



*Request for Proposal
For
Auditing Services*

Release Date: Monday, February 26, 2018

Due Date: Wednesday, March 21, 2018

1:00 p.m. Central Time

PROPOSAL SIGNATURE PAGE

PROPOSAL MUST BE RECEIVED NO LATER THAN:

TIME: 1:00 P.M. Central Time

DATE: March 21, 2018

PROPOSALS RECEIVED AFTER THIS TIME WILL NOT BE CONSIDERED FOR AWARD

For Information, please email: rfp@mchcp.org
or visit our RFP website at: <http://www.mchcp.org/biddingOpportunities/index.asp>

This document constitutes a request for sealed proposals, including prices, from qualified individuals and organizations to furnish those services and/or items as described herein.

Proposals must be mailed to Attn: Stacia Fischer, Chief Financial Officer, Missouri Consolidated Health Care Plan (MCHCP), 832 Weathered Rock Court, P.O. Box 104355, Jefferson City, Missouri 65110, (UPS, Federal Express, etc. use zip code 65101). Proposals must be clearly marked "Auditing Services – FILING DATE March 21, 2018."

CONTRACT PERIOD: The period of this contract shall be for a minimum of one year with MCHCP's sole right to renew for four (4) additional one-year periods. The initial contract period will begin with date of contract award through the completion of the FY2018 audit including all audit deliverables. A fixed pricing arrangement for the FY2018 audit is required. The bidder shall agree that annual pricing arrangements will be negotiated, but any increase in cost to MCHCP for Year 2 (FY2019 audit) and Year 3 (FY2020 audit) will not exceed the pricing arrangement provided by the bidder as submitted on Exhibit A. Pricing for Year 4 (FY2021 audit) and Year 5 (FY2022 audit) will be negotiated.

The bidder hereby agrees to provide the services and/or items at the prices quoted, pursuant to the requirements of this document. The bidder must provide an original and three (3) copies of their proposal. The original Request for Proposal and all amendments are required to be signed and returned with the bidder's proposal and the bidder must also provide two (2) originals of all signature pages and Exhibits A and B.

Note that return of the signed form from the last amendment, if any, of the subject RFP shall constitute acceptance by the bidder of all terms and conditions of the original RFP plus all RFP amendments. The bidder is advised to review all proposal submission requirements stated in the original RFP and in any amendments, thereto.

Bidder's Signature: _____

Bidder's Printed Name: _____

Title

Bidder's E-mail Address: _____

Company Name: _____

Mailing Address: _____

City

State

Zip Code

Telephone: (____) _____ Fax Number: (____) _____

Social Security or Federal Tax No: _____

SECTION A
INTRODUCTION AND GENERAL INFORMATION

A1. GENERAL INFORMATION

A1.1 Please review the Request for Proposal (RFP) carefully. Submit questions regarding any information presented in this RFP by email to rfp@mchcp.org. Questions are due by March 5, 2018, and MCHCP will post written responses on its web site by March 9, 2018. Due to time constraints, there is no guarantee that questions received after March 5, 2018 will be answered. For clarity, cite the section and page number to which the questions pertain. The RFP can be obtained from MCHCP's website, <http://www.mchcp.org/biddingOpportunities/index.asp>.

A1.2 Schedule of Events

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| • RFP Release Date | February 26, 2018 |
| • Questions due from potential bidders | March 5, 2018 |
| • MCHCP response to bidders' questions posted on web site | March 9, 2018 |
| • Proposals due to MCHCP (1:00 pm CT) | March 21, 2018 |
| • Proposal evaluations and finalist interviews | March-April, 2018 |
| • RFP award made by MCHCP Board of Trustees (subject to final contract) | late April, 2018 |
| • Effective date of contract | upon signature |

A1.3 This document constitutes a request for sealed proposals from qualified individuals and organizations to perform auditing services in accordance with the terms and conditions set forth herein.

A1.4 This document is divided into the following parts described below:

- Section A General Introduction
- Section B Scope of Work
- Section C General Provisions
- Section D Proposal Submission Information
- Section E Questionnaire
- Section F Exhibits
 - Exhibit A – Pricing Page
 - Exhibit B – Proposed Bidder Modifications
 - Exhibit C – Contractor Certification
 - Exhibit D – MBE/WBE Intent to Participate Document
 - Exhibit E – Business Associate Agreement

A1.5 MCHCP desires to contract per the attached specifications. All bidders must submit pricing information on Exhibit A of this RFP, which must be completed, signed, dated and returned (two originals) with the bidder's proposal. Other proposal submission requirements are stated throughout this document. There will be no public openings of submitted RFPs and proposals will remain confidential pursuant to Section 610.021 (12) RSMo.

A1.6 All questions regarding, but not limited to, technical specifications or bid process must be emailed to rfp@mchcp.org. Bidders or their representatives may not contact employees or any member of the MCHCP Board of Trustees concerning this procurement while the bid and evaluation are in process. Any such contact may result in the immediate disqualification of the bidder from further consideration.

- A2. MINIMUM BIDDER REQUIREMENTS – To be considered for contract award, bidders must meet the following minimum requirements:
- A2.1 The audit firm is independent and licensed to practice in Missouri.
 - A2.2 The firm has no conflict of interest with regard to any other work performed by the firm for MCHCP.
 - A2.3 The firm adheres to the instructions in this RFP on preparing and submitting the proposal.
 - A2.4 The firm submits a copy of its last external quality peer review report and the firm has a record of quality audit work.
 - A2.5 The firm has conducted similar engagements for non-federal governmental health plans within the past five years.
 - A2.6 The firm has extensive governmental auditing experience as proposals are being solicited from Certified Public Accountants who have extensive governmental accounting experience with the application, adoption, and reporting requirements of the Governmental Accounting Standards Board (GASB) pronouncements applicable to MCHCP.
- A3. BACKGROUND INFORMATION
- A3.1 Chapter 103 of the Revised Statutes of Missouri created MCHCP to provide medical coverage to public sector employees and retirees, including those of the State of Missouri not covered under another state-sponsored plan. Effective January 1, 1994, the MCHCP supplanted the Missouri State Medical Care Plan that had been administered by the Missouri State Employees' Retirement System (MOSERS). On that date, all medical responsibilities, duties and administrative functions transferred from MOSERS to MCHCP. Effective January 1, 1995, the MCHCP began offering medical coverage to public entities such as counties, cities and universities.
 - A3.2 The accounting system in use is Microsoft Dynamics SL –Business Solution. Modules in use include general ledger, accounts payable, and payroll. MCHCP utilizes a Power 8 and Windows Servers to host its benefits administration applications. The State membership enrollment, eligibility and receivables applications are a custom developed system (CORE Central). The public entity enrollment, eligibility, billing and receivables are a third party IBM application – Genelco.
 - A3.3 Detailed information regarding the Plan's financial position can be accessed by viewing the MCHCP Comprehensive Annual Financial Report (CAFR) at www.mchcp.org/aboutUs/annualReport.asp. The auditor's principal contact with MCHCP will be Stacia Fischer, CFO. The Fiscal Affairs management and staff will prepare all financial statements, notes and supplementary schedules for the auditor. The Plan operates on a fiscal year beginning July 1 and ending June 30.
 - A3.4 MCHCP provides Other Post-Employment Benefits (OPEB) to most State of Missouri retired employees and their dependents through a qualified trust that was established in FY2008. MCHCP is considered an "agent-multiple employer plan". As an agent-multiple employer plan, MCHCP must comply with the applicable reporting requirements of GASB Statement #74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans which was implemented for the fiscal year ended, June 30, 2017, and provides reporting guidance for OPEB plans that administer OPEB benefits. Additionally, the requirements of GASB Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, provides reporting guidance for governments that provide OPEB to their employees and for governments that are legally required to finance OPEB for employees of other governments, and will apply for fiscal years beginning after June 15, 2017.* MCHCP's actuarial firm, Willis Towers Watson, will prepare the GASB valuation.

- A3.5 MCHCP has employed an internal audit function since September, 2006. The internal auditor is supervised by the Executive Director. Internal audit reports will be available to the winning bidder.
- A3.6 Banking and investment services are contracted through Central Bank, 238 Madison, Jefferson City, MO. Actuarial services are performed by Willis Towers Watson.

SECTION B SCOPE OF WORK

B1. GENERAL REQUIREMENTS

B1.1 The contractor shall provide audit services for MCHCP in accordance with the terms and conditions of this document.

B1.1.1 Audit of Financial Statements – The audit shall include an examination of the financial statements of all accounts and funds of MCHCP. Such examination shall be made in accordance with Generally Accepted Auditing Standards promulgated by the American Institute of Certified Public Accountants (AICPA) and in accordance with the laws of the State of Missouri. These standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements and to provide an opinion regarding the fair presentation of the financial position of each major fund of the Plan.

1. In accordance with the plan's FY2018 implementation of GASB 75, the firm shall address how it will implement any new auditing standards, most specifically GASB 75, to ensure the auditor has addressed them in their proposal.

B1.1.2 Additional Auditing/Professional Services – MCHCP reserves the right, and it shall be a term and condition of the final agreement, that MCHCP may request the auditor to perform additional consultant work, of the same general nature as described above, during the contract period. For any additional work requested, the type of work should be within the parameters established by Generally Accepted Auditing Standards and should not impair the independence of the auditor related to the annual audit of MCHCP's financial statements. Should MCHCP request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an amendment to the contract between MCHCP and the auditor. Any such additional work agreed to between MCHCP and the auditor shall be performed at the same rates set forth in the schedule of fees included in the bid.

B2. SPECIFIC REQUIREMENTS

B2.1 General Fiscal Year End Audit

B2.1.1 Reports to be Issued

1. MCHCP CAFR – A report on the fair presentation of the financial statements, in conformity with generally accepted accounting principles, shall be prepared by the contractor. MCHCP retains responsibility for the preparation and printing of the CAFR. Reports of examination of the financial statements shall:
 - a. State the scope of the examination and that the audit was performed in accordance with Generally Accepted Auditing Standards, and
 - b. Include an opinion as to whether the statements conform to Generally Accepted Accounting Principles.
2. Management Letter

- a. The management letter shall detail audit findings and recommendations regarding the financial statements and internal controls of MCHCP. If no reportable conditions are noted during the audit, the auditor will state so in writing.
- b. The management letter shall be reviewed in draft form with the Executive Director, Chief Financial Officer (CFO) and Internal Auditor to ensure the observations reflect an accurate understanding of the MCHCP policies and procedures.
- c. The auditor shall report any significant deficiencies in the design or operation of the internal control structure which could adversely affect MCHCP's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements.
- d. The auditor shall be required to prepare immediate written notice to the MCHCP Executive Director of any material irregularities and or illegal acts of which they become aware.
- e. The auditor shall ensure the MCHCP Board of Trustees is informed of the following:
 - i. The auditor's responsibility under (GAAP);
 - ii. Significant accounting policies;
 - iii. Management judgments and accounting estimates;
 - iv. Significant audit adjustments;
 - v. Disagreements with management;
 - vi. Major issues discussed with management prior to retention; and
 - vii. Any difficulties encountered in performing the audit.

B2.2 Special Considerations

B2.2.1 MCHCP has earned the Certificate of Achievement for Excellence in Financial Reporting awarded by the GFOA for the past twenty-two consecutive fiscal periods. The auditor shall provide all reasonable assistance and advice to MCHCP to adhere to the guidelines of the certificate program.

B2.3 Work Paper Retention and Access to Work Papers

B2.3.1 All work papers and reports shall be retained, at the auditor's expense, for a minimum of seven years unless the auditor is notified in writing by MCHCP of the need to extend the retention period. The auditor shall be required to make the work papers available upon request of representatives of federal and state agencies, including the Missouri State Auditor's Office. In addition, the auditor shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers relating to matters of continuing accounting significance.

B3. INVOICE AND PAYMENT REQUIREMENTS

B3.1 Progress payments shall be made on the following schedule:

- 25% upon conclusion of interim work
- 25% upon conclusion of fieldwork
- Remaining 50% upon delivery of report

B3.2 The contractor shall submit invoices which include detailed information regarding the services performed, the level of the staff that performed the services, the number of hours charged for the service, and the applicable rate per hour.

B3.3 The invoice shall be submitted to:

Missouri Consolidated Health Care Plan
Attention: Stacia Fischer, CFO
P.O. Box 104355
Jefferson City, MO 65110

B3.4 The contractor's invoice must identify the project being billed and shall at no time exceed the maximum cost offered in the RFP response.

SECTION C
GENERAL PROVISIONS

C1. TERMINOLOGY AND DEFINITIONS

Whenever the following words and expressions appear in this Request for Proposal (RFP) document or any amendment thereto, the definition or meaning described below shall apply.

- C1.1 **Amendment** means a written, official modification to an RFP or to a contract.
- C1.2 **Bidder** means a person or organization who submitted an offer in response to this RFP.
- C1.3 **Breach** shall mean the acquisition, access, use or disclosure of PHI in a manner not permitted by the Privacy Rule that compromises the security or privacy of the PHI as defined, and subject to the exceptions set forth, in 45 C.F.R. 164.402.
- C1.4 **Contract** means a legal and binding agreement between two or more competent parties, in consideration for the procurement of services as described in this RFP.
- C1.5 **Contractor** means a person or organization who is a successful bidder as a result of an RFP and/or who enters into a contract or any subcontract of a successful bidder.
- C1.6 **Employee** means a benefit-eligible person employed by the state and present and future retirees from state employment who meet the plan eligibility requirements.
- C1.7 **May** means that a certain feature, component, or action is permissible, but not required.
- C1.8 **Member** means any person covered as either a subscriber or a dependent in accordance with the terms and conditions of the plan.
- C1.9 **Must** means that a certain feature, component, or action is a mandatory condition. Failure to provide or comply may result in a proposal being considered non-responsive.
- C1.10 **Off-shore** means outside of the United States.
- C1.11 **Participant** has the same meaning as the word member.
- C1.12 **PHI** shall mean Protected Health Information, as defined in 45 C.F.R. 160.103, as amended.
- C1.13 **Pricing Pages** apply to the form(s) on which the bidder must state the price(s) applicable for the services required in the RFP. The pricing pages must be completed and uploaded by the bidder prior to the specified proposal filing date and time.
- C1.14 **Privacy Regulations** shall mean the federal privacy regulations issued pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, codified at 45 C.F.R. Parts 160 and 164 (Subparts A & E).
- C1.15 **Proposal Filing Date and Time** and similar expressions mean the exact deadline required by the RFP for the physical receipt of sealed proposals by MCHCP in its office.
- C1.16 **Provider** means a physician, hospital, medical agency, specialist or other duly licensed health care facility or practitioner certified or otherwise authorized to furnish health care services pursuant to the

law of the jurisdiction in which care or treatment is received. A doctor/physician as defined in 22 CSR 10-2010(22). Other providers include but are not limited to:

- C1.16.1 Audiologist (AUD or PhD);
 - C1.16.2 Certified Addiction Counselor for Substance Abuse (CAC);
 - C1.16.3 Certified Nurse Midwife (CNM) – when acting within the scope of his/her license in the state in which s/he practices and performing a service which would be payable under this plan when performed by a physician;
 - C1.16.4 Certified Social Worker or Masters in Social Work (MSW)
 - C1.16.5 Chiropractor;
 - C1.16.6 Licensed Clinical Social Worker
 - C1.16.7 Licensed Professional Counselor (LPC);
 - C1.16.8 Licensed Psychologist (LP);
 - C1.16.9 Nurse Practitioner (NP);
 - C1.16.10 Physician Assistant (PA);
 - C1.16.11 Occupational Therapist;
 - C1.16.12 Physical Therapist;
 - C1.16.13 Speech Therapist;
 - C1.16.14 Registered Nurse Anesthetist (CRNA);
 - C1.16.15 Registered Nurse Practitioner (ARNP); or
 - C1.16.16 Therapist with a PhD or Master’s Degree in Psychology or Counseling.
- C1.17 **Request for Proposal (RFP)** means the solicitation document issued by MCHCP to potential bidders for the purchase of services as described in the document. The definition includes these Terms and Conditions as well as all Pricing Pages, Exhibits, Attachments, and Amendments thereto.
- C1.18 **Retiree** means a former employee who, at the time of termination of employment, met the eligibility requirements as outlined in subsection 22 CSR 10-2.020(2)(B) and is currently receiving a monthly retirement benefit from a retirement system listed in such rule.
- C1.19 **RSMo (Revised Statutes of Missouri)** refers to the body of laws enacted by the Legislature, which govern the operations of all agencies of the State of Missouri. Chapter 103 of the statutes is the primary chapter governing the operations of MCHCP.
- C1.20 **Shall** has the same meaning as the word must.
- C1.21 **Should** means that certain feature, component and/or action is desirable but not mandatory.
- C1.22 **Subscriber** means the person who elects coverage under the plan.

C2. GENERAL BIDDING PROVISIONS

- C2.1 It shall be the bidder’s responsibility to ask questions, request changes or clarification, or otherwise advise MCHCP if any language, specifications or requirements of an RFP appear to be ambiguous, contradictory, and/or arbitrary, or appear to inadvertently restrict or limit the requirements stated in the RFP to a single source. Any and all communication from bidders regarding specifications, requirements, competitive procurement process, or any other RFP-related matter must be emailed to MCHCP as indicated on the first page of the RFP. Such communication should be received no later than the date noted in Section A.

Every attempt shall be made to ensure that the bidder receives an adequate and prompt response. However, in order to maintain a fair and equitable procurement process, all bidders will be advised, via the issuance of an amendment or other official notification to the RFP, of any relevant or pertinent information related to the procurement. Therefore, bidders are advised that unless specified elsewhere

in the RFP, any questions received by MCHCP after the date noted in Section A might not be answered.

It is the responsibility of the bidder to identify and explain any part of their response that does not conform to the requested services described in this document. Bidders must use Exhibit B for this purpose. Without documentation provided by the bidder, it is assumed by MCHCP that the bidder can provide all services as described in this document.

- C2.2 Bidders are cautioned that the only official position of MCHCP is that position which is stated in writing and issued by MCHCP in the RFP or an amendment thereto. No other means of communication, whether oral or written, shall be construed as a formal or official response or statement.
- C2.3 MCHCP monitors all procurement activities to detect any possibility of deliberate restraint of competition, collusion among bidders, price-fixing by bidders or any other anticompetitive conduct by bidders which appears to violate state and federal antitrust laws. Any suspected violation shall be referred to the Missouri Attorney General's Office for appropriate action.
- C2.4 No contract shall be considered to have been entered into by MCHCP until the contract has been awarded by the MCHCP Board of Trustees and all material terms have been finalized. An award will not be made until the contract has been signed by duly authorized representatives of the selected bidder and MCHCP.

C3. PREPARATION OF PROPOSALS

- C3.1 Bidders must examine the entire RFP carefully. Failure to do so shall be at the bidder's risk.
- C3.2 Unless otherwise specifically stated in the RFP, all specifications and requirements constitute minimum requirements. All proposals must meet or exceed the stated specifications and requirements.
- C3.3 Unless otherwise specifically stated in the RFP, any manufacturer's names, trade names, brand names, and/or information listed in a specification and/or requirement are for informational purposes only and are not intended to limit competition. Proposals that do not comply with the requirements and specifications are subject to rejection without clarification.

C4. DISCLOSURE OF MATERIAL EVENTS

- C4.1 The bidder agrees that from the date of the bidder's response to this RFP through the date for which a contract is awarded, the bidder shall immediately disclose to MCHCP:
 - C4.1.1 Any material adverse change to the financial status or condition of the bidder;
 - C4.1.2 Any merger, sale or other material change of ownership of the bidder;
 - C4.1.3 Any conflict of interest or potential conflict of interest between the bidder's engagement with MCHCP and the work, services or products that the bidder is providing or proposes to provide to any current or prospective customer; and
 - C4.1.4 (1) Any material investigation of the bidder by a federal or state agency or self-regulatory organization; (2) Any material complaint against the bidder filed with a federal or state agency or self-regulatory organization; (3) Any material proceeding naming the bidder before any federal or state agency or self-regulatory organization; (4) Any material criminal or civil action in state or federal court naming the bidder as a defendant; (5) Any material

fine, penalty, censure or other disciplinary action taken against the bidder by any federal or state agency or self-regulatory organization; (6) Any material judgment or award of damages imposed on or against the bidder as a result of any material criminal or civil action in which the bidder was a party; or (7) Any other matter material to the services rendered by the bidder pursuant to this RFP.

C4.1.4.1 For the purposes of this paragraph, “material” means of a nature, or of sufficient monetary value, or concerning a subject which a reasonable party in the position of and comparable to MCHCP would consider relevant and important in assessing the relationship and services contemplated by this RFP. It is further understood that in fulfilling its ongoing responsibilities under this paragraph, the bidder is obligated to make its best faith efforts to disclose only those relevant matters which come to the attention of or should have been known by the bidder’s personnel involved in the engagement covered by this RFP and/or which come to the attention of or should have been known by any individual or office of the bidder designated by the bidder to monitor and report such matters.

C4.2 Upon learning of any such actions, MCHCP reserves the right, at its sole discretion, to either reject the proposal or continue evaluating the proposal.

C5. COMPLIANCE WITH APPLICABLE FEDERAL LAWS

C5.1 In connection with the furnishing of equipment, supplies, and/or services under the contract, the contractor and all subcontractors shall comply with all applicable requirements and provisions of the Health Insurance Portability and Accountability Act (HIPAA) and The Patient Protection and Affordable Care Act (PPACA), as amended.

C5.2 Any bidder offering to provide services must sign a Business Associate Agreement (BAA) (see Exhibit E) due to the provisions of HIPAA. Any requested changes shall be noted and returned with the RFP. **The changes are accepted only upon MCHCP signing a revised BAA after contract award.**

C5.3 Upon awarding of the contract by the Board, the BAA shall be signed by both parties within five (5) working days of the request to sign, or the award of the contract may be rescinded.

