

## MEMORANDUM

**To:** Health Connector Board of Directors  
**Cc:** Louis Gutierrez, Executive Director  
**From:** Kari Miller, Chief Financial Officer  
**Date:** May 7, 2018  
**Re:** Recommendation to Enter into a contract with Viebec

### BACKGROUND AND OVERVIEW

In August 2017, the Health Connector's Chief Actuary, Ms. Edith Calvao, relocated to Canada. Given Ms. Calvao's experience, and continued Connector inability to recruit similarly qualified locally-based actuaries, the Health Connector is recommending that we enter into a contract with Ms. Calvao's new firm – Viebec - to perform healthcare actuarial and related financial analytic services in support of Health Connector programs in an amount not to exceed \$349,816. Please note the not to exceed amount of this contract is budget neutral compared to the previously-budgeted cost of employees who are being replaced by this contract.

Upon passage of the Affordable Care Act (ACA), the Health Connector required actuarial services and expertise in implementation and operationalization of the ConnectorCare program. To fill that gap, the Health Connector added an actuarial resource to an existing contract with a consulting firm that provided project management support. It became apparent that this was not a long-term solution as this was too expensive (over \$500K annually), and the resource lacked depth with ongoing Health Connector business and was not as engaged and invested in the program and mission as needed.

In February 2016, the Health Connector hired Ms. Calvao as a fulltime Chief Actuary to provide healthcare actuarial services primarily in support of the ConnectorCare program and the annual Seal of Approval process. Since that time, the role of the Chief Actuary has been expanded to encompass overall Health Connector enrollment and programmatic financial modeling, the annual cost sharing reduction (CSR) reconciliation process, the annual reconciliation of state-mandated benefits (SMB), the student health insurance program (SHIP), financial analysis of federal and state health care reform initiatives or proposals, management of a senior financial analyst, and provide subject matter expertise to senior management in support of key business decisions.

In August 2017, the Chief Actuary made a personal decision to relocate to Montreal, Canada, as she is a Canadian citizen. Because of the timing, the Health Connector entered into an engagement with her to remotely provide actuarial services until a local, permanent resource could be employed. Despite extended search, in comparison to Ms. Calvao, applying candidates did not have the desired level of expertise or carrier experience deemed necessary to successfully perform the required duties. As a result, in January 2018, the decision was made to extend the work order for three months through April 30, 2018. Subsequently, Ms. Calvao has decided to incorporate as a business providing actuarial services, Viebec.

Given Ms. Calvao’s expertise and the lack of similarly qualified in-house candidates, we are recommending to enter into a new contract with Viebec to provide both actuarial and financial analytic services. In addition to replacing the Chief Actuary position, this contract will also provide services previously provided by a Senior Financial Analyst. That position at the Health Connector has been vacant for several months since the last incumbent resigned for other employment. Thus, the not to exceed amount of \$349,816 for the new contract does not impact the Health Connector’s bottom line.

**SCOPE OF WORK AND LEVEL OF EFFORT**

The Chief Actuary, with support from a Financial Analyst, will perform healthcare actuarial services in support of the Health Connector at the direction of the Chief Financial Officer. Please note the not to exceed amount of this contract is budget neutral.

Position	Hourly Rate	Annual Hours	Subtotal	Allowance	Total (Not to Exceed)
Chief Actuary	\$ 120.85	1,840	\$ 222,356	\$ 22,236	\$ 244,591
Financial Analyst	\$ 50.88	1,880	\$ 95,659	\$ 9,566	\$ 105,225
		3,720	\$ 318,014	\$ 31,801	\$ 349,816

**BOARD RECOMMENDATION**

Health Connector staff recommend entering into a contract with Viebec to perform healthcare actuarial services in support of Health Connector programs for an amount not to exceed \$349,816 through June 30, 2019.