Division of Procurement Services website for a period of seven consecutive calendar days.		To be completed by the Division of Procurement Services Posting dates on Division of Procurement Services website: From: <u>5/7/2019</u> To: <u>5/13/2019</u>	
Notice of Intent to Waive Competitive Bidding Number:		NOI# 0520190567	
1. Statutory Justification State of Maine statute (5 M.R.S. §1825-B(2)) allows waivers of competitive bidding only for the specific reasons listed below. Please mark the appropriate box (X) next to the justification which applies to this specific request.			
X	<p>A. The procurement of goods or services by the State for county commissioners pursuant to Title 30-A, section 124, involves the expenditure of \$2,500 or less, and the interests of the State would best be served;</p> <p>B. The Director of the Bureau of General Services is authorized by the Governor, or the Governor's designee, to make purchases without competitive bidding because, in the opinion of the Governor or the Governor's designee, an emergency exists that requires the immediate procurement of goods or services;</p> <p><i>If citing the above justification for this Waiver of Competitive Bidding request, please have the requesting Department's Commissioner or Chief Executive (as the Governor's "designee") sign and date on the right.</i></p> <p style="text-align: center;"><i>By signing below, I signify as the Governor's designee there is an emergency that necessitates this non-competitive procurement.</i></p> <p style="text-align: center;"><i>Anne L. Head</i></p> <p>Anne L. Head 05/ 6 /2019</p>		
	C. After reasonable investigation by the Director of the Bureau of General Services, it appears that any required unit or item of supply, or brand of that unit or item, is procurable by the State from only one source;		
	D. It appears to be in the best interest of the State to negotiate for the procurement of petroleum products;		
	<p>E. The purchase is part of a cooperative project between the State and the University of Maine System, the Maine Community College System, the Maine Maritime Academy, or a private, nonprofit, regionally accredited institution of higher education with a main campus in this State involving:</p> <p>(1) An activity assisting a state agency and enhancing the ability of the university system, community college system, Maine Maritime Academy, or a private, nonprofit, regionally accredited institution of higher education with a main campus in this State to fulfill its mission of teaching, research, and public service;</p> <p>(2) A sharing of project responsibilities and, when appropriate, costs;</p> <p><i>If citing the above justification for this sole source request, please note that the specific approval of the Governor's Office is required, in accordance with Executive Order 26 FY 11/12, "An Order to Enhance Competitive Bidding". The approval must be documented on DAFS/BGS/Division of Procurement Services "GOVCOOP" form, found here: http://www.maine.gov/purchases/info/forms/govcoop.doc.</i></p>		
	F. The procurement of goods or services involves expenditures of \$10,000 or less, in which case the Director of the Bureau of General Services may accept oral proposals or bids;		

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	G. The procurement of goods or services involves expenditures of \$10,000 or less, and procurement from a single source is the most economical, effective and appropriate means of fulfilling a demonstrated need.	
	If a different authorization specifically allows for this non-competitive procurement, please provide that reference here:	

Please note that the following four points below (#2 through 5) all require a response.

2. Description of Specific Need

Please identify, and fully describe, the specific problem, requirement, or need the resulting non- competitive contract would address and which makes the goods or services necessary. Explain how the requesting Department determined that the goods or services are critical and/or essential to agency responsibilities or operations.

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.

3. Availability of other Public Resources

Please explain how the requesting Department concluded that sufficient staffing, resources, or expertise is not available within the State of Maine’s government, or other governmental entities (local, other state, or federal agencies) external to the requesting Department, which would be able to address the identified need more efficiently and effectively than the identified vendor.

Bureau of insurance staff does not have the modeling expertise and background to perform a meaningful study of merging the individual and small group health insurance markets.

There are no other actuarial modeling capabilities within state government or any known federal government resources that are available to the Bureau of Insurance.

4. Cost

Since a waiver of competitive bidding is being requested for this procurement, please explain how the requesting Department concluded the negotiated costs, fees, or rates are **fair and reasonable**.

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.

5. Future Competition

Please describe potential opportunities which may be available to foster competition for these goods or services in the future.

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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Please note that only one of the two points below ("Uniqueness" or "Timeframe") requires a response. Requesting Departments are not required to respond to both points.

6. Uniqueness

Please explain if the goods or services required are unique to a specific vendor. Describe the unique qualifications, abilities, and/or expertise of the vendor and how those particular unique factors address the specific need identified above. If the vendor has unique equipment, facilities, or proprietary data, also explain the necessity of these particular unique assets.


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.

7. Timeframe (Complete only if B. is the Statutory Justification marked on Page 1)

Please explain if time is of the essence and an emergency exists which requires the immediate procurement of goods or services. Describe the nature of this emergency, provide the date by which the goods or services must be delivered, and explain how that date was determined and its significance (i.e. impact if delayed beyond this date). Also, provide information as to how it was determined this vendor is the best option to address this time-sensitive procurement.

The governor's office has requested that this project commence immediately.

Signature of requesting Department's Commissioner or Chief Executive (or designee within the Commissioner's Office):	<i>By signing below, I signify that my Department requests, and I approve of, this Waiver of Competitive Bidding.</i>
Printed Name:	
Date:	05/ 6 /2019