MANDATORY CONTRACT PROVISIONS

Bidders are expected to closely read the Mandatory Contract Provisions and provide a binding signature of intent to comply with such terms and conditions. **Rejection of these provisions may be cause for rejection of a bidder's proposal.**

A draft contract will be presented to the bidder selected by the MCHCP Board of Trustees for review, minor modifications if appropriate, and executed by both parties before the award is final and announced. The contract will include, among other things, the following Mandatory Contract Provisions.

Additionally, bidders must utilize Exhibit B to clearly identify by subsection number, any exceptions to the RFP provisions, and include an explanation as to why the bidder cannot comply with the specific provision, and a statement recommending terms and conditions the bidder would find acceptable.

MANDATORY CONTRACT PROVISIONS	Accept and Initial
<p>C1. Term of Contract: The term of this contract is for a period of one (1) year with MCHCP's sole right to renew for four (4) additional one-year periods. The initial contract period will begin with date of contract award through the completion of the FY2018 audit including all audit deliverables. Prices for audits of FY2018, FY2019, and FY2020 must be submitted with this RFP. The submitted prices for the first and second renewal periods (FY2019 audit and FY2020 audit) are not-to-exceed prices and are subject to negotiation. Pricing arrangements for the last two one-year renewal periods of the contract (FY2021 audit and FY2022 audit respectively) will be negotiated. Pricing for the one-year renewal options are due to MCHCP by February 1 for the following years' renewal.</p>	
<p>C2. Contract Documents: The following documents will be hereby incorporated by reference as if fully set forth within the contract entered into by MCHCP and the contractor:</p> <ol style="list-style-type: none"> 1. Written and duly executed contract (which will be provided to bidder selected by the Board of Trustees for minor negotiations if necessary prior to award) 2. Amendments to the executed contract; 3. The Exhibits set forth in this RFP after being duly executed by both parties; and 4. This Request for Proposal. <p>An award will not be made until the contract has been signed by duly appointed representative(s) of the selected bidder and MCHCP.</p>	
<p>C3. Audit Rights: MCHCP and its designated auditors shall have access to and the right to examine any and all pertinent books, documents, papers, files, or records of Contractor involving any and all transactions related to the performance of this Contract. Contractor shall furnish all information necessary for MCHCP to comply with all Missouri and/or federal laws and regulations. MCHCP shall bear the cost of any such audit or review. MCHCP and Contractor shall agree to reasonable times for Contractor to make such records available for audit.</p>	

MANDATORY CONTRACT PROVISIONS	Accept and Initial
<p>C4. Breach and Waiver: Waiver or any breach of any contract term or condition shall not be deemed a waiver of any prior or subsequent breach. No contract term or condition shall be held to be waived, modified, or deleted except by a written instrument signed by the parties thereto. If any contract term or condition or application thereof to any person(s) or circumstances is held invalid, such invalidity shall not affect other terms, condition or application. To this end, the contract terms and conditions are severable.</p>	
<p>C5. Confidentiality: Contractor will have access to private and/or confidential data maintained by MCHCP to the extent necessary to carry out its responsibilities under this Contract. No private or confidential data received, collected, maintained, transmitted or used in the course of performance of this Contract shall be disseminated by Contractor except as authorized by MCHCP, either during the period of this Contract or thereafter. Contractor must agree to return any or all data furnished by MCHCP promptly at the request of MCHCP in whatever form it is maintained by Contractor. On the termination or expiration of this Contract, Contractor will not use any of such data or any material derived from the data for any purpose and, where so instructed by MCHCP, will destroy or render it unreadable.</p>	
<p>C6. Electronic Transmission Protocols: The contractor and all subcontractors shall maintain encryption standards of 2048 bits or greater for RSA key pairs, and 256 bit session key strength for the encryption of confidential information and transmission over public communication infrastructure. Batch transfers of files will be performed using SFTP or FTPS with similar standards and refined as needed to best accommodate provider configurations (i.e. port assignment, access control, etc.).</p>	
<p>C7. Force Majeure: Neither party will incur any liability to the other if its performance of any obligation under this Contract is prevented or delayed by causes beyond its control and without the fault or negligence of either party. Causes beyond a party's control may include, but aren't limited to, acts of God or war, changes in controlling law, regulations, orders or the requirements of any governmental entity, severe weather conditions, civil disorders, natural disasters, fire, epidemics and quarantines, and strikes other than by Contractor's or its subcontractor's employees.</p>	
<p>C8. Governing Law: This Contract shall be governed by the laws of the State of Missouri and shall be deemed executed at Jefferson City, Cole County, Missouri. All contractual agreements shall be subject to, governed by, and construed according to the laws of the State of Missouri.</p>	
<p>C9. Jurisdiction: All legal proceedings arising hereunder shall be brought in the Circuit Court of Cole County in the State of Missouri.</p>	
<p>C10. Independent Contractor: Contractor represents itself to be an independent contractor offering such services to the general public and shall not represent itself or its employees to be an employee of MCHCP. Therefore, Contractor shall assume all legal and financial responsibility for taxes, FICA, employee fringe benefits, worker's compensation, employee insurance, minimum wage requirements, overtime, etc. and agrees to indemnify, save, and hold MCHCP, its officers, agents, and employees, harmless from and against, any and all loss; cost (including attorney fees); and damage of any kind related to such matters. Contractor assumes sole and full responsibility for its acts and the acts of its personnel.</p>	

MANDATORY CONTRACT PROVISIONS	Accept and Initial
C11. Injunctions: Should MCHCP be prevented or enjoined from proceeding with this Contract before or after contract execution by reason of any litigation or other reason beyond the control of MCHCP, Contractor shall not be entitled to make or assess claim for damage by reason of said delay.	
C12. Integration: This Contract, in its final composite form, shall represent the entire agreement between the parties and shall supersede all prior negotiations, representations or agreements, either written or oral, between the parties relating to the subject matter hereof. This Contract between the parties shall be independent of and have no effect on any other contracts of either party.	
C13. Modification of the Contract: This Contract shall be modified only by the written agreement of the parties. No alteration or variation in terms and conditions of the Contract shall be valid unless made in writing and signed by the parties. Every amendment shall specify the date on which its provisions shall be effective.	
C14. Notices: All notices, demands, requests, approvals, instructions, consents or other communications (collectively "notices") which may be required or desired to be given by either party to the other during the course of this contract shall be in writing and shall be made by personal delivery or by overnight delivery, prepaid, to the other party at a designated address or to any other persons or addresses as may be designated by notice from one party to the other. Notices to MCHCP shall be addressed as follows: Missouri Consolidated Health Care Plan, ATTN: Executive Director, P.O. Box 104355, Jefferson City, MO 65110-4355.	
C15. Ownership: All data developed or accumulated by Contractor under this Contract shall be owned by MCHCP. Contractor may not release any data without the written approval of MCHCP. MCHCP shall be entitled at no cost and in a timely manner to all data and written or recorded material pertaining to this Contract in a format acceptable to MCHCP. MCHCP shall have unrestricted authority to reproduce, distribute, and use any submitted report or data and any associated documentation that is designed or developed and delivered to MCHCP as part of the performance of this Contract.	
C16. Payment: Upon implementation of the undertaking of this Contract and acceptance by MCHCP, Contractor shall be paid as stated in this Contract.	
C17. Rights and Remedies: If this Contract is terminated, MCHCP, in addition to any other rights provided for in this Contract, may require Contractor to deliver to MCHCP in the manner and to the extent directed, any completed materials. In the event of termination, Contractor shall receive payment prorated for that portion of the contract period services were provided to and/or goods were accepted by MCHCP subject to any offset by MCHCP for actual damages. The rights and remedies of MCHCP provided for in this Contract shall not be exclusive and are in addition to any other rights and remedies provided by law.	
C18. Solicitation of Members: Contractor shall not use the names, home addresses or any other information contained about members of MCHCP for the purpose of offering for sale any property or services which are not directly related to services negotiated in this RFP without the express written consent of MCHCP's Executive Director.	
C19. Statutes: Each and every provision of law and clause required by law to be inserted or applicable to the services provided in the Contract shall be deemed to be inserted herein and the Contract shall be read and enforced as though it were included herein. If through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then on the application of either party the Contract shall be amended to make such insertion or correction.	

MANDATORY CONTRACT PROVISIONS	Accept and Initial
C20. Termination Right: Notwithstanding any other provision, MCHCP reserves the right to terminate this Contract at the end of any month by giving thirty (30) days' notice.	
C21. Off-shore Services: All services under this Contract shall be performed within the United States. Contractor shall not perform, or permit subcontracting of services under this Contract, to any off-shore companies or locations outside of the United States. Any such actions shall result in the Contractor being in breach of this Contract.	
C22. Compliance with Laws: Contractor shall comply with all applicable federal and state laws and regulations and local ordinances in the performance of this Contract, including but not limited to the provisions listed below.	
C23. Non-discrimination, Sexual Harassment and Workplace Safety: Contractor agrees to abide by all applicable federal, state and local laws, rules and regulations prohibiting discrimination in employment and controlling workplace safety. Contractor shall establish and maintain a written sexual harassment policy and shall inform its employees of the policy. Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that such provisions will be binding upon each subcontractor. Any violations of applicable laws, rules and regulations may result in termination of the Contract.	
C24. Americans with Disabilities Act (ADA): Pursuant to federal regulations promulgated under the authority of The Americans with Disabilities Act (ADA), Contractor understands and agrees that it shall not cause any individual with a disability to be excluded from participation in this Contract or from activities provided for under this Contract on the basis of such disability. As a condition of accepting this Contract, Contractor agrees to comply with all regulations promulgated under ADA which are applicable to all benefits, services, programs, and activities provided by MCHCP through contracts with outside contractors.	
C25. Patient Protection and Affordable Care Act (PPACA): If applicable, Contractor shall comply with the Patient Protection and Affordable Care Act (PPACA) and all regulations promulgated under the authority of PPACA, including any future regulations promulgated under PPACA, which are applicable to all benefits, services, programs, and activities provided by MCHCP through contracts with outside contractors.	
C26. Health Insurance Portability and Accountability Act of 1996 (HIPAA): Contractor shall comply with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and implementing regulations, as amended, including compliance with the Privacy, Security and Breach Notification regulations and the execution of a Business Associate Agreement with MCHCP.	
C27. Genetic Information Nondiscrimination Act of 2008: Contractor shall comply with the Genetic Information Nondiscrimination Act of 2008 (GINA) and implementing regulations, as amended.	
C28. Contractor shall be responsible for and agrees to indemnify and hold harmless MCHCP from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against MCHCP as a result of Contractor's, or any associate's or subcontractor's of Contractor, failure to comply with paragraphs C23, C24, C25, C26, and C27 above.	

MANDATORY CONTRACT PROVISIONS	Accept and Initial
C29. Prohibition of Gratuities: Neither Contractor nor any person, firm or corporation employed by Contractor in the performance of this Contract shall offer or give any gift, money or anything of value or any promise for future reward or compensation to any employee of MCHCP at any time.	
C30. Subcontracting: Subject to the terms and conditions of this section, this Contract shall be binding upon the parties and their respective successors and assigns. Contractor shall not subcontract with any person or entity to perform all or any part of the work to be performed under this Contract without the prior written consent of MCHCP. Contractor may not assign, in whole or in part, this Contract or its rights, duties, obligations, or responsibilities hereunder without the prior written consent of MCHCP. Contractor agrees that any and all subcontracts entered into by Contractor for the purpose of meeting the requirements of this Contract are the responsibility of Contractor. MCHCP will hold Contractor responsible for assuring that subcontractors meet all the requirements of this Contract and all amendments thereto. Contractor must provide complete information regarding each subcontractor used by Contractor to meet the requirements of this Contract.	
C31. Industry Standards: If not otherwise provided, materials or work called for in this Contract shall be furnished and performed in accordance with best established practice and standards recognized by the contracted industry and comply with all codes and regulations which shall apply.	
C32. Hold Harmless: Contractor shall hold MCHCP harmless from and indemnify against any and all claims for injury to or death of any persons; for loss or damage to any property; and for infringement of any copyright or patent to the extent caused by Contractor or Contractor's employee or its subcontractor. MCHCP shall not be precluded from receiving the benefits of any insurance Contractor may carry which provides for indemnification for any loss or damage to property in Contractor's custody and control, where such loss or destruction is to MCHCP's property. Contractor shall do nothing to prejudice MCHCP's right to recover against third parties for any loss, destruction or damage to MCHCP's property	
C33. Insurance and Liability: Contractor must maintain sufficient liability insurance, including but not limited to general liability, professional liability, and errors and omissions coverage, to protect MCHCP against any reasonably foreseeable recoverable loss, damage or expense under this engagement. Contractor shall provide proof of such insurance coverage upon request from MCHCP. MCHCP shall not be required to purchase any insurance against loss or damage to any personal property to which this Contract relates. Contractor shall bear the risk of any loss or damage to any personal property in which Contractor holds title.	

MANDATORY CONTRACT PROVISIONS	Accept and Initial
<p>C34. Access to Records: Upon reasonable notice, Contractor must provide, and cause its subcontractors to provide, the officials and entities identified in this Section with prompt, reasonable, and adequate access to any records, books, documents, and papers that are directly pertinent to the performance of the services. Such access must be provided to MCHCP and, upon execution of a confidentiality agreement, to any independent auditor or consultant acting on behalf of MCHCP; and any other entity designated by MCHCP. Contractor agrees to provide the access described wherever Contractor maintains such books, records, and supporting documentation. Further, Contractor agrees to provide such access in reasonable comfort and to provide any furnishings, equipment, or other conveniences deemed reasonably necessary to fulfill the purposes described in this section. Contractor shall require its subcontractors to provide comparable access and accommodations. MCHCP shall have the right, at reasonable times and at a site designated by MCHCP, to audit the books, documents and records of Contractor to the extent that the books, documents and records relate to costs or pricing data for this Contract. Contractor agrees to maintain records which will support the prices charged and costs incurred for performance of services performed under this Contract. To the extent described herein, Contractor shall give full and free access to all records to MCHCP and/or their authorized representatives.</p>	
<p>C35. Acceptance: No contract provision or use of items by MCHCP shall constitute acceptance or relieve Contractor of liability in respect to any expressed or implied warranties.</p>	
<p>C36. Termination for Cause: MCHCP may terminate this contract, or any part of this contract, for cause under any one of the following circumstances: 1) Contractor fails to make delivery of goods or services as specified in this Contract; 2) Contractor fails to satisfactorily perform the work specified in this Contract; 3) Contractor fails to make progress so as to endanger performance of this Contract in accordance with its terms; 4) Contractor breaches any provision of this Contract; 5) Contractor assigns this Contract without MCHCP's approval; or 6) Insolvency or bankruptcy of the Contractor. MCHCP shall have the right to terminate this Contract, in whole or in part, if MCHCP determines, at its sole discretion, that one of the above listed circumstances exists. In the event of termination, Contractor shall receive payment prorated for that portion of the contract period services were provided to and/or goods were accepted by MCHCP, subject to any offset by MCHCP for actual damages including loss of any federal matching funds. Contractor shall be liable to MCHCP for any reasonable excess costs for such similar or identical services included within the terminated part of this Contract.</p>	
<p>C37. Arbitration, Damages, Warranties: Notwithstanding any language to the contrary, no interpretation shall be allowed to find MCHCP has agreed to binding arbitration, or the payment of damages or penalties upon the occurrence of a contingency. Further, MCHCP shall not agree to pay attorney fees and late payment charges beyond those available under this Contract, and no provision will be given effect which attempts to exclude, modify, disclaim or otherwise attempt to limit implied warranties of merchantability and fitness for a particular purpose.</p>	

MANDATORY CONTRACT PROVISIONS	Accept and Initial
<p>C38. Assignment: Contractor shall not assign, convey, encumber, or otherwise transfer its rights or duties under this Contract without prior written consent of MCHCP. This Contract may terminate in the event of any assignment, conveyance, encumbrance or other transfer by Contractor made without prior written consent of MCHCP. Notwithstanding the foregoing, Contractor may, without the consent of MCHCP, assign its rights to payment to be received under this Contract, provided that Contractor provides written notice of such assignment to MCHCP together with a written acknowledgment from the assignee that any such payments are subject to all of the terms and conditions of this Contract. For the purposes of this Contract, the term "assign" shall include, but shall not be limited to, the sale, gift, assignment, pledge, or other transfer of any ownership interest in the Contractor provided, however, that the term shall not apply to the sale or other transfer of stock of a publicly traded company. Any assignment consented to by MCHCP shall be evidenced by a written assignment agreement executed by Contractor and its assignee in which the assignee agrees to be legally bound by all of the terms and conditions of this Contract and to assume the duties, obligations, and responsibilities being assigned. A change of name by Contractor, following which Contractor's federal identification number remains unchanged, shall not be considered to be an assignment hereunder. Contractor shall give MCHCP written notice of any such change of name.</p>	
<p>C39. Compensation/Expenses: Contractor shall be required to perform the specified services at the price(s) quoted in this Contract. All services shall be performed within the time period(s) specified in this Contract. Contractor shall be compensated only for work performed to the satisfaction of MCHCP. Contractor shall not be allowed or paid travel or per diem expenses except as specifically set forth in this Contract.</p>	
<p>C40. Contractor Expenses: Contractor will pay and will be solely responsible for Contractor's travel expenses and out-of-pocket expenses incurred in connection with providing the services. Contractor will be responsible for payment of all expenses related to salaries, benefits, employment taxes, and insurance for its staff.</p>	
<p>C41. Conflicts of Interest: Contractor shall not knowingly employ, during the period of this Contract or any extensions to it, any professional personnel who are also in the employ of the State of Missouri or MCHCP and who are providing services involving this Contract or services similar in nature to the scope of this Contract to the State of Missouri. Furthermore, Contractor shall not knowingly employ, during the period of this Contract or any extensions to it, any employee of MCHCP who has participated in the making of this Contract until at least two years after his/her termination of employment with MCHCP.</p>	

MANDATORY CONTRACT PROVISIONS	Accept and Initial
<p>C42. Patent, Copyright, and Trademark Indemnity: Contractor warrants that it is the sole owner or author of, or has entered into a suitable legal agreement concerning either: a) the design of any product or process provided or used in the performance of this Contract which is covered by a patent, copyright, or trademark registration or other right duly authorized by state or federal law or b) any copyrighted matter in any report document or other material provided to MCHCP under this Contract. Contractor shall defend any suit or proceeding brought against MCHCP on account of any alleged patent, copyright or trademark infringement in the United States of any of the products provided or used in the performance of this Contract. This is upon condition that MCHCP shall provide prompt notification in writing of such suit or proceeding; full right, authorization and opportunity to conduct the defense thereof; and full information and all reasonable cooperation for the defense of same. As principles of governmental or public law are involved, MCHCP may participate in or choose to conduct, in its sole discretion, the defense of any such action. If information and assistance are furnished by MCHCP at the Contractor's written request, it shall be at Contractor's expense, but the responsibility for such expense shall be only that within Contractor's written authorization. Contractor shall indemnify and hold MCHCP harmless from all damages, costs, and expenses, including attorney's fees that the Contractor or MCHCP may pay or incur by reason of any infringement or violation of the rights occurring to any holder of copyright, trademark, or patent interests and rights in any products provided or used in the performance of this Contract. If any of the products provided by Contractor in such suit or proceeding are held to constitute infringement and the use is enjoined, Contractor shall, at its own expense and at its option, either procure the right to continue use of such infringement products, replace them with non-infringement equal performance products or modify them so that they are no longer infringing. If Contractor is unable to do any of the preceding, Contractor agrees to remove all the equipment or software which are obtained contemporaneously with the infringing product, or, at the option of MCHCP, only those items of equipment or software which are held to be infringing, and to pay MCHCP: 1) any amounts paid by MCHCP towards the purchase of the product, less straight line depreciation; 2) any license fee paid by MCHCP for the use of any software, less an amount for the period of usage; and 3) the pro rata portion of any maintenance fee presenting the time remaining in any period of maintenance paid for. The obligations of Contractor under this paragraph continue without time limit. No costs or expenses shall be incurred for the account of Contractor without its written consent.</p>	
<p>C43. Tax Payments: Contractor shall pay all taxes lawfully imposed on it with respect to any product or service delivered in accordance with this Contract. MCHCP is exempt from Missouri state sales or use taxes and federal excise taxes for direct purchases. MCHCP makes no representation as to the exemption from liability of any tax imposed by any governmental entity on Contractor.</p>	

MANDATORY CONTRACT PROVISIONS	Accept and Initial
<p>C44. Disclosure of Material Events: Contractor agrees to immediately disclose any of the following to MCHCP to the extent allowed by law for publicly traded companies:</p> <ul style="list-style-type: none"> (*) Any material adverse change to the financial status or condition of Contractor; (*) Any merger, sale or other material change of ownership of Contractor; (*) Any conflict of interest or potential conflict of interest between Contractor's engagement with MCHCP and the work, services or products that Contractor is providing or proposes to provide to any current or prospective customer; and (1) Any material investigation of Contractor by a federal or state agency or self-regulatory organization; (2) Any material complaint against Contractor filed with a federal or state agency or self-regulatory organization; (3) Any material proceeding naming Contractor before any federal or state agency or self-regulatory organization; (4) Any material criminal or civil action in state or federal court naming Contractor as a defendant; (5) Any material fine, penalty, censure or other disciplinary action taken against Contractor by any federal or state agency or self-regulatory organization; (6) Any material judgment or award of damages imposed on or against Contractor as a result of any material criminal or civil action in which Contractor was a party; or (7) Any other matter material to the services rendered by Contractor pursuant to this Contract. <p>For the purposes of this paragraph, "material" means of a nature or of sufficient monetary value, or concerning a subject which a reasonable party in the position of and comparable to MCHCP would consider relevant and important in assessing the relationship and services contemplated by this Contract. It is further understood that in fulfilling its ongoing responsibilities under this paragraph, Contractor is obligated to make its best faith efforts to disclose only those relevant matters which to the attention of or should have been known by Contractor's personnel involved in the engagement covered by this Contract and/or which come to the attention of or should have been known by any individual or office of Contractor designated by Contractor to monitor and report such matters.</p> <p>Upon learning of any such actions, MCHCP reserves the right, at its sole discretion, to terminate this Contract.</p>	
<p>C45. MCHCP's rights Upon Termination or Expiration of Contract: If this Contract is terminated, MCHCP, in addition to any other rights provided under this Contract, may require Contractor to transfer title and deliver to MCHCP in the manner and to the extent directed, any completed materials. MCHCP shall be obligated only for those services and materials rendered and accepted prior to termination.</p>	
<p>C46. Termination by Mutual Agreement: The parties may mutually agree to terminate this Contract or any part of this Contract at any time. Such termination shall be in writing and shall be effective as of the date specified in such agreement.</p>	

MANDATORY CONTRACT PROVISIONS	Accept and Initial
<p>C47. Retention of Records: Unless MCHCP specifies in writing a shorter period of time, Contractor agrees to preserve and make available all of its books, documents, papers, records and other evidence involving transactions related to this contract for a period of seven (7) years from the date of the expiration or termination of this contract. Matters involving litigation shall be kept for one (1) year following the termination of litigation, including all appeals, if the litigation exceeds seven (7) years. Contractor agrees that authorized federal representatives, MCHCP personnel, and independent auditors acting on behalf of MCHCP and/or federal agencies shall have access to and the right to examine records during the contract period and during the seven (7) year post contract period. Delivery of and access to the records shall be at no cost to MCHCP.</p>	
<p>C48. Change in Laws: Contractor agrees that any state and/or federal laws, applicable rules and regulations enacted during the terms of the Contract which are deemed by MCHCP to necessitate a change in the contract shall be deemed incorporated into the Contract. MCHCP will review any request for additional fees resulting from such changes and retains final authority to make any changes. In consultation with Contractor, a consultant may be utilized to determine the cost impact.</p>	
<p>C49. Response/Compliance with Audit or Inspection Findings: Contractor must take action to ensure its subcontractors' compliance with or correction of any finding of noncompliance with any law, regulation, audit requirement, or generally accepted accounting principle relating to the services or any other deficiency contained in any audit, review, or inspection. This action will include Contractor's delivery to MCHCP, for MCHCP's approval, a corrective action plan that address deficiencies identified in any audit(s), review(s), or inspection(s) within thirty (30) calendar days of the close of the audit(s), review(s), or inspection(s).</p>	
<p>C50. Inspections: Upon notice from MCHCP, Contractor will provide, and will cause its subcontractors to provide, such auditors and/or inspectors as MCHCP may from time to time designate, with access to Contractor service locations, facilities or installations. The access described in this section shall be for the purpose of performing audits or inspections of the Services and the business of MCHCP. Contractor must provide as part of the services any assistance that such auditors and inspectors reasonably may require to complete such audits or inspections.</p>	

ACKNOWLEDGE AND ACCEPT

I have reviewed the Request for Proposal (RFP). I hereby acknowledge and accept all of the provisions, requirements, and conditions stated in this section of the RFP, subject to any modifications, conditions and limitations as defined in Exhibit B. I further acknowledge that rejection of the above listed mandatory contract provisions may be cause for rejection of my company's proposal.

Authorized Signature

Date

Title

SECTION D
PROPOSAL SUBMISSION INFORMATION

D1. SUBMISSION OF PROPOSALS

- D1.1 A proposal submitted by a bidder must (1) be signed by a duly authorized representative of the bidder's organization; (2) contain all information required by the RFP; (3) be priced as required; (4) be sealed in an envelope or container; and (5) be mailed or hand-delivered (not faxed) to the office of MCHCP and officially clocked in no later than the exact filing time and date specified in the RFP.
- D1.1.1 Specifically, any form containing a signature line, including any amendments and all Exhibits must be manually signed and returned (two originals of Exhibits A and B) as part of the proposal.
- D1.1.2 The bidder must provide an original and three (3) copies of their proposal. Responses to the questionnaire should be in a separate section of the proposal and the questions must be answered in the order in which they are presented. The bidder must also provide two originals of all signature pages and Exhibits A and B.
- D1.1.3 Exhibit C must be completed, signed and returned with the proposal by the proposal due date. Exhibit D, if applicable, must be completed, signed and returned with the proposal by the proposal due date.
- D1.1.4 Exhibits E must be reviewed and the bidder provide any suggested red-lined changes to the document using Microsoft Word Track Changes functionality. Changes proposed may or may not be accepted by MCHCP.
- D1.2 The bidder must respond to this RFP by submitting all data required herein in order for their proposal to be evaluated and considered for award. Failure to submit such data shall be deemed sufficient cause for disqualification of a proposal from further consideration for award.
- D1.3 A signed and submitted proposal assumes that the bidder agrees with all provisions of the RFP unless specifically stated otherwise. Any and all exceptions or proposed deviations by the bidder from the RFP and its requirements must be stated in Exhibit B and submitted with the proposal.
- D1.4 Proposals must be valid until September 30, 2018. If a contract is awarded, prices for the FY2018 audit shall remain firm.
- D1.5 The sealed envelope or container containing a proposal should be clearly marked "**Attn: Stacia Fischer, Chief Financial Officer - Auditing Services RFP – Filing Date March 21, 2018.**"
- D1.6 A proposal may only be modified or withdrawn by signed, written notice, which has been received by MCHCP prior to the official filing date and time specified. A proposal may also be withdrawn or modified in person by the bidder or its authorized representative, provided proper identification is presented before the official filing date and time.
- D1.7 Bidders must sign and return the RFP signature page or, if applicable, the signature page of the last amendment thereto, in order to constitute acceptance by the bidder of all RFP terms and conditions. Failure to do so shall result in rejection of the proposal unless the bidder's full compliance with those documents is indicated elsewhere within the bidder's response.
- D1.8 All responses to this RFP and amendments to this RFP, including "no bid" responses and requests to modify a proposal, must be delivered to the office of MCHCP in a sealed envelope or container.

Submission by unsealed facsimile, telegram, telephone or email is not acceptable. However, sealed proposals containing faxed pages are acceptable. In addition, requests to withdraw proposals may be submitted by facsimile but must be received by MCHCP prior to the official filing date and time specified.

D2. CLARIFICATION OF REQUIREMENTS

- D2.1 It is assumed that bidders have read the entire RFP prior to the submission of a signed proposal and submission of a signed proposal indicates that the bidder will meet all requirements stated herein.
- D2.2 Unless otherwise noted, any and all questions regarding specifications, requirements, competitive procurement process, etc., must be in writing and directed by email to rfp@mchcp.org no later than the deadline as indicated on the first page of this RFP. There will be no bidder's conference.
- D2.3 The bidder is advised that the only official position of MCHCP is that position which is stated in writing and issued by MCHCP in the RFP and any amendments or clarifications thereto. No other means of communication, whether oral or written, shall be construed as a formal or official response or statement.

D3. EVALUATION PROCESS

- D3.1 Any clerical error, apparent on its face, may be corrected by the bidder before contract award. Upon discovering an apparent clerical error, MCHCP shall contact the bidder and request written clarification of the intended proposal. The correction shall be made in the notice of award. Examples of apparent clerical errors are: 1) misplacement of a decimal point; and 2) obvious mistake in designation of unit.
- D3.2 Any pricing information submitted by a bidder must be disclosed on the pricing pages as designated in this RFP. Any pricing information which appears elsewhere in the bidder's proposal shall not be considered by MCHCP.
- D3.3 To be eligible to receive an award, the bidder must comply with all mandatory specifications and requirements of the RFP. MCHCP reserves the right to evaluate all offers and, based upon that evaluation, to reject all offers.
- D3.4 MCHCP reserves the right to request written clarification of any portion of the bidder's response in order to verify the intent of the bidder. The bidder is cautioned, however, that its response shall be subject to acceptance or rejection without further clarification.
- D3.5 After determining that a proposal satisfies the mandatory requirements stated in the RFP, the comparative assessment of the relative benefits and deficiencies of the proposal in relationship to the published evaluation criteria shall be made. The award of a contract resulting from this RFP shall be based on the lowest and best proposal received in accordance with the evaluation criteria stated below:

Evaluation Criteria

Cost	40 points
Experience and Reliability	25 points
Expertise of Personnel	20 points
Proposed Method of Performance	<u>15 points</u>
	100 points

Bonus Points – MBE/WBE Participation Commitment	10 points
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Finalist Points

Project Team Interview and References

10 points

MCHCP will limit the number of finalists to the bidders receiving 80 percent (48 points) of the possible 60 non-financial points available or the top two bidders if less than two bidders receive 80 percent of the possible 60 non-financial points.

The bidder's proposed participation of MBE/WBE firms in meeting the targets of the RFP will be considered in the evaluation process. A maximum of MBE/WBE participation points of 10 points will be awarded based on the participation amount proposed by the bidder. Awarded MBE/WBE participation points will be added to the non-financial points earned by the bidder and will be included to determine if a bidder meets the 80 percent threshold to obtain finalist status.

Minority Business Enterprise (MBE)/Women Business Enterprise (WBE) Participation

The bidder should secure participation of certified MBEs and WBEs in provider products/services required in this RFP. The targets of participation recommended by the State of Missouri are 10% MBE and 5% WBE of the total dollar value of the contract.

- a) These targets can be met by a qualified MBE/WBE vendor themselves and/or through the use of qualified subcontractors, suppliers, joint ventures, or other arrangements that afford meaningful opportunities for MBE/WBE participation.
- b) The services performed or the products provided by MBE/WBEs must provide a commercially useful function related to the delivery of the contractually-required service/product in a manner that will constitute an added value to the contract and shall be performed/provided exclusive to the performance of the contract. Therefore, if the services performed or the products provided by MBE/WBEs is utilized, to any extent, in the bidder's obligations outside of the contract, it shall not be considered a valid added value to the contract and shall not qualify as participation in accordance with this clause.
- c) In order to be considered as meeting these targets, the MBE/WBEs must be "qualified" by the proposal opening date (date the proposal is due). (See below for a definition of a qualified MBE/WBE.)
- d) If the bidder is proposing MBE/WBE participation, in order to receive evaluation consideration for MBE/WBE participation, the bidder must provide the following information with the proposal.
 - a. Participation Commitment - If the bidder is proposing MBE/WBE participation, the vendor must complete Section E4 of the Questionnaire (MBE-WBE Participation Commitment), by listing each proposed MBE and WBE, the committed percentage of participation for each MBE and WBE, and the commercially useful products/services to be provided by the listed MBE and WBE. If the vendor submitting the proposal is a qualified MBE and/or WBE, the vendor must include the vendor in the appropriate table on the Participation Commitment Form.
 - b. Documentation of Intent to Participate – The bidder must either provide a properly completed Exhibit D, Documentation of Intent to Participate Form, signed and dated no earlier than the RFP issuance date by each MBE and WBE proposed or must provide a letter of intent signed and dated no earlier than the RFP issuance date by each MBE and WBE proposed which: (1) must describe the products/services the MBE/WBE will provide and (2) should include evidence that the MBE/WBE is qualified, as defined herein (i.e., the MBE/WBE Certification Number or a copy of MBE/WBE certificate issued by the Missouri OEO). If the bidder submitting the proposal is a qualified MBE and/or WBE, the bidder is not required to

complete Exhibit D, Documentation of Intent to Participate Form or provide a recently dated letter of intent.

- e) Commitment – If the bidder’s proposal is awarded, the percentage level of MBE/WBE participation committed to by the bidder on Exhibit D, Participation Commitment, shall be interpreted as a contractual requirement.

Definition -- Qualified MBE/WBE:

In order to be considered a qualified MBE or WBE for purposes of this RFP, the MBE/WBE must be certified by the State of Missouri, Office of Administration, Office of Equal Opportunity (OEO) by the proposal opening date.

MBE or WBE means a business that is a sole proprietorship, partnership, joint venture, or corporation in which at least fifty-one percent (51%) of the ownership interest is held by minorities or women and the management and daily business operations of which are controlled by one or more minorities or women who own it.

Minority is defined as belonging to one of the following racial minority groups: African Americans, Native Americans, Hispanic Americans, Asian Americans, American Indians, Eskimos, Aleuts, and other groups that may be recognized by the Office of Advocacy, United States Small Business Administration, Washington D.C.

A listing of several resources that are available to assist bidders in their efforts to identify and secure the participation of qualified MBEs and WBEs is available at the website shown below or by contacting the Office of Equal Opportunity (OEO) at:

Office of Administration, Office of Equal Opportunity (OEO)
Harry S Truman Bldg., Room 630, P.O. Box 809, Jefferson City, MO 65102-0809
Phone: (877) 259-2963 or (573) 751-8130
Fax: (573) 522-8078
Web site: <http://o eo .mo .gov>

- D3.6 MCHCP reserves the right to consider historic information and fact, whether gained from the bidder's proposal, question and answer conferences, references, site visits or any other source, in the evaluation process.
- D3.7 The bidder is cautioned that it is the bidder's sole responsibility to submit information related to the evaluation categories and that MCHCP is under no obligation to solicit such information if it is not included with the bidder's proposal. Failure of the bidder to submit such information may cause an adverse impact on the evaluation of the bidder's proposal.
- D3.8 The bidder is advised that under the provisions of this RFP, MCHCP reserves the right to conduct negotiations of the proposals received or to award a contract without negotiations. If such negotiations are conducted, the following conditions shall apply:
- Negotiations may be conducted in person, in writing, or by telephone.
 - Negotiations will only be conducted with potentially acceptable proposals. MCHCP reserves the right to limit negotiations to those proposals which received the highest rankings during the initial evaluation phase. All bidders involved in the negotiation process will be invited to submit a best and final offer.
 - Terms, conditions, prices, methodology, or other features of the bidder’s proposal may be subject to negotiation and subsequent revision. As part of the negotiations, the bidder may be required to submit supporting financial, pricing, and other data in order to allow a detailed evaluation of the feasibility, reasonableness, and acceptability of the proposal.

- The mandatory requirements of the RFP shall not be negotiable and shall remain unchanged unless MCHCP determines that a change in such requirements is in the best interest of MCHCP and its members.
- Bidder understands that the terms of any negotiation are confidential until an award is made or all proposals are rejected.

D3.9 After an initial screening process, a technical question and answer conference or interview may be conducted, if deemed necessary by MCHCP, to clarify or verify the bidder's proposal and to develop a comprehensive assessment of the proposal. MCHCP intends to interview the finalists' key personnel.

D4. PRICING

D4.1 The bidder must provide a firm, fixed price per hour by job title for all requirements set forth in this RFP. In addition, the bidder must provide a total price for the project for which the project will not exceed.

D4.1.1 The bidder's firm, fixed price per hour and the total price for which the project shall not exceed must be shown on Exhibit A of this RFP which must be completed, signed, and returned (two copies) with the bidder's proposal. Be sure to complete all tabs in the workbook.

D4.1.2 All information contained in Exhibit A may be utilized in the evaluation of the specified evaluation criteria related to such information including the proposed method of performance.

D4.2 For evaluation purposes, the bidder's firm, fixed price per hour and the total "not to exceed" price for each project shall be considered in the evaluation of cost and shall include all travel and incidental expenses in the not-to-exceed total

D4.3 In determining pricing points, MCHCP will consider the potential three-year cost of the program including the full not-to-exceed price for the FY2019 and FY2020 audits as provided in Exhibit A.

D5. NEGOTIATION AND CONTRACT AWARD

D5.1 The bidder is advised that under the provisions of this RFP, MCHCP reserves the right to conduct negotiations of the proposals received or to award a contract without negotiations. If such negotiations are conducted, the following conditions shall apply:

- Negotiations may be conducted in person, in writing, or by telephone.
- Negotiations will only be conducted with bidders who provide potentially acceptable proposals. MCHCP reserves the right to limit negotiations to those bidders which received the highest rankings during the initial evaluation phase. All bidders involved in the negotiation process will be invited to submit a best and final offer.
- Terms, conditions, prices, methodology, or other features of the bidder's proposal may be subject to negotiation and subsequent revision. As part of the negotiations, the bidder may be required to submit supporting financial, pricing, and other data in order to allow a detailed evaluation of the feasibility, reasonableness, and acceptability of the proposal.
- The mandatory requirements of the RFP shall not be negotiable and shall remain unchanged unless MCHCP determines that a change in such requirements is in the best interest of MCHCP and its members.

- Bidder understands that the terms of any negotiation are confidential until an award is made or all proposals are rejected.

D5.2 Any award of a contract resulting from this RFP will be made only by written authorization from MCHCP.

D6. CONFIDENTIALITY AND PROPRIETARY MATERIALS

D6.1 Pursuant to Section 610.021 RSMo, proposals and related documents shall not be available for public review until a contract has been awarded or all proposals are rejected. MCHCP maintains copies of all proposals and related documents.

D6.2 MCHCP is a governmental body under Missouri Sunshine Law (Chapter 610 RSMo). Section 610.011 requires that all provisions be “liberally construed and their exceptions strictly construed to promote” the public policy that records are open unless otherwise provided by law. Regardless of any claim by a bidder as to material being proprietary and not subject to copying or distribution, or how a bidder characterizes any information provided in its proposal, all material submitted by the bidder in conjunction with the RFP is subject to release after the award of a contract in relation to a request for public records under the Missouri Sunshine Law (see Chapter 610 of the Missouri Revised Statutes). Only information expressly permitted by the provisions of Missouri’s Sunshine Law to be closed – strictly construed – will be redacted by MCHCP from any public request submitted to MCHCP after an award is made. Bidders should presume information provided to MCHCP in a proposal will be public following the award of the bid and made available upon request in accordance with the provisions of state law.

SECTION E QUESTIONNAIRE

The bidder must complete the following questionnaire. Responses to the questionnaire must be in a separate section of the proposal and the questions must be repeated and answered in the order in which they are presented. In addition to an original and three hard copies of the proposal, provide a copy of the complete proposal on CD or other electronic media.

- E1. EXPERIENCE AND RELIABILITY – The experience and reliability of the bidder’s organization will be considered in the evaluation. The bidder is advised to submit any information which documents successful and reliable experience in past performances, especially those performances related to the requirements of this RFP.
- E1.1 Provide the following information related to previous and current contracts which are considered identical or similar to the requirements of this RFP. Specifically, the offeror is to submit specific information to document successful and reliable experience in the most recent five (5) years related to the audit of similar governmental organizations to MCHCP.
- a. Name, address, and telephone number of contracting agency and a contact person who may be contacted for verification of all data submitted.
 - b. Dates of the contract
 - c. Brief description of the specific prior services performed and requirements thereof
- E1.2 Describe your relevant technical experience related to the auditor’s experience in both the reporting and auditing requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions*, and the recently issued GASB Statements 74/75 that superseded the original GASB 43/45 OPEB pronouncements. Include contact information for any governmental entities for whom you have provided this service.
- E1.3 Provide a copy of the most recent peer review received.
- E1.4 Provide documentation affirming that the firm is properly licensed with the Missouri State Board of Accountancy.
- E1.5 Describe the nature and extent of any disciplinary action taken against the firm by the American Institute of Certified Public Accountants, any state board or society of Certified Public Accountants, or any federal, state or local government authority.
- E1.6 Describe the economic advantages that will be realized as a result of your organization performing the required services by providing responses to each item below:
- E1.6.1 Provide a description of the proposed services that will be performed and/or the proposed products that will be provided by Missourians and/or Missouri products.
 - E1.6.2 Provide a description of the economic impact returned to the State of Missouri through tax revenue obligations.
 - E1.6.3 Provide a description of the company’s economic presence within the State of Missouri (e.g. type of facilities: sales offices; sales outlets; divisions; manufacturing; warehouse; other), including Missouri employee statistics.

- E2. EXPERTISE OF BIDDER'S PERSONNEL - The qualifications of the personnel proposed by the bidder to perform the requirements of this RFP will be considered in the evaluation. Therefore, the bidder should submit detailed information related to the experience and qualifications of the staff proposed.
- E2.1 Provide a resume including references detailing educational qualifications and previous work assignments as may relate to this RFP for key personnel to be assigned to this project. Identify whether the personnel proposed are licensed Certified Public Accountants and, if so, the State Board of Accountancy with which each is currently licensed.
- E2.2 Describe any disciplinary action taken against the proposed personnel by the American Institute of Certified Public Accountants, any state board or society of Certified Public Accountants, or any federal, state or local governmental authority.
- E2.3 Provide the following information for any staff that have yet to be hired that will serve on the MCHCP engagement:
- a. Detailed description of the required employment qualifications; and
 - b. Detailed job description of the position to be filled, including the type of individual proposed to be hired.
- E2.4 What is your firm's continuing professional education policy?
- E3. PROPOSED METHOD OF PERFORMANCE
- E3.1 Provide a sequential step-by-step description, including a timeline, of the events that are proposed to accomplish each project contained in Scope of Work and the number of work hours required to perform the task or event. In addition, specify the personnel who are proposed to perform the audit and the number of work hours each person will be working on the audit. Historically, audit field work has been performed in late-August, early-September following the fiscal year end of June 30. Work hours proposed in this Schedule of Events may be compared with the work hours proposed in the price analysis. Discrepancies may be deemed disqualifying.
- E3.2 Provide an organizational chart showing the lines of authority for the key personnel to be used. The relationship of the project leader to management and to support personnel should be clearly illustrated.
- E3.3 Provide the approach your organization will utilize to implement any new auditing standards, specifically GASB 75.
- E4. MBE/WBE PARTICIPATION COMMITMENT – If the bidder is committing to participation by or if the bidder is a qualified MBE/WBE, the bidder must provide the required information in the appropriate table(s) below for the organization proposed and must submit the completed Exhibit D with the bidder's proposal. For Minority Business Enterprise (MBE) and/or Women Business Enterprise (WBE) Participation, if proposing an entity certified as both MBE and WBE, the bidder must either (1) enter the participation percentage under MBE or WBE, or must (2) divide the participation between both MBE and WBE. If dividing the participation, do not state the total participation on both the MBE and WBE Participation Commitment tables below. Instead, divide the total participation as proportionately appropriate between the tables below.

E4.1 MBE Participation Commitment Table

	Name of Qualified Minority Business Enterprise (MBE) Proposed	Committed Percentage of Participation for MBE	Description of Products/Services to be Provided by MBE
Company 1			
Company 2			
Company 3			
Total MBE Percentage			

E4.2 WBE Participation Commitment Table

	Name of Qualified Women Business Enterprise (WBE) Proposed	Committed Percentage of Participation for WBE	Description of Products/Services to be Provided by WBE
Company 1			
Company 2			
Company 3			
Total WBE Percentage			

Exhibit A
Pricing Page (Page 1 of 3)

PROJECT: General Fiscal Year End Audit

FY2018 Audit					
Job Title/Classification	Name	Hours	Price per Hour	Total Price	Guaranteed Not to Exceed
Audit Manager				\$0.00	
Senior Auditor				\$0.00	
Auditor				\$0.00	
Junior/Assistant Auditor				\$0.00	
Clerical				\$0.00	
Other (list job title)				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
TOTAL		0.00		\$0.00	\$0.00

FY2019 Audit					
Job Title/Classification	Name	Hours	Price per Hour	Total Price	Guaranteed Not to Exceed
Audit Manager				\$0.00	
Senior Auditor				\$0.00	
Auditor				\$0.00	
Junior/Assistant Auditor				\$0.00	
Clerical				\$0.00	
Other (list job title)				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
TOTAL		0.00		\$0.00	\$0.00

FY2020 Audit					
Job Title/Classification	Name	Hours	Price per Hour	Total Price	Guaranteed Not to Exceed
Audit Manager				\$0.00	
Senior Auditor				\$0.00	
Auditor				\$0.00	
Junior/Assistant Auditor				\$0.00	
Clerical				\$0.00	
Other (list job title)				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
TOTAL		0.00		\$0.00	\$0.00

Bidder's Signature

Bidder's Printed Name

Title

Date

Exhibit A
Pricing Page (Page 2 of 3)

PROJECT: Independent Report of OPEB Allocations - GASB 75

FY2018 GASB 75					
Job Title/Classification	Name	Hours	Price per Hour	Total Price	Guaranteed Not to Exceed
Audit Manager				\$0.00	
Senior Auditor				\$0.00	
Auditor				\$0.00	
Junior/Assistant Auditor				\$0.00	
Clerical				\$0.00	
Other (list job title)				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
TOTAL		0.00		\$0.00	\$0.00

FY2019 GASB 75					
Job Title/Classification	Name	Hours	Price per Hour	Total Price	Guaranteed Not to Exceed
Audit Manager				\$0.00	
Senior Auditor				\$0.00	
Auditor				\$0.00	
Junior/Assistant Auditor				\$0.00	
Clerical				\$0.00	
Other (list job title)				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
TOTAL		0.00		\$0.00	\$0.00

FY2020 GASB 75					
Job Title/Classification	Name	Hours	Price per Hour	Total Price	Guaranteed Not to Exceed
Audit Manager				\$0.00	
Senior Auditor				\$0.00	
Auditor				\$0.00	
Junior/Assistant Auditor				\$0.00	
Clerical				\$0.00	
Other (list job title)				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
				\$0.00	
TOTAL		0.00		\$0.00	\$0.00

Bidder's Signature

Bidder's Printed Name

Title

Date

Exhibit A
Pricing Page (Page 3 of 3)

	Not-toExceed Pricing		
	General Fiscal Year End Audit	Report of OPEB Allocations	Total
FY2018	\$0.00	\$0.00	\$0.00
FY2019	\$0.00	\$0.00	\$0.00
FY2020	\$0.00	\$0.00	\$0.00

Bidder's Signature

Bidder's Printed Name

Title

Date

EXHIBIT B
BIDDER'S PROPOSED MODIFICATIONS TO THE RFP
2018 AUDITING RFP

The bidder must utilize this document to clearly identify by subsection number any exceptions to the provisions of the Request for Proposal (RFP) and include an explanation as to why the bidder cannot comply with the specific provision. Any desired modifications should be kept as succinct and brief as possible. **Failure to confirm acceptance of the mandatory contract provisions will result in the bidder being eliminated from further consideration as its proposal will be considered non-compliant.**

Any modification proposed shall be deemed accepted as a modification of the RFP if and only if this proposed modification exhibit is countersigned by an authorized MCHCP representative on or before the effective date of the contract awarded under this RFP.

Name/Title of Individual

Organization

Signature

Date

On behalf of MCHCP, the undersigned individual hereby attests that he or she is authorized to enter into this Agreement and agrees to all the terms specified herein.

Executive Director
Missouri Consolidated Health Care Plan

Date

EXHIBIT C

CONTRACTOR CERTIFICATION OF COMPLIANCE WITH FEDERAL EMPLOYMENT LAWS 2018 MCHCP AUDITING RFP

_____ (hereafter referred to as “Contractor”) hereby certifies that all of Contractor’s employees and its subcontractors’ employees assigned to perform services for Missouri Consolidated Health Care Plan (“MCHCP”) and/or its members are eligible to work in the United States in accordance with federal law.

Contractor acknowledges that MCHCP is entitled to receive all requested information, records, books, forms, and any other documentation (“requested data”) in order to determine if Contractor is in compliance with federal law concerning eligibility to work in the United States and to verify the accuracy of such requested data. Contractor further agrees to fully cooperate with MCHCP in its audit of such subject matter.

Contractor also hereby acknowledges that MCHCP may declare Contractor has breached its Contract if MCHCP has reasonable cause to believe that Contractor or its subcontractors knowingly employed individuals not eligible to work in the United States. MCHCP may then lawfully and immediately terminate its Contract with Contractor without any penalty to MCHCP and may suspend or debar Contractor from doing any further business with MCHCP.

THE UNDERSIGNED PERSON REPRESENTS AND WARRANTS THAT HE/SHE IS DULY AUTHORIZED TO SIGN THIS DOCUMENT AND BIND THE CONTRACTOR TO SUCH CERTIFICATION.

Name/Title of Individual

Organization

Signature

Date

Exhibit D

Documentation of Intent to Participate 2018 Auditing RFP

If the bidder is proposing to include the participation of a Minority Business Enterprise/Women Business Enterprise (MBE/WBE) in the provision of the products/services required in the RFP, the bidder must either provide a recently dated letter of intent, signed and dated no earlier than the RFP issuance date, from each organization documenting the following information, or complete and provide this Exhibit with the bidder's proposal.

~ Copy This Form For Each Organization Proposed ~

Bidder Name: _____

This Section To Be Completed by Participating Organization:

By completing and signing this form, the undersigned hereby confirms the intent of the named participating organization to provide the products/services identified herein for the bidder identified above.

Name of Organization: _____

(Name of MBE, WBE)

Contact Name: _____

Email: _____

Address: _____

Phone #: _____

City: _____

Fax #: _____

State/Zip: _____

Certification
#

Type of Organization
(MBE or WBE): _____

Certification
Expiration
Date: _____

(or attach copy of
certification)

PRODUCTS/SERVICES PARTICIPATING ORGANIZATION AGREED TO PROVIDE

Describe the products/services you (*as the participating organization*) have agreed to provide:

Authorized Signature:

*Authorized Signature of Participating Organization
(MBE, WBE)*

*Date
(Dated no earlier than
the RFP issuance
date)*

EXHIBIT E

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (“Agreement”) between the Missouri Consolidated Health Care Plan (hereinafter “Covered Entity” or “MCHCP”) and **Auditing Firm**. (hereinafter “Business Associate”) is entered into as a result of the business relationship between the parties in connection with services requested and performed in accordance with the Auditing Services (“RFP”) released on February 26, 2018, and under the Contract entered into as a result of the RFP, as renewed and amended, (hereinafter the “Contract”).

This Agreement supersedes all other agreements, including any previous business associate agreements, between the parties with respect to the specific matters addressed herein. In the event the terms of this Agreement are contrary to or inconsistent with any provisions of the Contract or any other agreements between the parties, this Agreement shall prevail, subject in all respects to the Health Insurance Portability and Accountability Act of 1996, as amended (the “Act”), and the HIPAA Rules, as defined in Section 2.1 below.

1 Purpose.

The Contract is for Auditing Services.

The purpose of this Agreement is to comply with requirements of the Act and the implementing regulations enacted under the Act, 45 CFR Parts 160 - 164, as amended, to the extent such laws relate to the obligations of business associates, and to the extent such laws relate to obligations of MCHCP in connection with services performed by **Auditing Firm** for or on behalf of MCHCP under the Contract. This Agreement is required to allow the parties to lawfully perform their respective duties and maintain the business relationship described in the Contract.

2 Definitions.

2.1 For purposes of this Agreement:

“Business Associate” shall generally have the same meaning as the term “business associate” at 45 CFR § 160.103, and in reference to this Agreement, shall mean **Auditing Firm**.

“Covered Entity” shall generally have the same meaning as the term “covered entity” at 45 CFR § 160.103, and in reference to this Agreement, shall mean MCHCP.

“HIPAA Rules” shall mean the Privacy, Security, Breach Notification, and Enforcement Rules set forth in 45 CFR Parts 160 and 164, as amended.

2.2 Unless otherwise expressly stated in this Agreement, all words, terms, specifications, and requirements used or referenced in this Agreement which are defined in the HIPAA Rules shall have the same meanings as described in the HIPAA Rules, including but not limited to: breach; data aggregation; designated record set; disclose or disclosure; electronic media; electronic protected health information (“ePHI”); family member; genetic information; health care; health information; health care operations; individual; individually identifiable health information; marketing; minimum necessary; notice of privacy practices; person; protected health information (“PHI”); required by law; Secretary; security incident; standard; subcontractor; transaction; unsecured PHI; use; violation or violate; and workforce.

- 2.3 To the extent a term is defined in the Contract and this Agreement, the definition in this Agreement, subject in all material respects to the HIPAA Rules, shall govern.
- 2.4 Notwithstanding the forgoing, for ease of reference throughout this Agreement, Business Associate understands and agrees that wherever PHI is referenced in this Agreement, it shall be deemed to include all MCHCP-related PHI in any format or media including paper, recordings, electronic media, emails, and all forms of MCHCP-related ePHI in any data state, be it data in motion, data at rest, data in use, or otherwise.

3 Obligations and Activities of Business Associate.

- 3.1 Business Associate agrees to not use or disclose PHI other than as permitted or required by this Agreement or as required by law.
- 3.2 Appropriate Safeguards. Business Associate agrees to implement, maintain, and use appropriate administrative, physical, and technical safeguards, and fully comply with all applicable standards, implementation specifications, and requirements of Subpart C of 45 CFR Part 164 with respect to ePHI, in order to: (i) ensure the confidentiality, integrity, and availability of ePHI created, received, maintained, or transmitted; (ii) protect against any reasonably anticipated threats or hazards to the security or integrity of such information; and (iii) protect against use or disclosure of ePHI by Business Associate, its workforce, and its subcontractors other than as provided for by this Agreement.
- 3.3 Subcontractors. Pursuant to §§ 164.308(b)(2) and 164.502(e)(1)(ii), Business Associate agrees it will not permit any subcontractors to create, receive, access, use, maintain, disclose, or transmit PHI in connection with, on behalf of, or under the direction of Business Associate in connection with performing its duties and obligations under the Contract unless and until Business Associate obtains satisfactory assurances in the form of a written contract or written agreement in accordance with §§ 164.504(e) and 164.314(a)(2) that the subcontractor(s) will appropriately safeguard PHI and in all respects comply with the same restrictions, conditions, and requirements applicable to Business Associate under the HIPAA Rules and this Agreement with respect to such information.

In addition to the forgoing, and in accordance with the Contract, Business Associate agrees it will not permit any subcontractor, or use any off-shore entity, to perform services under the Contract, including creation, use, storage, or transmission of PHI at any location(s) outside of the United States.

- 3.4 Reports to MCHCP. Business Associate agrees to report any use or disclosure of PHI not authorized or provided for by this Agreement, including breaches of unsecured PHI and any security incident involving MCHCP to MCHCP in accordance with the notice provisions prescribed in this Section 3.4. For purposes of the security incident reporting requirement, the term “security incident” shall not include inconsequential incidents that occur on a daily basis, such as scans, “pings,” or other unsuccessful attempts to penetrate computer networks or servers containing ePHI maintained or transmitted by Business Associate.
- 3.4.1 The notice shall be delivered to, and confirmed received by, MCHCP without unreasonable delay, but in any event no later than three (3) business days of Business Associate’s first discovery, as discovery is described under § 164.410, of the unauthorized use or disclosure, breach of unsecured PHI, or security incident.

3.4.2 The notice shall be in writing and sent to both of the following MCHCP workforce members and deemed delivered only upon personal confirmation, acknowledgement or receipt in any form, verbal or written, from one of the designated recipients:

- MCHCP's Privacy Officer → currently, Jennifer Stilabower, (573) 522-3242, Jennifer.Stilabower@mchcp.org, 832 Weathered Rock Court, Jefferson City, MO 65101
- MCHCP's Security Officer → currently, Bruce Lowe, (573) 526-3114, Bruce.Lowe@mchcp.org, 832 Weathered Rock Court, Jefferson City, MO 65101

If, and only if, Business Associate receives an email or voicemail response indicating neither of the intended MCHCP recipients are available and no designee(s) confirm receipt within eight (8) business hours on behalf of one or both of the above-named MCHCP Officers, Business Associate shall forward the written notice to their primary MCHCP contact with copies to the Privacy and Security Officers for documentation purposes.

3.4.3 The notice shall include to the fullest extent possible:

- a) a detailed description of what happened, including the date, time, and all facts and circumstances surrounding the unauthorized use or disclosure, breach of unsecured PHI, or security incident;
- b) the date, time, and circumstances surrounding when and how Business Associate first became aware of the unauthorized use or disclosure, breach of unsecured PHI, or security incident;
- c) identification of each individual whose PHI has been, or is reasonably believed by Business Associate to have been involved or otherwise subject to possible breach;
- d) a description of all types of PHI known or potentially believed to be involved or affected;
- e) identification of any and all unauthorized person(s) who had access to or used the PHI or to whom an unauthorized disclosure was made;
- f) all decisions and steps Business Associate has taken to date to investigate, assess risk, and mitigate harm to MCHCP and all potentially affected individuals;
- g) contact information, including name, position or title, phone number, email address, and physical work location of the individual(s) designated by Business Associate to act as MCHCP's primary contact for purposes of the notice triggering event(s);
- h) all corrective action steps Business Associate has taken or shall take to prevent future similar uses, disclosures, breaches, or incidents;

- i) if all investigatory, assessment, mitigation, or corrective action steps are not complete as of the date of the notice, Business Associate's best estimated timeframes for completing each planned but unfinished action step; and
- j) any action steps Business Associate believes affected or potentially affected individuals should take to protect themselves from potential harm resulting from the matter.

3.4.4 Business Associate agrees to cooperate with MCHCP during the course of Business Associate's investigation and risk assessment and to promptly and regularly update MCHCP in writing as supplemental information becomes available relating to any of the items addressed in the notice.

3.4.5 Business Associate further agrees to provide additional information upon and as reasonably requested by MCHCP; and to take any additional steps MCHCP reasonably deems necessary or advisable to comply with MCHCP's obligations as a covered entity under the HIPAA Rules.

3.4.6 Business Associate expressly acknowledges the presumption of breach with respect to any unauthorized acquisition, access, use, or disclosure of PHI, unless Business Associate is able to demonstrate otherwise in accordance with § 164.402(2), in which case, Business Associate agrees to fully document its assessment and all factors considered and provide MCHCP no later than ten (10) calendar days following Business Associate's discovery with its complete written risk assessment, conclusion reached, and all documentation supporting a conclusion that the unauthorized acquisition, access, use, or disclosure of PHI presents a low probability that PHI has been compromised.

3.4.7 The parties agree to work together in good faith, making every reasonable effort to reach consensus regarding whether a particular circumstance constitutes a breach or otherwise warrants notification, publication, or reporting to any affected individual, government body, or the public and also the appropriate means and content of any notification, publication, or report. Notwithstanding the foregoing, all final decisions involving questions of breach of PHI shall be made by MCHCP, including whether a breach has occurred, and any notification, publication, or public reporting required or reasonably advisable under the HIPAA Rules and MCHCP's Notice of Privacy Practices based on all objective and verifiable information provided to MCHCP by Business Associate under this Section 3.4

3.4.8 Business Associate agrees to bear all reasonable and actual costs associated with any notifications, publications, or public reports relating to breaches by Business Associate, any subcontractor of Business Associate, and any employee or workforce member of Business Associate and/or its subcontractors, as MCHCP deems necessary or advisable.

3.5 Confidential Communications. Business Associate agrees it will promptly implement and honor individual requests to receive PHI by alternative means or at an alternative location provided such request has been directed to and approved by MCHCP in accordance with § 164.522(b) applicable to covered entities. If Business Associate receives a request for confidential communications directly from an individual, Business Associate agrees to refer the individual, and promptly forward the individual's request, to MCHCP so that MCHCP can assess, accommodate, and coordinate reasonable requests of this nature in accordance with the HIPAA Rules and prepare a timely response to the individual.

- 3.6 Individual Access to PHI. If an individual requests access to PHI under § 164.524, Business Associate agrees it will make all PHI about the individual which Business Associate created or received for or from MCHCP that is in Business Associate's custody or control available in a designated record set to MCHCP or, at MCHCP's direction, to the requesting individual or his or her authorized designee, in order to satisfy MCHCP's obligations as follows:
- 3.6.1 If Business Associate receives a request for individual PHI in a designated record set from MCHCP, Business Associate will provide the requested information to MCHCP within five (5) business days from the date of the request in a readily accessible and readable form and manner or as otherwise reasonably specified in the request.
- 3.6.2 If Business Associate receives a request for PHI in a designated record set directly from an individual current or former MCHCP member, Business Associate will require that the request be made in writing and will also promptly notify MCHCP that a request has been made verbally. If the individual submits a written request for PHI in a designated record set directly to Business Associate, no later than five (5) business days thereafter, Business Associate shall provide MCHCP with: (i) a copy of the individual's request to MCHCP for purposes of determining an appropriate response to the request; (ii) the designated record sets in Business Associate's custody or control that are subject to access by the requesting individual(s) requested in the form and format requested by the individual if it is readily producible in such form and format, or if not, in a readable hard copy form; and (iii) the titles of the persons or offices responsible for receiving and processing requests for access by individual(s). MCHCP will direct Business Associate in writing within five (5) business days following receipt of the information described in (i), (ii), and (iii) of this subsection 3.6.2 whether Business Associate should send the requested designated data set directly to the individual or whether MCHCP will forward the information received from Business Associate as part of a coordinated response or if for any reason MCHCP deems the response should be sent from MCHCP or another Business Associate acting on behalf of MCHCP. If Business Associate is directed by MCHCP to respond directly to the individual, Business Associate agrees to provide the designated record set requested in the form and format requested by the individual if it is readily producible in such form and format; or, if not, in a readable hard copy form or such other form and format as agreed to by Business Associate and the individual. Business Associate will provide MCHCP's Privacy Officer with a copy of all responses sent to individuals pursuant to § 164.524 and the directives set forth in this subsection 3.6.2 for MCHCP's compliance and documentation purposes.
- 3.7 Amendments of PHI. Business Associate agrees it will make any amendment(s) to PHI in a designated record set as directed or agreed to by MCHCP pursuant to § 164.526, and take other measures as necessary and reasonably requested by MCHCP to satisfy MCHCP's obligations under § 164.526.
- 3.7.1 If Business Associate receives a request directly from an individual to amend PHI created by Business Associate, received from MCHCP, or otherwise within the custody or control of Business Associate at the time of the request, Business Associate shall promptly refer the individual to MCHCP's Privacy Officer, and, if the request is in writing, shall forward the individual's request three (3) business days to MCHCP's Privacy Officer so that MCHCP can evaluate, coordinate and prepare a timely response to the individual's request.
- 3.7.2 MCHCP will direct Business Associate in writing as to any actions Business Associate is required to take with regard to amending records of individuals who exercise their right to amend

PHI under the HIPAA Rules. Business Associate agrees to follow the direction of MCHCP regarding such amendments and to provide written confirmation of such action within seven (7) business days of receipt of MCHCP's written direction or sooner if such earlier action is required to enable MCHCP to comply with the deadlines established by the HIPAA Rules.

- 3.8 PHI Disclosure Accounting. Business Associate agrees to document, maintain, and make available to MCHCP within seven (7) calendar days of a request from MCHCP for all disclosures made by or under the control of Business Associate or its subcontractors that are subject to accounting, including all information required, under § 164.528 to satisfy MCHCP's obligations regarding accounting of disclosures of PHI.
- 3.8.1 If Business Associate receives a request for accounting directly from an individual, Business Associate agrees to refer the individual, and promptly forward the individual's request, to MCHCP so that MCHCP can evaluate, coordinate and prepare a timely response to the individual's request.
- 3.8.2 In addition to the provisions of 3.8.1, all PHI accounting requests received by Business Associate directly from the individual shall be acted upon by Business Associate as a request from MCHCP for purposes of Business Associate's obligations under this section. Unless directed by MCHCP to respond directly to the individual, Business Associate shall provide all accounting information subject to disclosure under § 164.528 to MCHCP within seven (7) calendar days of the individual's request for accounting.
- 3.9 Privacy of PHI. Business Associate agrees to fully comply with all provisions of Subpart E of 45 CFR Part 164 that apply to MCHCP to the extent Business Associate has agreed or assumed responsibilities under the Contract or this Agreement to carry out one or more of MCHCP's obligation(s) under 45 CFR Part 164 Subpart E.
- 3.10 Internal Practices, Books, and Records. Upon request of MCHCP or the Secretary, Business Associate will make its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of MCHCP available to MCHCP and/or the Secretary in a time and manner designated by MCHCP or the Secretary for purposes of determining MCHCP's and/or Business Associate's compliance with the HIPAA Rules.

4 Permitted Uses and Disclosures of PHI by Business Associate.

- 4.1 Contractual Authorization. Business Associate may access, create, use, and disclose PHI as necessary to perform its duties and obligations required by the Contract, including but not limited to specific requirements set forth in the Scope of Work (as such term is defined in the Contract), as amended. Without limiting the foregoing general authorization, MCHCP specifically authorizes Business Associate to access, create, receive, use, and disclose all PHI which is required to provide the services specified in the Contract. The parties agree that no provision of the Contract permits Business Associate to use or disclose PHI in a manner that would violate Subpart E of 45 CFR Part 164 if used or disclosed in like manner by MCHCP except that:
- 4.1.1 This Agreement permits Business Associate to use PHI received in its capacity as a business associate of MCHCP, if necessary: (A) for the proper management and administration of Business Associate; or (B) to carry out the legal responsibilities of Business Associate.

4.1.2 This Agreement permits Business Associate to combine PHI created or received on behalf of MCHCP as authorized in this Agreement with PHI lawfully created or received by Business Associate in its capacity as a business associate of other covered entities to permit data analysis relating to the health care operations of MCHCP and other PHI contributing covered entities in order to provide MCHCP with such comprehensive, aggregate summary reports as specifically required by, or specially requested under, the Contract.

4.2 Authorization by Law. Business Associate may use or disclose PHI as permitted or required by law.

4.3 Minimum Necessary. Notwithstanding any other provision in the Contract or this Agreement, with respect to any and all uses and disclosures permitted, Business Associate agrees to request, create, access, use, disclose, and transmit PHI involving MCHCP members subject to the following minimum necessary requirements:

4.3.1 When requesting or using PHI received from MCHCP, a member of MCHCP, or an authorized party or entity working on behalf of MCHCP, Business Associate shall make reasonable efforts to limit all requests and uses of PHI to the minimum necessary to accomplish the intended purpose of the request or use. Business Associate agrees its reasonable efforts will include identifying those persons or classes of persons, as appropriate, in Business Associate's workforce who need access to MCHCP member PHI to carry out their duties under the Contract. Business Associate further agrees to identify the minimally necessary amount of PHI needed by each such person or class and any conditions appropriate to restrict access in accordance with such assessment.

4.3.2 For any type of authorized disclosure of PHI that Business Associate makes on a routine basis to third parties, Business Associate shall implement procedures that limit the PHI disclosed to the amount minimally necessary to achieve the purpose of the disclosure. For all other authorized but non-routine disclosures, Business Associate shall develop and follow criteria for reviewing requests and limiting disclosures to the information minimally necessary to accomplish the purposes for which disclosure is sought.

4.3.3 Business Associate may rely, if such reliance is reasonable under the circumstances, on a requested disclosure as the minimum necessary for the stated purpose if and when:

- a) Making disclosures to public officials as permitted under § 164.512, if the public official represents that the information requested is the minimum necessary for the stated purpose(s); or
- b) The information is requested by a professional who is a member of its workforce or is a business associate of MCHCP for the purpose of providing professional services to MCHCP, if the professional represents that the information requested is the minimum necessary for the stated purpose(s).

4.3.4 Minimum necessary does not apply to: uses or disclosures made to the individual; uses or disclosures made pursuant to a HIPAA-compliant authorization; disclosures made to the Secretary in accordance with the HIPAA Rules; disclosures specifically permitted or required under, and made in accordance with, the HIPAA Rules.

5 Obligations of MCHCP.

- 5.1 Notice of Privacy Practices. MCHCP shall notify Business Associate of any limitation(s) that may affect Business Associate's use or disclosure of PHI by providing Business Associate with MCHCP's Notice of Privacy Practices in accordance with § 164.520, the most recent copy of which is attached to this Agreement.
- 5.2 Individual Authorization Changes. MCHCP shall notify Business Associate in writing of any changes in, or revocation of, the authorization by an individual to use or disclose his or her PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.
- 5.3 Confidential Communications. MCHCP shall notify Business Associate in writing of individual requests approved by MCHCP in accordance with § 164.522 to receive communications of PHI from Business Associate by alternate means or at alternative locations, to the extent that such changes may affect Business Associate's use or disclosure of PHI.
- 5.4 Individual Restrictions. MCHCP shall notify Business Associate in writing of any restriction to the use or disclosure of PHI that MCHCP has agreed and, if applicable, any subsequent revocation or termination of such restriction, in accordance with § 164.522, to the extent that such changes may affect Business Associate's use or disclosure of PHI.
- 5.5 Permissible Requests by MCHCP. MCHCP shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the HIPAA Rules if done by MCHCP.

6 Term and Termination, Expiration, or Cancellation.

- 6.1 Term. This Agreement is effective upon signature of both parties, and shall terminate upon the termination, expiration, or cancellation of the Contract, as amended, unless sooner terminated for cause under subsection 6.2 below.
- 6.2 Termination. Without limiting MCHCP's right to terminate the Contract in accordance with the terms therein, Business Associate also authorizes MCHCP to terminate this Agreement immediately by written notice and without penalty if MCHCP determines, in its sole discretion, that Business Associate has violated a material term of this Agreement and termination of this Agreement is in the best interests of MCHCP or its members. Without limiting the foregoing authorization, Business Associate agrees that MCHCP may, as an alternative or in addition to termination, require Business Associate to end the violation of the material term(s) and cure the breach of contract within the time and manner specified by MCHCP based on the circumstances presented. With respect to this subsection, MCHCP's remedies under this Agreement and the Contract are cumulative, and the exercise of any remedy shall not preclude the exercise of any other.
- 6.3 Obligations of Business Associate Upon Termination. Upon termination, expiration, or cancellation of this Agreement for any reason, Business Associate agrees to return to MCHCP or deliver to another MCHCP business associate at MCHCP's direction all PHI received from MCHCP, any current or former Business Associate or workforce member of MCHCP, or any current or former member of

MCHCP, as well as all PHI created, compiled, stored or accessible to Business Associate or any subcontractor, agent, affiliate, or workforce member of Business Associate, relating to MCHCP as a result of services provided under the Contract. All such PHI shall be securely transmitted in accordance with MCHCP's written directive in electronic format accessible and decipherable by the MCHCP designated recipient. Following confirmation of receipt and usable access of the transmitted PHI by the MCHCP designated recipient, Business Associate shall destroy all MCHCP-related PHI and thereafter retain no copies in any form for any purpose whatsoever. Within seven (7) business days following full compliance with the requirements of this subsection, an authorized representative of Business Associate shall certify in writing addressed to MCHCP's Privacy and Security Officers that Business Associate has fully complied with this subsection and has no possession, control, or access, directly or indirectly, to MCHCP-related PHI from any source whatsoever.

Notwithstanding the foregoing, Business Associate may maintain MCHCP-PHI after the termination of this Agreement to the extent return or destruction of the PHI is not feasible, provided Business Associate: (i) refrains from any further use or disclosure of the PHI; (ii) continues to safeguard the PHI thereafter in accordance with the terms of this Agreement; (iii) does not attempt to de-identify the PHI without MCHCP's prior written consent; and (iv) within seven (7) days following full compliance of the requirements of this subsection, provides MCHCP written notice describing all PHI maintained by Business Associate and certification by an authorized representative of Business Associate of its agreement to fully comply with the provisions of this paragraph.

6.4 Survival. All obligations and representations of Business Associate under this Section 6 and subsection 7.2 shall survive termination, expiration, or cancellation of the Contract and this Agreement.

7 **Miscellaneous.**

7.1 Satisfactory Assurance. Business Associate expressly acknowledges and represents that execution of this Agreement is intended to, and does, constitute satisfactory assurance to MCHCP of Business Associate's full and complete compliance with its obligations under the HIPAA Rules. Business Associate further acknowledges that MCHCP is relying on this assurance in permitting Business Associate to create, receive, maintain, use, disclose, or transmit PHI as described herein.

7.2 Indemnification. Each party shall, to the fullest extent permitted by law, protect, defend, indemnify and hold harmless the other party and its current and former trustees, employees, and agents from and against any and all losses, costs, claims, penalties, fines, demands, liabilities, legal actions, judgments, and expenses of every kind (including reasonable attorneys' fees and expenses, including at trial and on appeal) arising out of the acts or omissions of such party or any subcontractor, consultant, or workforce member of such party to the extent such acts or omissions violate the terms of this Agreement or the HIPAA Rules as applied to the Contract.

Notwithstanding the foregoing, if Business Associate maintains any MCHCP-related PHI following termination of the Contract and this Agreement pursuant to subsection 6.3, Business Associate shall be solely responsible for all PHI it maintains and, to the fullest extent permitted by law, Business Associate shall protect, defend, indemnify and hold harmless MCHCP and its current and former trustees, employees, and agents from and against any and all losses, costs, claims, penalties, fines, demands, liabilities, legal actions, judgments, and expenses of every kind (including reasonable attorneys' fees and expenses, including at trial and on appeal) arising out of the acts or omissions of Business Associate or any subcontractor, consultant, or workforce member of Business Associate

regarding such PHI to the extent such acts or omissions violate the terms of the Act or the HIPAA Rules.

- 7.3 No Third Party Beneficiaries. There is no intent by either party to create or establish third party beneficiary status or rights or their equivalent in any person or entity, other than the parties hereto, that may be affected by the operation of this Agreement, and no person or entity, other than the parties, shall have the right to enforce any right, claim, or benefit created or established under this Agreement.
- 7.4 Amendment. The parties agree to work together in good faith to amend this Agreement from time to time as is necessary or advisable for compliance with the requirements of the HIPAA Rules. Notwithstanding the foregoing, this Agreement shall be deemed amended automatically to the extent any provisions of the Act or the HIPAA Rules not addressed herein become applicable to Business Associate during the term of this Agreement pursuant to and in accordance with any subsequent modification(s) or official and binding legal clarification(s), to the Act or the HIPAA Rules.
- 7.5 Interpretation. Any reference in this Agreement to a section in the HIPAA Rules means the section as in effect or as amended. Any ambiguity in this Agreement shall be interpreted to permit compliance with the HIPAA Rules.

THE UNDERSIGNED PERSONS REPRESENT AND WARRANT THAT WE ARE LEGALLY FREE TO ENTER THIS AGREEMENT, THAT OUR EXECUTION OF THIS AGREEMENT HAS BEEN DULY AUTHORIZED, AND THAT UPON BOTH OF OUR SIGNATURES BELOW THIS SHALL BE A BINDING AGREEMENT TO THE FOREGOING TERMS AND CONDITIONS OF THIS BUSINESS ASSOCIATE AGREEMENT.

Missouri Consolidated Health Care Plan

Auditing Firm

By: _____

By: _____

Title: Executive Director

Title: _____

Date: _____

Date: _____

Missouri Consolidated Health Care Plan
Responses to Vendor Questions
2018 Auditing Services RFP
March 9, 2018

These responses are provided by MCHCP to questions received from potential bidders for the 2018 Auditing Services RFP.

General	Response
1 Why is MCHCP going out for proposal?	The current contract with Brown Smith Wallace has expired.
2 Were there any adjustments proposed by the auditors for FY2016 or FY2017?	No adjustments were proposed for FY2016 or FY2017.
3 What were the audit fees for FY2016 and FY2017?	Audit fees for FY2016 were \$22,280 and for FY2017 were \$24,450.
4 What is the expected methodology to be used by MCHCP for implementing the required reporting by the AICPA related to information required to be presented to the Agent Employer / Sponsors of the Plan so that they may implement GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions? Is MCHCP contemplating a Service Organization Controls engagement or an Examination?	GASB 74/75 bears resemblance to the implementation that Plans and Employers realized with the implementation of GASB 67 and 68. As the State Retiree Welfare Benefit Trust (SRWBT) is considered a cost sharing multiple employer plan, employers will need to recognize their proportionate share of the collective totals for recognition in their financial statements. MCHCP expects to adhere to the guidance supplied with GASB 75 and its respective implementation guide; and will place additional reliance on a strong collaboration with its actuary and external audit firm (selected through this procurement) for additional <u>subject matter expertise</u> .
5 How many auditors were out in the field during interim? For how many days?	The incumbent firm performed interim planning utilizing phone interviews and exchanging preliminary "prepared by client requests" utilizing a secure transfer portal protocol.
6 How many auditors were out in the field during final fieldwork? For how many days?	The incumbent firm was in the field for final fieldwork 5 business days with a team of 2-3 auditors. The managing partner was on site for typically the final 8 hours of fieldwork. After field exit, audit hours were utilized through the use of the firm's secure transfer portal protocol for work paper exchange, progress emails and conference calls.
7 Are claims processed by third party administrators (TPA) or MCHCP? If by TPAs, please identify the TPAs and location of claims data. If by TPA's, are there SOC1 Type II reports available?	Claims are processed by third party administrators - UMR - with claims data located in Wausau, Wisconsin and Aetna - with claims and customer service located in New Albany, Ohio. SOC1 Type II reports can be made available to the successful contractor.
8 When will the financial statements available to the auditors for review?	MCHCP traditionally prepares draft financials in August, but estimates related to Rx receivables and some footnote disclosures associated with the completion of the annual GASB valuation may not be available until the end of fieldwork completion. MCHCP and external auditors have successfully developed compatible work timelines without exception.
9 If the MCHCP could change one thing about the current audit process what would that be?	MCHCP was very pleased with the services provided during the last contract period(s). All auditees, including MCHCP, are always appreciative of proactive guidance regarding <u>governmental standards implementations</u> .
10 What is the MCHCP's expectation of the audit process, such as length of time the audit team would spend on site for interim and final fieldwork?	MCHCP would anticipate the firm would provide the necessary audit hours to ensure the ability to opine on the financial statements and the GASB 75 employer allocations. MCHCP does not have a predetermined necessary audit hour expectation although anticipates it would be performed in accordance to provide the necessary audit opinion(s) in a timely manner.

Missouri Consolidated Health Care Plan
Responses to Vendor Questions
2018 Auditing Services RFP
March 9, 2018

11	What reconciliation procedures are performed between the different investment managers and custodian and how often?	MCHCP performs monthly reconciliations of investment activity and utilizes a contract with Central Bank for banking and investment services.
12	Are there going to be any significant changes to the plan in the foreseeable future that would significantly change its investment vehicles or benefits provided? If so, what are they?	Every year the MCHCP Board of Trustees considers the benefits offered to its membership. At this time, no final decision have been made as to the 2019 offerings; however, the board is considering increasing deductibles and out-of-pocket maximums to its PPO offerings and to contract with a fully-insured group Medicare Advantage plan.
13	What are the key qualities that the MCHCP is expecting from their auditors?	The firm will provide a team experienced in governmental accounting and auditing standards that will enable, through the development of an appropriate audit plan, to express an opinion on the financial statements and OPEB allocations. The awarded firm will have experience in governmental entities with health plans similar to MCHCP.
14	Does the MCHCP have a policy to have an independent actuary re-perform the actuary calculation? If so, how often and when was the last one performed?	MCHCP does not have a policy to have an independent actuary re-perform the actuarial calculation.
15	When does MCHCP anticipate GASB-75 testing to occur?	The contract will be awarded at the April 2018 Board meeting. MCHCP anticipates a testing schedule that will begin in May 2018 to ensure allocations are available for Fiscal Year End - June 30, 2018, reporting for applicable employers.
16	Is MCHCP open to the GASB 75 employer testing being performed remotely?	MCHCP does not have a prohibition to remote testing. Please include a prescribed method of performance.
17	Has internal audit work performed by the Internal Audit Function been used by the previous auditors in the past to reduce the audit test work?	Yes, as a course of the prior auditor's client request list - they have requested the internal audit reports issued during the audit period(s).
18	What were the hours provided by the previous auditors and the fees related to the audits of the fiscal years ended June 30, 2013, 2014, 2015, 2016, and 2017?	The initial contract year, FY2013, was budgeted at 220 hours. Fees were as follows: FY2013 - \$20,500; FY2014 - \$21,000; FY2015 - \$21,630; FY2016 - \$22,280; FY2017 - \$24,450
19	Is the current audit firm (Brown Smith and Wallace) eligible to propose?	Yes.
20	Who will prepare the GASB 75 allocation schedules to allocate the liability to the participating entities of the cost sharing OPEB plan? Will additional services be requested pertaining to those schedules?	MCHCP staff will prepare the allocation schedules in consultation with the Plan's actuary and external audit firm (selected through this procurement).
21	Does your staff prepare the work papers and financial statements?	Yes.
22	Do you receive timely SOC 1, Type 2 reports from the service organizations you utilize for all significant internal controls you outsource, specifically investments and claims processing?	Yes.
23	Why is MCHCP going out for bid? What characteristics are you looking for in an auditor?	The current contract with Brown Smith Wallace has expired. The firm will provide a team experienced in governmental accounting and auditing standards that will enable, through the development of an appropriate audit plan, to express an opinion on the financial statements and OPEB allocations. The awarded firm will have experience in governmental entities and with health plans similar to MCHCP.
24	How long has MCHCP been with the current audit firm? Are they invited to bid on this RFP?	The recent contract was for one year with 4 optional renewal periods. The current firm is invited to bid on this RFP.

Missouri Consolidated Health Care Plan
Responses to Vendor Questions
2018 Auditing Services RFP
March 9, 2018

25	Are there any disagreements or things that you would like to change with the current auditor or the audit process?	MCHCP was very pleased with the services provided during the last contract period(s). All auditees, including MCHCP, are always appreciative of proactive guidance regarding governmental standards implementations.
26	Please provide the audit fees for the past three years (if possible, split between CAFR, report of OPEB allocations and any additional work performed). Also, please identify any special billings outside of audit services, and what these services were for. As this is the first year for the OPEB allocation testing; is there a budget for this work?	Audit fee billings were not split between types of work performed. No additional services were requested during the last 5 year contract period. There is not a specified budget for OPEB allocation testing.
27	How many weeks have auditors been on-site at MCHCP conducting the audit, both for interim, and final fieldwork? How many auditors have been involved throughout each phase of the audit?	The incumbent firm was in the field for final fieldwork 5 business days with a team of 2-3 auditors. The managing partner was on site for typically the final 8 hours of fieldwork. After field exit, audit hours were utilized through the use of the firm's secure transfer portal protocol for work paper exchange, progress emails and conference calls.
28	What is the requested timing for both interim, final fieldwork and OPEB allocation testing/reporting? Has interim claims and premiums typically been tested at interim? If not, can this be done at interim going forward?	OPEB allocation testing is anticipated to begin in May 2018 on a separate schedule from the fiscal year end audit to allow for the dissemination of employer allocations for FY2018 reporting. As MCHCP is a component unit of the State of Missouri for financial statement reporting purposes - an initial draft is sent to the State of Missouri in October. By its very nature of draft status, the draft does not include the auditor's opinion, and the State of Missouri's CAFR team is very comfortable with component units submitting draft status financials. Interim claims and premium work during the recent contract was performed during onsite fieldwork. With the use of the secure work paper portal utilized by the incumbent firm, MCHCP is not able to expressly delineate between how the incumbent firm may have divided interim and final fieldwork, but the more intensive fieldwork testing occurred during the 5 days of onsite work.
29	Were there any journal entries proposed by the audit firm for the June 30, 2017 audit? If so, could you please provide the number and nature of these audit adjustments?	No adjustments were proposed for FY2017.
30	It's noted in the RFP that MCHCP management is responsible for preparation and printing of the CAFR. Does MCHCP rely on the auditor to help implement/adopt new accounting pronouncements or is there any specific areas of the CAFR that the auditor helps prepare?	The CAFR is prepared by the CFO and staff of the Fiscal Affairs department. Presentation is ultimately the responsibility of management, but MCHCP anticipates some collaboration with implementation and adoption of new pronouncements especially in year one with both the <u>actuary and external audit firm</u> .
31	Does MCHCP anticipate any changes in the reporting entity or major changes in members or products during the contract period?	Every year the MCHCP Board of Trustees considers the benefits offered to its membership. At this time, no final decisions have been made as to the 2019 offerings, but the board is considering increasing deductibles and out-of-pocket maximums to its PPO offerings and to contract with a fully-insured group Medicare Advantage plan.
32	Which audit firms were sent copies of the RFP document?	The RFP document was not sent to any firm. The RFP is posted on MCHCP's public website and available for any entity that wishes to submit a proposal.

Missouri Consolidated Health Care Plan
Responses to Vendor Questions
2018 Auditing Services RFP
March 9, 2018

33	Does MCHCP maintain its own internal control documentation? If so, what form is this in and what transaction cycles are included (is this in narrative form or control questionnaires)?	Narrative form updated for each respective fiscal period.
34	Can you provide the management letter for fiscal year 2017? Is management aware of any additional material weaknesses, significant deficiencies or deficiencies?	Please see the attached document. Management is not aware of any material weaknesses or significant deficiencies.
35	What is your method for recording your prescription drug rebate? How timely is your PBM calculating this information and how many months after year-end are you typically receiving this?	Commercial rebates are projected on recent quarter results and contract guarantees. MCHCP receives a monthly schedule for EGWP (Employer Group Waiver Program) subsidies for the calculation of the various rebates associated with the EGWP program.
36	Can we get a copy of the 2 most recent years' actuary reports for the estimation of your accrued medical claims and capitation fee expense along with the GASB 74 actuary report for OPEB?	Please see the attached documents.
37	Has the internal audit department been utilized in the audit process in the past? Would they be available to assist in the future? How many hours of assistance could we expect from internal audit?	Internal Audit's involvement will consist of assisting the external audit firm in the understanding of the Internal Audit's function within the organization, providing the MCHCP internal audit plan and providing the external audit firm with any internal audit reports prepared during the fiscal period. The internal audit team is not otherwise available to perform hours associated with the external audit.
38	Does internal audit have an IT auditor on staff that can aid in the external audit?	Internal Audit's involvement will consist of assisting the external audit firm in the understanding of the Internal Audit's function with the organization, providing the MCHCP internal audit plan and providing the external audit firm with any internal audit reports prepared during the fiscal period. As the internal audit staff will not be available to perform hours associated with the external audit, MCHCP is providing a brief summary of the role of the Internal Auditor.
39	Can we receive the bio and background for the 3 internal auditors on staff?	Internal Audit's involvement will consist of assisting the external audit firm in the understanding of the Internal Audit's function with the organization, providing the MCHCP internal audit plan and providing the external audit firm with any internal audit reports prepared during the fiscal period. As the internal audit staff will not be available to perform hours associated with the external audit, MCHCP is providing a brief summary of the role of the Internal Auditor: The Internal Auditor functions with considerable independence and performs general audit activities to ensure adequate managerial and accounting controls exist and function properly; established laws, rules and regulations are being followed; established policies, practices and procedures are effectively and efficiently executed; and ensures that assets and resources are efficiently utilized and adequately safeguarded. The Internal Auditor will provide executive staff with assessments and advice for improving internal processes that will advance the goals and objectives of MCHCP.
40	Can you provide a copy of the internal audit plan for the fiscal year-end 2017 and the one for the fiscal year-end 2018?	Please see attached.

**Missouri Consolidated Health Care Plan
Responses to Vendor Questions
2018 Auditing Services RFP
March 9, 2018**

41	Why does page 38 of the CAFR state that you have net position for AP and Accrued Expenses? Is this a type of restricted expendable or net investment in capital assets?	Net investment in capital assets.
42	What is the timing on receiving all of the actuary reports?	The valuation report for the measurement date of June 30, 2017 is completed and was utilized for the Plan's implementation of GASB 74. The schedules for entity allocations will need to be finalized for use by reporting entities for the June 30, 2018, fiscal year end.
43	Has MCHCP been a party to significant litigation as defendant or plaintiff during the last 3 years? If so, please describe the nature and status of such litigation.	No.
44	Has there been any significant fraud at MCHCP within the last five years? If so, please provide a description of what occurred and the resolution of such activity.	No.
45	Can the bidding firm use the MBE for the desired percent of the audit contract and get the full 10 point bonus points without using them on the OPEB allocation reporting? Additionally, is the requirement to get bonus points to include "both" MBE of 10% and WBE of 5% or will full/partial bonus points be awarded if either of these are met?	Each response will be evaluated on the use of MBE and WBE on the contract in its entirety. Bonus points may be awarded on a sliding scale with the evaluation of each proposal.
46	How many reporting entities are expected to participate in SRWBT for which the allocation reporting work will be done on as of 06/30/18?	The largest and material reporting entity will be the State of Missouri. The remaining 8 reporting entities are expected to in combination be less than 2% of the total allocation.

Scope of Work

1	Regarding Section B1.1, the RFP references an "examination"...does this mean a compliance examination, or is this another verb for "audit"?	Response The requirement is to perform an audit of the financial statements and OPEB allocations to express an opinion.
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Background Information

1	Regarding Section A3.6, does Willis Towers Watson provide all actuarial services related to this audit, including those pertaining to GASB 68 (pensions) and GASB 74, 75 (OPEB)?	Response No, the Missouri State Employees Retirement System (MOSERS) contracts with Cavanaugh Macdonald Consulting, LLC for GASB 68 services. As an employer, MCHCP is a recipient of the GASB 68 information for its financial statement purposes.
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Mandatory Contract Provisions

1	Generally Accepted Auditing Standards "GAAS" specifies that complete and unrestricted access to work papers by the audited entity could undermine the effectiveness and integrity of the audit process. Therefore, we believe Mandatory Contract Provision C3, C34, and C50 poses potential conflict with professional standards. Please clarify potential compromise to prevent violation of professional standards.	Response Any request for deviation from the Mandatory Contract Provisions should be indicated on Exhibit B - Proposed Bidder Modifications. MCHCP will consider alternative language proposed by the bidder with regard to conflicts with professional standards.
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**Missouri Consolidated Health Care Plan
Responses to Vendor Questions
2018 Auditing Services RFP
March 9, 2018**

2	Auditing standards and Missouri State law requires the auditor maintain ownership of audit documentation. Therefore, we believe Mandatory Contract Provision C15 poses potential conflict with professional standards. Please clarify potential compromise to prevent violation of professional standards.	Any request for deviation from the Mandatory Contract Provisions should be indicated on Exhibit B - Proposed Bidder Modifications. MCHCP will consider alternative language proposed by the bidder with regard to conflicts with professional standards.
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September 5, 2017

Mr. Bruce Lowe
Missouri Consolidated Health Care Plan
832 Weather Rock Court
Jefferson City, Missouri 65110

EXECUTIVE SUMMARY

As part of the preliminary year end audit procedures, Brown Smith Wallace LLP's Advisory Group performed a high-level information technology (IT) general controls review of the information systems and technology used by Missouri Consolidated Health Care Plans (MCHCP). This report details the results of the review of these information technology risks and recommendations for strengthening controls to mitigate such risks.

MCHCP relies upon the integrity and continued availability of its IT systems for the processing of financial and business information. As the MCHCP IT environment expands and becomes more complex, the related information security risks become more critical.

Our specific scope and objectives were as follows:

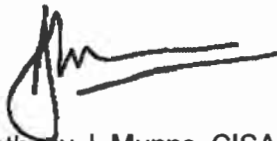
- Gaining an understanding of the general IT controls environment (i.e., physical security, logical security, network, backup and recovery, and operational).
- Gaining an understanding of the key financial application controls in place to ensure the completeness, accuracy, authorization and validity of processing transactions.
- Discussing and evaluating changes made to mitigate risks identified in conjunction with our prior year procedures.

We observed that MCHCP's management is well aware of the importance of information security and has implemented all of the controls that we would expect to see in place in a well-controlled IT environment.

We would like to thank the IT personnel of MCHCP for their assistance during the audit process. This letter serves to document our review process and becomes part of the General Controls Review process at MCHCP and is for management use only.

Very truly yours,

BROWN SMITH WALLACE, LLP



Anthony J. Munns, CISA, FBCS, CITP
Partner – Advisory Services

December 11, 2017

Board of Trustees
Missouri Consolidated Health Care Plan
Jefferson City, Missouri

We have audited the financial statements of Missouri Consolidated Health Care Plan (“the Plan”) for the fiscal year ended June 30, 2017, and have issued our report thereon dated December 11, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated on May 17, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 17, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the Plan and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2.A. to the financial statements. During the fiscal year ended June 30, 2017, the Plan adopted Governmental Accounting Standards Board (GASB) No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as disclosed in Note 1 of the Financial Statements. We noted no transactions entered into by the Plan during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the medical claims and capitation expenses and liabilities are based on a third party actuary analysis. We evaluated the key factors and assumptions used to develop these amounts in determining they are reasonable in relation to the financial statements taken as a whole.

Management's allocation of administrative expenses and deferred revenue is based on the number of retiree's in relation to total plan participants as well as certain usage rates. We evaluated the key factors and assumptions used to develop the balances in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of pharmacy rebates and federal reinsurance receivable is based on the prescriptions filled by plan participants and the contractual rebate arrangement with the service provider. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Management's disclosures related to investments and fair value disclosures.

Management's disclosures related to medical claims and capitation expenses and liabilities.

Management's disclosure related to pension liabilities, pension expense and related deferred resources.

Management's disclosures related to post-employment retiree health care.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit.

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No known or likely misstatements were identified during the course of the audit which were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 11, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Trustees and management of Missouri Consolidated Health Care Plan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Brown Smith Wallace, LLP

BROWN SMITH WALLACE, LLP

Missouri Consolidated Health Care Plan
(MCHCP)

Incurred But Not Reported
Health Plan Reserve as of
September 30, 2017

November 27, 2017

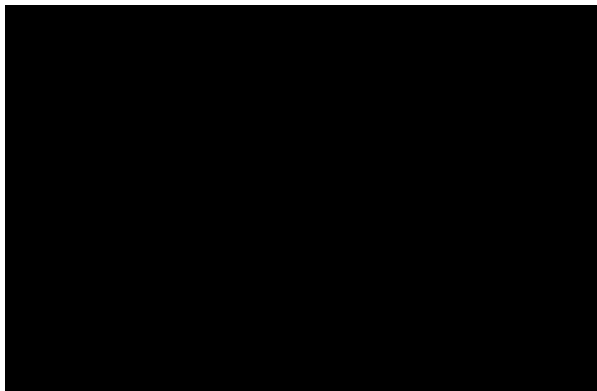


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Section 1: Purpose and results overview

MCHCP retained Willis Towers Watson to perform an actuarial calculation of its incurred but not reported (IBNR) health plan costs. This report summarizes our analysis of the IBNR costs for its self-funded health plans as of September 30, 2017. This analysis was performed on claims through September 30, 2017 and enrollment through October 31, 2017.

MCHCP provides self-funded coverage for medical benefits. Benefits are administered by the following vendors:

- Medical: UMR and Aetna

Information regarding benefits, claims and enrollment were provided by MCHCP. Additional information regarding data, assumptions, methods, and plan provisions are included in Section 3.

The recommended reserve for IBNR claims is summarized below, along with the recommended reserve for IBNR as of the last measurement date:

	<u>IBNR as of 06/30/2017</u> <u>(claims paid through 06/30/2017)</u>	<u>IBNR as of 09/30/2017</u> <u>(claims paid through 09/30/2017)</u>
MCHCP Self-Insured Plans	\$51,352,000	\$57,719,000

More information on the changes in IBNR reserve between the two measurement dates, as well as items included and excluded in this estimate, are provided in Section 2. Please refer to Appendix A for detailed IBNR results as of September 30, 2017, by status.

Section 2: Liability Estimates

2.1 Medical IBNR Estimates

Medical claim lag reports and monthly enrollment data were provided by MCHCP via their data warehouse maintained by Truven. The lag reports present information on the timing of the payment of claims incurred by month from October 1, 2014 through September 30, 2017. All data was split by carrier and plan, as well as by status (i.e. Actives, Non-Medicare Retirees, Medicare Retirees). Willis Towers Watson accepted this data without auditing it. However, we performed reasonability and consistency checks, which were successful. We also compared the claims data to their general ledger for consistency; these results were also successful.

The lag reports are used to derive claim completion factors, which estimate the percentage of claims incurred in a month that have already been paid. For example, a completion factor of 1.00 implies that there are no additional payments expected for the claims incurred in a particular month and that the run-out for that month is “complete.” Conversely, a completion factor of 0.95 implies that an additional 5.3% $([1.0/0.95]-1)$ in claim payments is anticipated in future months. Quarterly IBNR projections through December 31, 2019 were calculated without seasonality and with a seasonality adjustment based on monthly incurred claims patterns during calendar years 2014, 2015, and 2016. We have calculated IBNRs as of September 30, 2017 with and without a seasonality adjustment based on claims paid through September 30, 2017.

The overall claims run-out is heavily influenced by the most recent months of incurred claims experience. We performed an additional analysis in order to increase the credibility of the run-out projection.

- The most recent 12-months of claims were projected using 5.5% annual health care trend to estimate the completed incurred claims per employee per month (PEPM) for Actives and Non-Medicare Retirees. The most recent 12-months of Medicare Retiree claims were projected using 3.5% annual medical health care trend.
- The trended PEPM projections were then blended with the PEPM claims developed using the claim completion factors. The blended PEPM incurred claim projection is used to adjust completion factors and project run-out claims for claims incurred in the last few months of the experience period.
- Quarterly IBNR projections through December 31, 2019 are illustrated in Appendix B

The lag study does not include any adjustments for high cost claimants in the experience period. We have not observed any unusual claims that would skew the lag study for this estimate.

Margin of 10% was included to reflect the uncertainty in the timing and amount of claims payments.

Prescription drug benefits are also provided on a self-insured basis through Express Scripts (ESI).

IBNR calculations were only performed on the self-insured medical benefits. Prescription drug benefits are almost entirely processed electronically and submitted to MCHCP weekly. Therefore, there is virtually no lag between when the claims are incurred and paid, which is why there is not an IBNR calculation for these benefits.

The calculation results summarized in this memo exclude any provisions for third party administrative fees that would be required to pay the runoff claims. It should also be noted that the IBNR reserves do not include potential liabilities for claims reported but not yet paid (RBNP). The RBNP liability is for claims that have already appeared as "paid" in the claims triangles but have not yet been deducted from MCHCP's account(s), and would primarily be due to the lag between when invoices are received and paid. Based on our discussions with MCHCP, we do not believe this additional amount to be significant.

Quarterly IBNR projections for MCHCP Public Entities (PE) through December 31, 2019 are also provided. Please refer to Appendix D for details. The IBNR for the PE groups was estimated based on the CY2018 premium equivalent rates and current enrollment. Due to lack of credible data for PE (based on the smaller size of the covered group), we have assumed the IBNR amount is equal to 1.5 months of expected medical benefit costs, excluding prescription drug and administrative fees.

Section 3: Data, Assumptions, and Methods

The following are the key data, assumptions, and methods used to develop the IBNR reserve estimates.

- Valuation date is September 30, 2017
- Monthly medical claims by incurred and paid data were provided by MCHCP via Truven for October 1, 2014 through September 30, 2017
- Enrollment by month was provided by MCHCP via Truven for October 1, 2014 through October 31, 2017
- 10% load for margin and fluctuation was included
- Assumed annual trends were 5.5% for Active and Non-Medicare Retiree groups, 3.5% for Medicare Retirees
- Participants included in this analysis: Actives, Non-Medicare Retirees, and Medicare Retirees
- Third party administrative fees and potential liabilities for RBNP that would be required to pay the runoff claims have not been included in the calculations
- Development of claims completion factors for State Plans: Willis Towers Watson's standard proprietary IBNR model was used, in conjunction with the data and assumptions listed in this report
- For MCHCP's PE estimate, the calculation is based on 1.5 months of expected medical benefit costs, excluding prescription drug and administrative

Section 4: Actuarial Certification

4.1 Nature of actuarial calculations

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

Actual future experience will differ from the assumptions used in our calculations. As these differences arise, the reserve for accounting purposes will be adjusted in future valuations to take changes into account.

4.2 Actuarial certification

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, assets and sponsor accounting policies and methods provided by MCHCP or other persons or organizations designated by MCHCP. We have relied on all the data and information provided as being complete and accurate. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by MCHCP, may produce materially different results that could require that a revised report be issued.

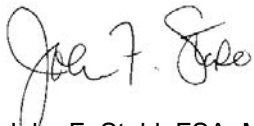
The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by Willis Towers Watson, we consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

The undersigned consulting actuaries are members of the Society of Actuaries and meet the “Qualification Standard for Actuaries Issuing Statements of Actuarial Opinion in the United States” relating to health care pricing and reserving. Our objectivity is not impaired by any relationship between MCHCP and our employer, Willis Towers Watson.

4.3 Limitations on use

The information contained in this report was prepared for the internal use of MCHCP and its auditors in connection with our estimate of its incurred but not yet reported health plan costs. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. MCHCP may distribute this report to the appropriate authorities who have the legal right to require MCHCP to provide them this report, in which case MCHCP will use best efforts to notify Willis Towers Watson in advance of this distribution. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Willis Towers Watson's prior written consent. Willis Towers Watson accepts no responsibility for any consequences arising from any other party relying on this report or any advice relating to its contents.

* * * * *



John F. Stahl, FSA, MAAA
Membership Number: 12270

November 27, 2017

Appendix A: IBNR as of September 30, 2017

Appendix B: Quarterly IBNR Projections to December 31, 2019, for State Plans

Appendix C: Enrollment

Appendix D: Quarterly IBNR Projections to December 31, 2019, for PE Plans

Appendix A: IBNR as of September 30, 2017

IBNR as of 09/30/2017 Without Seasonal Adjustment

IBNR - as of 06/30/2017 (claims paid through 06/30/2017)			IBNR - as of 09/30/2017 (claims paid through 09/30/2017)			Change in IBNR	
Actives	Retirees	Total	Actives	Retirees	Total	\$	%
\$41,316,000	\$9,755,000	\$51,071,000	\$44,440,000	\$10,407,000	\$54,847,000	\$3,776,000	7.4%

IBNR as of 09/30/2017 With Seasonal Adjustment

IBNR - as of 06/30/2017 (claims paid through 06/30/2017)			IBNR - as of 09/30/2017 (claims paid through 09/30/2017)			Change in IBNR	
Actives	Retirees	Total	Actives	Retirees	Total	\$	%
\$41,464,000	\$9,888,000	\$51,352,000	\$46,417,000	\$11,302,000	\$57,719,000	\$6,367,000	12.4%

Notes

1. IBNR amounts shown above include 10% margin for claims fluctuations, but do not include any provision for administrative fees.
2. Results will fluctuate from month to month due to seasonality in incurred claims and variations in the claims payment pattern.

Appendix B: Quarterly IBNR Projections to December 31, 2019, for State Plans

Projected IBNR as of	Claims Paid Through 06/30/2017		Claims Paid Through 09/30/2017		Change in IBNR	
	No Seasonal Adjustment	With Seasonal Adjustment	No Seasonal Adjustment	With Seasonal Adjustment	No Seasonal Adjustment	With Seasonal Adjustment
9/30/2017	\$52,748,000	\$54,305,000	\$54,847,000	\$57,719,000	4.0%	6.3%
12/31/2017	\$53,486,000	\$60,413,000	\$54,882,000	\$62,720,000	2.6%	3.8%
3/31/2018	\$54,205,000	\$49,862,000	\$55,531,000	\$51,215,000	2.4%	2.7%
6/30/2018	\$54,923,000	\$54,217,000	\$56,243,000	\$54,610,000	2.4%	0.7%
9/30/2018	\$55,641,000	\$57,090,000	\$56,968,000	\$59,223,000	2.4%	3.7%
12/31/2018	\$56,367,000	\$63,592,000	\$57,710,000	\$65,977,000	2.4%	3.8%
3/31/2019	\$57,103,000	\$52,508,000	\$58,464,000	\$53,922,000	2.4%	2.7%
6/30/2019	\$57,848,000	\$57,096,000	\$59,230,000	\$57,512,000	2.4%	0.7%
9/30/2019	\$58,603,000	\$60,129,000	\$60,004,000	\$62,382,000	2.4%	3.7%
12/31/2019	\$59,369,000	\$66,978,000	\$60,789,000	\$69,493,000	2.4%	3.8%

Appendix C: Enrollment

	August 2017 Enrollment Statistics			
	Actives	Non-Medicare Retirees	Medicare Retirees	Total
PPO600 - UMR	23,306	2,460	3,691	29,457
PPO300 - UMR	8,630	1,271	7,176	17,077
PPO600 - Coventry	1,533	162	258	1,953
PPO300 - Coventry	536	78	361	975
HDHP - UMR	3,152	417	0	3,569
HDHP - Coventry	124	18	0	142
Medicare PDP Drug Plan	0	0	41	41
Total	37,281	4,406	11,527	53,214

	September 2017 Enrollment Statistics			
	Actives	Non-Medicare Retirees	Medicare Retirees	Total
PPO600 - UMR	23,229	2,461	3,716	29,406
PPO300 - UMR	8,677	1,255	7,185	17,117
PPO600 - Coventry	1,523	162	262	1,947
PPO300 - Coventry	532	74	365	971
HDHP - UMR	3,157	419	0	3,576
HDHP - Coventry	121	19	0	140
Medicare PDP Drug Plan	0	0	41	41
Total	37,239	4,390	11,569	53,198

	October 2017 Enrollment Statistics			
	Actives	Non-Medicare Retirees	Medicare Retirees	Total
PPO600 - UMR	23,130	2,459	3,750	29,339
PPO300 - UMR	8,709	1,257	7,191	17,157
PPO600 - Coventry	1,510	164	262	1,936
PPO300 - Coventry	533	73	365	971
HDHP - UMR	3,154	422	0	3,576
HDHP - Coventry	121	19	0	140
Medicare PDP Drug Plan	0	0	41	41
Total	37,157	4,394	11,609	53,160

Actives, including COBRA

Retiree counts include Terminated Vested and LTD

Appendix D: Quarterly IBNR Projections to December 31, 2019, for PE Plans

AS OF	IBNR Projections
9/30/2017	\$745,000
12/31/2017	\$755,000
3/31/2018	\$765,000
6/30/2018	\$776,000
9/30/2018	\$786,000
12/31/2018	\$797,000
3/31/2019	\$807,000
6/30/2019	\$818,000
9/30/2019	\$829,000
12/31/2019	\$840,000



Missouri Consolidated Healthcare Plan

GASB 45 for Fiscal Year Ending June 30, 2017 and
GASB 74/75 for Fiscal Year Ending June 30, 2018

December 2017

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Purpose and Actuarial Statement

Missouri Consolidated Healthcare engaged Towers Watson Delaware Inc., a subsidiary of Willis Towers Watson PLC (“Willis Towers Watson”), to value the Company’s other postretirement benefit plan.

As requested by Missouri Consolidated Healthcare (MCHCP), this report documents the results of an actuarial valuation of the Missouri Consolidated Healthcare Plan (the Plan). The primary purpose of this valuation is as follows:

1. For the fiscal year ending June 30, 2017, determine annual required contribution, Annual OPEB Cost, and Net OPEB Obligation under GASB 43 and GASB 45.
2. For the fiscal year ending June 30, 2017, determine the Net OPEB Liability under GASB 74.
3. For the fiscal year ending June 30, 2018, determine the Annual OPEB Expense and the Net OPEB Liability under GASB 75.

This report is provided subject to the terms set out herein and in our engagement letter dated September 18, 2016 and the accompanying General Terms and Conditions of Business. This report is provided solely for MCHCP’s use and for the specific purposes indicated above. It may not be suitable for use in any other context or for any other purpose.

Except where we expressly agree in writing, this report should not be disclosed or provided to any third party, other than as provided below. In the absence of such consent and an express assumption of responsibility, no responsibility whatsoever is accepted by us for any consequences arising from any third party relying on this report or any advice relating to its contents.

MCHCP may make a copy of this report available to its auditors, but we make no representation as to the suitability of this report for any purpose other than that for which it was originally provided and accept no responsibility or liability to MCHCP’s auditors in this regard. MCHCP should draw the provisions of this paragraph to the attention of its auditors when passing this report to them.

In preparing these results, we have relied upon information and data provided to us orally and in writing by MCHCP and other persons or organizations designated by MCHCP. We have relied on all the data and information provided, including Plan provisions, membership data and asset information, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information provided, but we have performed limited checks for consistency.

This report does not determine liabilities on a plan termination basis, for which separate extensive analyses would be required.

The results summarized in this report involve actuarial calculations that require assumptions about future events. MCHCP is responsible for the selection of the assumptions, as described in Appendix A. We believe that the assumptions used in this report are within the range of possible assumptions that are reasonable for the purposes for which they have been used.

The results shown in this report have been developed based on economic assumptions that are appropriate for the purpose of the measurements, take into account relevant historical and current data, reflect estimates of future experience and have no significant bias, as well as demographic actuarial assumptions that are considered to be reasonable and within the “best-estimate range” as described by the Actuarial Standards of Practice. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different, but still reasonable, assumptions. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

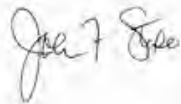
If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs or contribution requirements reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions and changes in plan provisions or applicable law. It is beyond the scope of this valuation to analyze the potential range of future Group Retiree Medical contributions, but we can do so upon request.

In our opinion, all calculations are in accordance with requirements of applicable governmental accounting standards, including GASB 43/45, and the procedures followed and the results presented are in conformity with applicable actuarial standards of practice. This valuation reflects our understanding of the relative provisions of GASB 74/75. GASB has yet to issue final guidance with respect to certain aspects of these Standards. It is possible that future guidance may conflict with our understanding of these Standards based on currently available guidance and could therefore affect results shown in this report.

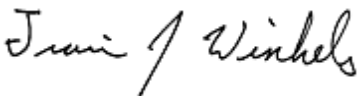
The undersigned consulting actuaries are members of the Society of Actuaries and meet the “Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States” relating to other postretirement benefit plans. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Towers Watson Delaware Inc., a subsidiary of Willis Towers Watson PLC.



Julie E. Hupperts, FSA
Valuation Actuary
Willis Towers Watson



John F. Stahl, FSA
Pricing Specialist
Willis Towers Watson



Travis J. Winkels, CFA, FSA, EA
Willis Towers Watson

The Pricing Specialist is responsible for developing and/or determining the reasonableness of retiree welfare plan trend and participation assumptions as well as assumed per capita claims costs (including the aging/morbidity assumption if applicable). The Valuation Actuary is responsible for other aspects of the valuation (e.g., developing and/or reviewing the reasonableness of other valuation assumptions and methods, ensuring that the valuation model reasonably reflects the substantive plan and actual plan operation, preparing demographic data, performing the valuation, implementing the correct accounting or funding calculations, etc.).

Section 1: Summary of Key Results

Annual Required Contribution, Assets & Obligations

All monetary amounts shown in US Dollars

Fiscal Year Ending		06/30/2017	06/30/2016
Annual Costs	Annual Required Contribution (ARC) ¹	106,802,196	96,551,977
	Annual OPEB Cost	112,239,622	101,903,509
Valuation Date		07/01/2016	07/01/2015
Plan Assets	Fair Value of Assets (FVA) ²	116,985,316	106,904,709
	Return on Fair Value Assets during Prior Year	2,275,792	4,003,656
Benefit Obligations	Actuarial Present Value (APV)	2,007,200,957	1,880,401,717
	Actuarial Accrued Liability (AAL)	1,837,911,692	1,730,653,943
Funded Ratios	Fair Value of Assets to AAL	6.37%	6.18%
Assumptions ³	Discount Rate	5.70%	6.00%
	Rate of Compensation/Salary Increase	4.00%	4.00%
	Current Health Care Cost Trend Rate ⁴		
	Non-Medicare	6.50%	6.50%
	Medicare	7.50%	6.60%
	Ultimate Health Care Cost Trend Rate	5.00%	5.00%
	Year of Ultimate Trend Rate		
	Non-Medicare	2023	2021
	Medicare	2027	2021
	Amortization Period (years)	30	30
Key Dates			
	Census Date:	01/01/2017	07/01/2015
	Measurement Date:	06/30/2017	07/01/2015

¹ Beginning in Fiscal 2017, this value will be referred to as the Actuarially Determined Contribution (ADC).

² Beginning in Fiscal 2017, this value will be referred to as the Fiduciary Net Position (FNP).

³ Rates are expressed on an annual basis where applicable.

⁴ Current year trend also applies to years before valuation date.

Comments on Results

Appendix A outlines the assumptions and methods used in the valuation. Appendix B outlines our understanding of the principal provisions of the plan being valued.

The trend rate for non-Medicare benefits is assumed to be 6.50% in fiscal 2017, then decreasing by 0.25% per year to an ultimate rate of 5.0% in fiscal 2023. For Medicare benefits, the trend rate is assumed to be 7.50% in fiscal 2017, then decreasing by 0.25% per year to an ultimate rate of 5.0% in fiscal 2027 for Medicare. Trend rates for years prior to the valuation date are assumed equal to the initial trend rate.

The claims development is based on incurred claims experience through December 31, 2016.

The Actuarial Accrued Liability (AAL) increased from \$1,730.7M to \$1,837.9M. The key influencing factors and their impact on the AAL are:

- An increase of \$65.5 million due to the passage of time; the AAL is expected to increase as employees accrue another year of service and as the time value of money is reflected in the liability.
- An increase of \$3.1 million due to changes in the demographic data.
- A decrease of \$2.8 million due to updated per capita medical and administrative costs.
- An increase of \$91.4 million due to the change in trend rates.
- A decrease of \$131.1 million due to the reduction in active participation rates
- An increase of \$81.1 million due to the change in discount rate from 6.00% to 5.70%.

We have reviewed the impact of the excise tax on high-cost plans (Cadillac plans) that was enacted by the Patient Protection and Affordable Care Act and subject to implementation beginning in 2020 and determined the impact on the retiree health liabilities is negligible. This analysis was based on the permitted blending of the pre-65 and post-65 retiree costs for purposes of determining the applicable excise tax.

Participant Information

Participant data used in the actuarial valuation are summarized below by the plan sponsor.

Measurement Date	06/30/2017	07/01/2015
Census Date	01/01/2017	07/01/2015
Active Employees		
1 Total	41,836	42,420
2 Average age	45.94	45.63
Participants and Spouses in Payment Status		
1 Total	20,060	19,636
2 Average age (participants only)	70.25	70.07
Participants with a Deferred Benefit		
1 Total	73	87
2 Average age	53.04	52.82
Disabled Participants		
1 Total	99	108
2 Average age	53.43	52.94

Note: Counts do not include spouses of disabled participants. At January 1, 2017 there were 14 and at July 1, 2015 there were 16.

Counts do not include spouses of terminated vested employees. At January 1, 2017 there were 26 and at July 1, 2015 there were 27.

Section 2: Accounting Exhibits

2.1 Annual Required Contribution and Net OPEB Obligation

All monetary amounts shown in US Dollars

Valuation Date	7/1/2016	7/1/2015
A Actuarial Present Value (APV)		
1 Inactives – Retiree & Spouse	962,152,930	813,156,757
2 Actives with Medical Coverage	973,161,517	1,000,683,756
3 Other Actives	71,886,510	66,561,204
4 Total APV, (1)+(2)+(3)	2,007,200,957	1,880,401,717
B Actuarial Accrued Liability (AAL)		
1 Inactives – Retiree & Spouse	962,152,930	813,156,757
2 Actives with Medical Coverage	815,880,948	859,608,524
3 Other Actives	59,877,814	57,888,662
4 Total AAL (1)+(2)+(3)	1,837,911,692	1,730,653,943
C Annual Required Contribution (ARC)¹		
1 Normal Cost	29,157,781	20,703,189
2 Amortization Payment (D.5)	71,884,978	70,383,582
3 Interest on (1) and (2)	5,759,437	5,465,206
4 Annual Required Contribution (1)+(2)+(3)	106,802,196	96,551,977
D Amortization Payment		
1 Actuarial Accrued Liability (B.4)	1,837,911,692	1,730,653,943
2 Actuarial Value of Plan Assets	116,985,316	106,904,709
3 Unfunded AAL, (1)-(2)	1,720,926,376	1,623,749,234
4 Amortization Factor	23.94	23.07
5 Amortization Payment, (3)/(4)	71,884,978	70,383,582
E Development of Annual OPEB Cost		
1 ARC (C.4)	106,802,196	96,551,977
2 Interest on Net OPEB Obligation	20,351,645	19,280,558
3 ARC Adjustment (F.1/D.4)	14,914,219	13,929,026
4 Annual OPEB Cost (1)+(2)-(3)	112,239,622	101,903,509
F Net OPEB Obligation		
1 Net OPEB Obligation Balance BOY	357,046,404	321,342,635
2 Annual OPEB Cost	112,239,622	101,903,509
3 Actual Employer Contribution	67,398,726	66,199,740
4 Net OPEB Obligation Balance EOY (1) + (2) -(3)	401,887,300	357,046,404

¹ Beginning in Fiscal 2017, this value will be referred to as the Actuarially Determined Contribution (ADC).

Valuation Date	7/1/2016	7/1/2015
G Assumptions		
1 Discount Rate	5.70%	6.00%
2 Current Health Care Cost Trend Rate		
Non-Medicare	6.50%	6.50%
Medicare	7.50%	6.60%
3 Ultimate Health Care Cost Trend Rate	5.00%	5.00%
4 Year of Ultimate Trend Rate		
Non-Medicare	2023	2021
Medicare	2027	2021
5 Amortization Period (years)	30	30
6 Measurement Date	06/30/2017	07/01/2015
7 Census Date	01/01/2017	07/01/2015

2.2 Supplemental Information

Schedule of Employer Contributions

Fiscal Year Ended	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Percentage of ADC Contributed	Discount Rate
June 30, 2011	\$ 99,766,158	\$53,353,553	\$46,412,605	53.5%	7.00%
June 30, 2012	\$100,799,906	\$57,090,104	\$43,709,802	56.6%	6.50%
June 30, 2013	\$ 93,385,621	\$54,005,719	\$39,379,902	57.8%	6.50%
June 30, 2014	\$100,143,855	\$56,314,655	\$43,829,200	56.2%	6.00%
June 30, 2015	\$103,674,590	\$62,585,666	\$41,088,924	60.4%	6.00%
June 30, 2016	\$ 96,551,977	\$66,199,740	\$30,352,237	68.6%	6.00%
June 30, 2017	\$106,802,196	\$67,398,726	\$39,403,470	63.1%	5.70%

The State provided benefit payments and administrative costs of \$67.4M in fiscal 2017. The Statement of Changes in Net Fiduciary Position provides more details concerning these amounts.

Schedule of Funding Progress

The schedule of funding progress presents multi-year trend information comparing the actuarial value of plan assets to the actuarial accrued liability (in millions).

Fiscal Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ¹ (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) – (a)] / (c)	Discount Rate
June 30, 2011	\$ 80.2	\$1,413.2	\$1,333.0	5.7%	\$1,559.1	85.5%	7.00%
June 30, 2012	\$ 83.6	\$1,594.5	\$1,510.9	5.2%	\$1,534.2	98.5%	6.50%
June 30, 2013	\$ 89.5	\$1,485.6	\$1,396.1	6.0%	\$1,552.7	89.9%	6.50%
June 30, 2014	\$102.3	\$1,649.5	\$1,547.2	6.2%	\$1,566.7	98.8%	6.00%
June 30, 2015	\$106.9	\$1,813.5	\$1,706.6	5.9%	\$1,583.7	107.8%	6.00%
June 30, 2016	\$117.0	\$1,730.7	\$1,613.7	6.8%	\$1,586.5	101.7%	6.00%
June 30, 2017	\$125.4	\$1,837.9	\$1,712.5	6.8%	\$1,609.5	106.4%	5.70%

¹ Actuarial Accrued Liability (AAL) was measured as of the beginning of the Fiscal Year.

Schedule of Percentage of OPEB Cost Contributed

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Discount Rate
June 30, 2011	\$101,677,620	52.5%	\$138,811,114	7.00%
June 30, 2012	\$103,428,750	55.2%	\$185,149,760	6.50%
June 30, 2013	\$ 96,892,038	55.7%	\$228,036,079	6.50%
June 30, 2014	\$103,941,491	54.2%	\$275,662,915	6.00%
June 30, 2015	\$108,265,387	57.8%	\$321,342,635	6.00%
June 30, 2016	\$101,903,509	65.0%	\$357,046,404	6.00%
June 30, 2017	\$112,239,622	60.0%	\$401,887,300	5.70%

The State provided actual contributions of \$67.4M in fiscal 2017. The Statement of Changes in Net Fiduciary Position provides more details concerning these amounts.

2.3 Statement of Plan Fiduciary Net Position

All monetary amounts shown in US Dollars

Measurement Date	06/30/2017	06/30/2016
A Assets		
1 Cash and cash equivalents	3,285,304	2,313,857
2 Due from MCHCP	13,934,817	14,373,197
3 Investments	108,230,737	101,819,021
B Receivables		
1 Prescription drug rebates	13,623,895	12,586,054
2 Retiree drug subsidy	0	0
3 Other receivables	302,607	266,384
4 Total receivables	12,242,928	12,852,438
5 Total assets	139,377,360	131,358,513
C Liabilities		
1 Claims payable - IBNR	9,888,000	10,107,000
2 Deferred revenue	3,846,217	3,917,668
3 Other liabilities	200,600	348,529
4 Total liabilities	13,934,817	14,373,197
5 Net position, held in trust for other post-employment benefit	125,442,543	116,985,316

2.4 Statement of Changes in Plan Fiduciary Net Position

All monetary amounts shown in US Dollars

Fiscal Year	2017	2016
A Additions		
1 Employer contributions	67,398,726	66,199,740
2 Employee contributions	52,169,890	51,446,647
3 Interest income	7,838,782	2,275,792
4 Retiree Drug Subsidy and other rebates	30,514,297	29,696,367
5 Total Additions	157,921,695	149,618,546
B Deductions		
1 Medical claims and capitation expense	142,154,216	131,451,967
2 Claims administration services	4,325,639	4,892,410
3 Administration and other	2,984,613	3,193,562
4 Total deductions	149,464,468	139,537,939
C Net Increase		
1 Net assets held in trust for other post-employment benefits:		
a Beginning of year	116,985,316	106,904,709
b End of year	125,442,543	116,985,316
c Increase (b) - (a)	8,457,227	10,080,607
d Rate of return ¹	6.68%	2.05%

¹ Money-weighted rate of return assuming cashflows occur at middle-of-year

2.5 Summary of Assumptions and Methods

Required Supplementary Information – Summary of Key Actuarial Assumptions and Methods

Valuation Year	July 1, 2016 – June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay

Amortization method for Unfunded AAL	30 years, open, level percent of pay
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Asset valuation method	Market value
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Actuarial assumptions:

Discount Rate	5.7%
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Projected payroll growth rate	4.0%
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Health care cost trend rate (Medical and Prescription Drugs combined)	Non-Medicare: 6.50% in fiscal 2017, then decreasing by 0.25% per year to an ultimate of 5.0% in fiscal 2023 and after. Medicare: 7.50% in fiscal 2017, then decreasing by 0.25% per year to an ultimate of 5.0% in fiscal 2027 and after.
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2.6 Valuation Liabilities by Employee Group (in millions)¹

	Active in Health Plan	Actives Not Covered	Retirees & Dependents	Disabled	Term Vested	Total
Present Value of Future Benefits	\$973.2	\$71.9	\$946.3	\$14.2	\$1.6	\$2,007.2
Actuarial Accrued Liability	815.9	59.9	946.3	14.2	1.6	1,837.9
Expected Net Benefit Payments	3.0	0.5	65.2	0.7	0.0	69.4
Normal Cost	26.9	2.3	0.0	0.0	0.0	29.2
Amortization of Unfunded AL ²	31.9	2.3	37.0	0.6	0.1	71.9
Interest	3.4	0.3	2.0	0.0	0.0	5.7
Actuarially Determined Contribution (ADC)	62.2	4.9	39.0	0.6	0.1	106.8

¹ Actuarial Accrued Liability calculated at July 1, 2016 on the same basis as Section 2.1

² Allocation by Actuarial Accrued Liability

2.7 Cashflow Projections

Based on benefit costs, retiree contributions, and assumptions shown in Appendix A, the State's expected cash costs (based on enrollments as of January 1, 2017) are projected below.

Fiscal Year	\$ in thousands
	Cash Cost Net Cost to State
2018	73,576
2019	77,591
2020	81,324
2021	85,574
2022	89,275
2023	93,280
2024	97,309
2025	101,628
2026	105,876
2027	110,051
2037	154,977
2047	177,664
2057	153,769
2067	107,517
2077	59,129
2087	21,416
2097	3,344

2.8 Change in Net OPEB Liability¹

Fiscal Year Ending Measurement Date	06/30/2018 06/30/2017	06/30/2017 06/30/2016
1. Total OPEB Liability – Beginning of Measurement Period:	\$ 1,837,911,692	\$ 1,730,653,943
a. Service Cost	29,157,781	20,703,189
b. Interest	104,472,484	103,166,956
c. Plan amendments	-	-
d. Demographic (gains) / losses	(2,619,180)	3,099,347
e. Assumption changes	-	38,683,182
f. Net Benefit payments	<u>(66,780,281)</u>	<u>(58,394,925)</u>
g. Net change in TOL	<u>\$ 64,230,804</u>	<u>\$ 107,257,749</u>
h. Total OPEB Liability – End of Measurement Period:	\$ 1,902,142,496	\$ 1,837,911,692
2. Fiduciary Net Position – Beginning of Measurement Period:	\$ 116,985,316	\$ 106,904,709
a. Employer contributions	67,398,726	66,199,740
b. Employee contributions	52,169,890	51,446,647
c. Retiree drug subsidy and other drug rebates	30,514,297	29,696,367
d. Net investment income	7,838,782	2,275,792
e. Benefit payments	(142,154,216)	(131,451,967)
f. Administrative expense	<u>(7,310,252)</u>	<u>(8,085,972)</u>
g. Net change in FNP	<u>\$ 8,457,227</u>	<u>\$ 10,080,607</u>
h. Fiduciary Net Position – End of Measurement Period:	\$ 125,442,543	\$ 116,985,316
3. Net OPEB Liability:	\$ 1,776,699,953	\$ 1,720,926,376
4. Funded Ratio: (2)(h) / (1)(h)	6.59%	6.37%
5. Covered employees' payroll	1,609,514,875	1,586,495,997
6. Net OPEB Liability as a percentage of covered payroll: (3)/(5)	110.39%	108.47%
7. Sensitivity of NOL at Measurement Date:		
a. 1% increase in Discount Rate	(259,126,000)	(249,091,753)
b. 1% decrease in Discount Rate	290,794,515	259,630,308
c. 1% increase in Trend Rates	336,623,875	309,285,665
d. 1% decrease in Trend Rates	(265,185,802)	(244,270,764)

¹ Values before implementation of GASB 74/75 are not required to be shown.

2.9 OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

Components of the FY 2018 OPEB Expense are shown below:

Service Cost	\$ 29,157,781
Interest on the Total OPEB Liability	104,472,484
Differences between expected and actual experience	(284,086)
Changes of assumptions	-
Plan amendment	-
Projected earnings on plan investments	(8,153,765)
Administrative expenses	-
Differences between projected and actual earnings on plan investments	<u>(42,991)</u>
Total OPEB expense	\$ 125,149,423

At June 31, 2018, MCHCP will report deferred outflows of resources and deferred inflows of resources related to OPEB. Preliminary amounts and balances are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (2,335,094)
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	(171,962)
Total	<u>\$ -</u>	<u>\$ (2,507,056)</u>

2.10 GASB Statement No. 75 Adjustment to Balance Sheet

A GASB No. 75 – Net OPEB Liability at July 1, 2016

1 Actuarial Accrued Liability	1,837,911,692
2 Fiduciary Net Position	116,985,316
3 Net OPEB Liability, (1)-(2)	1,720,926,376

B GASB No. 45 – Net OPEB Obligation at June 30, 2017

1 Net OPEB Obligation Balance BOY	357,046,404
2 Annual OPEB Cost	112,239,622
3 Actual Employer Contribution	67,398,726
4 Net OPEB Obligation Balance EOY (1) + (2) - (3)	401,887,300

C Adjustment to Balance Sheet at July 1, 2017

1 GASB Statement No. 75 Adjustment (A.3) - (B.4)	1,319,039,076
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Section 3: Participant Information

3.1 Participant Information

Participant data used in the actuarial valuation are summarized below by the plan sponsor.

Measurement Date Census Date	6/30/2017 1/1/2017	7/1/2015 7/1/2015
Active Employees		
1 Total	41,836	42,420
2 Average age	45.94	45.63
Participants and Spouses in Payment Status		
1 Total	20,060	19,636
2 Average age (participants only)	70.25	70.07
Participants with a Deferred Benefit		
1 Total	73	87
2 Average age	53.04	52.82
Disabled Participants		
1 Total	99	108
2 Average age	53.43	52.94

Note: Counts do not include spouses of disabled participants. At January 1, 2017 there were 14 and at July 1, 2015 there were 16.

Counts do not include spouses of terminated vested employees. At January 1, 2017 there were 26 and at July 1, 2015 there were 27.

3.2 Age and Service Distribution of Participating Employees

Attained Age	Attained Years of Credited Service and Number													
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	Total
Under 25	790	516	261	86	28	8								1,689
25-29	908	767	712	520	389	474	11							3,781
30-34	572	488	455	406	391	1,352	454	10						4,128
35-39	429	351	337	300	289	1,197	1,129	478	14					4,524
40-44	307	271	248	231	201	934	956	1,162	399	11				4,720
45-49	272	279	252	241	217	918	859	1,159	1,151	362	40			5,750
50-54	193	236	230	209	203	892	854	1,036	975	865	344	19		6,056
55-59	187	207	192	172	173	802	804	1,009	860	627	390	117	8	5,548
60-64	91	103	114	107	108	608	668	771	595	352	178	88	31	3,814
65-69	18	21	19	12	35	253	281	294	203	105	58	39	34	1,372
70 & over	8	4	9	5	14	71	87	123	71	31	10	10	11	454
Total	3,775	3,243	2,829	2,289	2,048	7,509	6,103	6,042	4,268	2,353	1,020	273	84	41,836
Average: Age	45.94	Number of Participants:									Males	15,763		
											Females	26,073		
Census data as of January 1, 2017														

Appendix A

Statement of Actuarial Assumptions and Methods

Plan Sponsor

State of Missouri

Statement of Assumptions

The assumptions disclosed in this document are for the June 30, 2017 measurement date. These assumptions are used for liabilities disclosed under GASB 74, as well as GASB 75 reporting for the measurement period ending June 30, 2017.

Economic Assumptions

General Inflation Rate

The underlying general inflation assumption behind the discount rate assumption and the health care trend rate assumption is 3.0% per annum. This underlying rate is assumed to apply to all future years in the valuation projections.

Discount Rate

5.7% per annum, a detailed development of the discount rate is shown in Appendix C

Expected Return on Assets

6.5% per annum

Municipal Bond Rate

3.53% per annum

Compensation/Salary Increases

4.0% per annum

Health Care Trend Rates

Health care trend rates are the annual rates of increase expected for benefits payable from the Plan; these rates include Health Care Cost Trend plus the leveraging effect of Plan design.

Fiscal Year	Medical and Rx Combined Rate (non-Medicare)	Medical and Rx Combined Rate (Medicare)
2017	6.50	7.50
2018	6.25	7.25
2019	6.00	7.00
2020	5.75	6.75
2021	5.50	6.50
2022	5.25	6.25
2023	5.00	6.00
2024	5.00	5.75
2025	5.00	5.50
2026	5.00	5.25
2027+	5.00	5.00

Per Capita Claims Costs

Per capita costs for fiscal 2017 are listed below. The per capita costs are net of plan deductibles, coinsurance, and co-payments but are not reduced for retiree contributions. These costs were developed from the calendar 2018 premium setting process, brought back to Fiscal 2017 using plan trend.

Per Capita Cost (excludes administrative expenses)	
Age	FY 2017 Cost
55	\$ 9,143
60	10,847
65	2,972
70	3,114
75	3,417
80	3,626
85	3,598

Administrative Expenses

For Fiscal 2017, we will use a starting value developed from the calendar 2018 premium setting process, brought back to Fiscal 2017 using the general inflation assumption of 3%. Future increases will also be assumed at the general inflation rate of 3%.

For Fiscal 2017, the admin expenses used are \$191 per person.

Demographic and Other Assumptions

Mortality

RP-2016 for Employees/Annuitants without collar adjustments using Scale MP-2016.

Retirement Probabilities

It is assumed that participants will retire according to the following schedule:

Age	Percent assumed to retire within one year
47-54	2.0% at each age
55	6.0%
56-57	7.0% at each age
58-59	7.5% at each age
60-61	10.0% at each age
62	20.0%
63	17.5%
64	15.0%
65	25.0%
66	27.5%
67-74	22.5% at each age
75	100.0%

Disability Rates

None assumed.

Disabled Mortality

None assumed.

Representative Termination Rates (not due to disability, retirement, or mortality)

During the first five years of service, employees are assumed to terminate according to the following schedule:

Percent assumed to terminate within one year	
Service	Male/Female
0-1	25.0%
1-2	25.0%
2-3	25.0%
3-4	12.0%
4-5	12.0%

After five years of service, we assume withdrawal rates that vary by attained age, as presented below:

Percent assumed to terminate within one year	
Age	Male/Female
20	12.0%
25	10.0%
30	8.5%
35	7.0%
40	5.5%
45	4.5%
50	4.5%
55	3.0%
60	3.0%
65	3.0%

Retiree Contributions

The State pays a percentage of the premium for a designated plan and subtracts the total state subsidy from the premium cost for the plan chosen by the retiree to determine the retiree contribution amount. This percentage is 2.5% per year of service, up to a maximum of 65%. The retiree pays the remainder of the premium.

FY 2017	
Pre-65	Post-65
\$ 10,859	\$ 3,429

The above premiums are developed from the premium rates for the designated plan for the 2018 calendar year, brought back to Fiscal 2017 using plan trend. Future premiums (and thus State and retiree contributions) are assumed to increase with the healthcare cost trend rates.

Spouse Age Difference

Husbands are assumed to be three years older than wives for future retirees who are married.

Participation Assumptions for Plan

60% of employees currently enrolled in the program are assumed to elect postretirement health insurance coverage upon retirement.

50% of employees not currently enrolled in the program are assumed to elect postretirement health insurance coverage upon retirement.

Terminated vested employees are assumed to participate at age 60 as follows:

- 5% of those currently under age 40
- 15% of those currently between ages 40 and 49
- 60% of those currently age 50 and over

Dependent Coverage

50% of future participating male retirees and 30% of future participating female retirees are assumed to have spouses that elect to be covered under the MCHCP plan.

Methods

Census Date/Measurement Date

The measurement date is June 30, 2017. The liability valuation date is July 1, 2016. For purposes of determining benefit obligations as of the measurement date, participant data as of the census date, January 1, 2017 are used.

Funding Policy

Contributions to the plan are determined by the appropriations of the Missouri state legislature. MCHCP requests funding each year equal to the actuarial determined contribution developed based on fully funding the plan's benefit liability in 30 years. For projection purposes, we have assumed approvals by appropriations are equal to the average of the prior five fiscal years, adjusted to the current and future plan years using the plan's assumption for general inflation.

Actuarial Cost Method

Entry age normal with level percentage of payroll spread.

Asset Method

Not Applicable

Benefits Not Included in Valuation

We believe that we have reflected all significant Plan provisions in this valuation.

Data Sources

Employee data was supplied by the Missouri Consolidated Healthcare as of January 1, 2017.

Assumptions Rationale - Significant Economic Assumptions for Accounting

Discount rate

As required by GASB 74 and 75, the discount rate was chosen by the plan sponsor. The discount rate was determined as a blend of the plan sponsor's best estimate of the expected return on plan assets and, as required by GASB 74 and 75, the 20-year high quality municipal bond rate as of the Measurement Date. For years where expected benefit payments can be covered by projected trust assets, expected returns are used. For years where payments are not expected to be covered by trust assets, the municipal bond rate is used.

Expected Return on Assets

The plan sponsor selected this assumption by considering real returns on the target asset allocation in combination with a long term expectation of inflation. An adjustment is also included for active management.

The target allocation and expected real return by asset class are shown below:

Asset Class	Allocation	Expected Real Return
Large cap stocks	20.0%	5.7%
Mid cap stocks	10.0%	6.0%
Small cap stocks	10.0%	6.0%
High-yield bonds	10.0%	2.6%
BarCap Aggregate bonds	20.0%	1.0%
Long Government / Credit	25.0%	1.4%
Cash equivalents	5.0%	0.3%

Rates of increase in plan administrative expenses

Claims cost trend rates

Administrative expenses are projected using general inflation.

Assumed increases were chosen by the plan sponsor and, as required by GASB 74 and 75, they represent an estimate of future experience, informed by an analysis of recent plan experience, leading to select and ultimate assumed trend rates. In setting near term trend rates, other pertinent statistics were considered, including surveys on general medical cost increases. In setting the ultimate trend rate, considerations included assumed GDP growth consistent with the assumed future economic conditions inherent in other economic assumptions chosen by the client at the measurement date.

After examining historical variability in trend rates, we believe that the selected assumptions do not significantly conflict with what would be reasonable based on a combination of market conditions at the measurement date and future expectations consistent with other economic assumptions used, other than the discount rate.

Participant contribution trend rates

In accordance with the substantive plan communicated to participants, participant contributions are intended to remain a fixed percentage of total plan costs, and thus the trend rates, and the description of the derivation of the trend rates, are the same as for claims costs as shown above.

Per capita claims costs

Per capita claims costs were chosen by the plan sponsor to be the best estimate of the plan's per capita claims costs including expenses in the plan year beginning on the measurement date (with any expected changes in future years reflected in the trend rate assumption).

Per capita claims cost assumptions were developed using historical claims, and enrolment information. Raw per capitas were developed and adjusted for completion (i.e., conversion from a paid to an incurred basis), plan changes, and trend.

EGWP Savings

EGWP savings projections were chosen by the plan sponsor to reflect anticipated EGWP savings based on projections provided by EGWP administrator. Anticipated subsidies are included in the claims cost assumptions.

Assumptions Rationale - Significant Demographic Assumptions

Healthy Mortality

Assumptions were selected by the plan sponsor and, as required by GASB45, 74 and 75 represents a best estimate of future experience.

Termination

Termination rates were based on an experience study conducted in 2012, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

Assumed termination rates differ by age and service because of observed differences in termination rates by service.

Retirement

Retirement rates were based on an experience study conducted in 2012, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

Participation:

▶ Participants

Assumed participation rates reflect historical experience as well as expectations of similar future coverage patterns.

▶ Covered spouses

Assumed coverage rates for spouses reflect historical experience as well as expectations of similar future coverage marital patterns.

Marital Assumptions:

▶ Percent married

The assumed percentage married is based on a blending of the marital status of recent retirees and of the current active population.

▶ Spouse age

The assumed age difference for spouses is based on historical experience as well as expectations of similar future age differences.

Source of Prescribed Methods

Actuarial Cost Method

The methods used for GASB purposes as described in Appendix A, including the actuarial cost method, are “prescribed methods set by another party”, as defined in the actuarial standards of practice (ASOPs).

Changes in Assumptions and Methods**Change in assumptions since prior valuation**

The Health care trend rates were updated to reflect the most recent period's experience.

The claims costs were updated to reflect the most recent period's experience.

Participation rates for employees currently enrolled were updated to reflect current experience.

The expected return on assets was changed to 6.50%.

The discount rate was changed to 5.70%.

Change in methods since prior valuation

None.

Appendix B

Summary of Principal Plan Provisions

Plan Sponsor

State of Missouri

Plan

Missouri Consolidated Healthcare Plan

Plan Year

The twelve-month period ending June 30, 2017.

Eligibility

A participant is eligible for coverage if, at the time of termination of state employment, the participant is eligible to receive a monthly retirement benefit from either the Missouri State Employees' Retirement System (MOSERS) or from the Public School Retirement System (PSRS) for State employment, and has met one of the following requirements:

- has had coverage through MCHCP since the effective date of the last Open Enrollment period; or
- has had other health insurance for the six months immediately prior to termination of state employment (proof of insurance required); or
- has had coverage since first eligible.

A participant who terminates employment before being eligible to receive post-retirement coverage will still be eligible upon reaching retirement age if he/she remains enrolled through MCHCP through retirement age. For valuation purposes, it is assumed that they will begin receiving benefits at their earliest eligibility date.

Plans Available to Retirees

PPO 300
PPO 600
HDHP (HSA)

For 2014 and future years, the prescription drug coverage under these two plans for post-Medicare retirees will be provided through an Employer Group Waiver Plan (EGWP).

State Contributions

The contribution amount for a retiree is calculated using the number of full years of service as reported to MCHCP by MOSERS or PSRS times 2.5%, capped at 65% with the actual amount determined by State appropriations. Prior to January 1, 2005, the maximum is 60%.

The percentage paid by the State remains the same at Medicare eligibility.

The State pays a percentage of a designated plan and subtracts the total premium from the plan chosen by the retiree.

For retirements prior to January 1, 2002, the contribution will be the greater of the contribution based on the years of service and the amount being paid at that date. This is re-determined each year for January coverage.

Retiree Contributions

Retirees pay the portion of the premium not covered by the State.

Appendix C

Discount Rate Development:

Missouri Consolidated Healthcare Plan

Exhibit 4 - Discount Rate Development

Expected Return on Assets	6.50%	Present Value using EROA and Muni Rate	2,115,882,437
Municipal Bond Rate	3.53%	Present Value using Weighted Interest Rate	2,115,882,437
Initial Year Contribution	68,500,000	Weighted Interest Rate	5.70%

Year	Trust Fund Beginning of Year	Pension Cash Flows (PVB)	Administrative Expenses	Expected Co. Contributions to Trust	Net Investment Earnings	Trust Fund End of Year	Percent Funded	Discount Rate Applied to Year	Discounted CF	Weighted Interest Rate	Discounted CF
0.5	125,442,543	(73,576,457)		68,500,000	7,991,378	128,357,464	100.00%	6.50%	71,483,142	5.70%	71,729,206
1.5	128,357,464	(77,591,473)		67,396,156	8,017,104	126,179,250	100.00%	6.50%	70,783,030	5.70%	71,561,206
2.5	126,179,250	(81,323,550)		66,934,729	7,741,376	119,531,806	100.00%	6.50%	69,659,744	5.70%	70,955,569
3.5	119,531,806	(85,574,188)		66,955,158	7,173,975	108,086,751	100.00%	6.50%	68,826,982	5.70%	70,634,919
4.5	108,086,751	(89,274,906)		67,181,284	6,318,900	92,312,029	100.00%	6.50%	67,421,084	5.70%	69,712,808
5.5	92,312,029	(93,280,053)		67,547,314	5,177,133	71,756,424	100.00%	6.50%	66,146,293	5.70%	68,909,399
6.5	71,756,424	(97,308,954)		68,046,687	3,728,115	46,222,272	100.00%	6.50%	64,791,781	5.70%	68,006,276
7.5	46,222,272	(101,627,541)		68,654,623	1,949,698	15,199,052	100.00%	6.50%	63,537,325	5.70%	67,191,465
8.5	15,199,052	(105,875,894)		69,385,956	-	-	79.89%	5.90%	65,181,331	5.70%	66,222,610
9.5	-	(110,050,844)		70,217,763	-	-	63.80%	5.43%	66,770,545	5.70%	65,119,204
10.5	-	(114,340,219)		71,164,131	-	-	62.24%	5.38%	66,107,548	5.70%	64,006,080
11.5	-	(118,451,926)		72,237,376	-	-	60.98%	5.34%	65,253,194	5.70%	62,729,359
12.5	-	(122,752,934)		73,433,820	-	-	59.82%	5.31%	64,456,411	5.70%	61,498,866
13.5	-	(127,730,326)		74,749,966	-	-	58.52%	5.27%	64,005,421	5.70%	60,539,071
14.5	-	(132,635,199)		76,199,330	-	-	57.45%	5.24%	63,413,706	5.70%	59,471,246
15.5	-	(137,465,186)		77,785,862	-	-	56.59%	5.21%	62,688,756	5.70%	58,310,595
16.5	-	(142,467,198)		79,503,648	-	-	55.80%	5.19%	61,976,681	5.70%	57,171,046
17.5	-	(147,080,691)		81,363,162	-	-	55.32%	5.17%	60,974,212	5.70%	55,837,173
18.5	-	(151,161,503)		83,371,677	-	-	55.15%	5.17%	59,634,890	5.70%	54,289,453
19.5	-	(154,977,039)		85,533,771	-	-	55.19%	5.17%	58,123,780	5.70%	52,656,032
20.5	-	(158,670,514)		87,850,140	-	-	55.37%	5.17%	56,526,851	5.70%	51,001,566
21.5	-	(162,546,744)		90,320,842	-	-	55.57%	5.18%	54,992,239	5.70%	49,427,889
22.5	-	(165,869,460)		92,964,529	-	-	56.05%	5.19%	53,190,148	5.70%	47,716,296
23.5	-	(168,939,250)		95,777,352	-	-	56.69%	5.21%	51,279,329	5.70%	45,976,654
24.5	-	(171,726,543)		98,765,746	-	-	57.51%	5.24%	49,262,681	5.70%	44,213,076
25.5	-	(173,699,172)		101,934,806	-	-	58.68%	5.27%	46,951,661	5.70%	42,307,519
26.5	-	(175,508,616)		105,282,959	-	-	59.99%	5.31%	44,628,544	5.70%	40,441,267
27.5	-	(176,931,254)		108,817,297	-	-	61.50%	5.36%	42,222,867	5.70%	38,568,911
28.5	-	(177,508,659)		112,548,693	-	-	63.40%	5.41%	39,598,231	5.70%	36,606,556
29.5	-	(177,664,091)		116,476,641	-	-	65.56%	5.48%	36,931,270	5.70%	34,661,352
30.5	-	(177,541,363)		120,610,019	-	-	67.93%	5.55%	34,284,551	5.70%	32,768,148
31.5	-	(176,820,770)		124,957,101	-	-	70.67%	5.63%	31,577,093	5.70%	30,873,945
32.5	-	(175,583,744)		129,517,978	-	-	73.76%	5.72%	28,858,717	5.70%	29,003,450
33.5	-	(173,857,056)		134,303,351	-	-	77.25%	5.82%	26,158,034	5.70%	27,168,408
34.5	-	(171,610,328)		139,319,551	-	-	81.18%	5.94%	23,488,514	5.70%	25,370,077

Year	Trust Fund Beginning of Year	Pension Cash Flows (PVB)	Administrative Expenses	Expected Co. Contributions to Trust	Net Investment Earnings	Trust Fund End of Year	Percent Funded	Discount Rate Applied to Year	Discounted CF	Weighted Interest Rate	Discounted CF
35.5	-	(169,003,598)		144,570,209	-	-	85.54%	6.07%	20,909,153	5.70%	23,636,373
36.5	-	(165,786,521)		150,071,301	-	-	90.52%	6.22%	18,379,753	5.70%	21,935,150
37.5	-	(162,137,401)		155,828,449	-	-	96.11%	6.38%	15,961,543	5.70%	20,294,628
38.5	-	(158,069,559)		161,846,648	120,823	3,897,912	100.00%	6.50%	14,029,039	5.70%	18,717,707
39.5	3,897,912	(153,769,155)		168,137,276	712,977	18,979,009	100.00%	6.50%	12,814,430	5.70%	17,225,829
40.5	18,979,009	(149,381,784)		174,710,086	2,043,847	46,351,158	100.00%	6.50%	11,689,020	5.70%	15,831,244
41.5	46,351,158	(144,848,883)		181,571,895	4,187,535	87,261,705	100.00%	6.50%	10,642,557	5.70%	14,522,422
42.5	87,261,705	(140,255,538)		188,732,998	7,222,726	142,961,891	100.00%	6.50%	9,676,120	5.70%	13,303,026
43.5	142,961,891	(135,685,834)		196,199,890	11,228,269	214,704,217	100.00%	6.50%	8,789,540	5.70%	12,175,069
44.5	214,704,217	(131,068,919)		203,983,681	16,288,199	303,907,178	100.00%	6.50%	7,972,265	5.70%	11,126,105
45.5	303,907,178	(126,441,520)		212,092,911	22,493,815	412,052,383	100.00%	6.50%	7,221,412	5.70%	10,154,058
46.5	412,052,383	(121,794,767)		220,537,974	29,942,039	540,737,630	100.00%	6.50%	6,531,477	5.70%	9,253,054
47.5	540,737,630	(117,088,605)		229,330,049	38,738,367	691,717,441	100.00%	6.50%	5,895,869	5.70%	8,415,455
48.5	691,717,441	(112,325,471)		238,480,893	48,997,140	866,870,004	100.00%	6.50%	5,310,823	5.70%	7,637,438
49.5	866,870,004	(107,517,097)		248,004,612	60,840,517	1,068,198,036	100.00%	6.50%	4,773,221	5.70%	6,915,976
50.5	1,068,198,036	(102,653,050)		257,914,077	74,399,420	1,297,858,483	100.00%	6.50%	4,279,137	5.70%	6,246,753
51.5	1,297,858,483	(97,743,751)		268,223,720	89,814,178	1,558,152,631	100.00%	6.50%	3,825,813	5.70%	5,627,014
52.5	1,558,152,631	(92,809,098)		278,948,160	107,234,207	1,851,525,900	100.00%	6.50%	3,410,953	5.70%	5,054,591
53.5	1,851,525,900	(87,869,528)		290,103,760	126,818,327	2,180,578,459	100.00%	6.50%	3,032,312	5.70%	4,527,311
54.5	2,180,578,459	(82,942,342)		301,706,608	148,735,513	2,548,078,237	100.00%	6.50%	2,687,585	5.70%	4,042,824
55.5	2,548,078,237	(78,045,785)		313,774,357	173,165,659	2,956,972,468	100.00%	6.50%	2,374,574	5.70%	3,598,856
56.5	2,956,972,468	(73,196,688)		326,325,243	200,300,381	3,410,401,405	100.00%	6.50%	2,091,116	5.70%	3,193,103
57.5	3,410,401,405	(68,414,799)		339,378,253	230,343,771	3,911,708,630	100.00%	6.50%	1,835,216	5.70%	2,823,437
58.5	3,911,708,630	(63,720,214)		352,953,383	263,513,159	4,464,454,958	100.00%	6.50%	1,604,962	5.70%	2,487,779
59.5	4,464,454,958	(59,128,616)		367,071,519	300,040,164	5,072,438,025	100.00%	6.50%	1,398,414	5.70%	2,183,930
60.5	5,072,438,025	(54,653,444)		381,754,379	340,171,898	5,739,710,858	100.00%	6.50%	1,213,685	5.70%	1,909,700
61.5	5,739,710,858	(50,307,360)		397,024,555	384,172,124	6,470,600,177	100.00%	6.50%	1,048,987	5.70%	1,662,974
62.5	6,470,600,177	(46,101,767)		412,905,537	432,322,467	7,269,726,413	100.00%	6.50%	902,624	5.70%	1,441,711
63.5	7,269,726,413	(42,047,567)		429,421,758	484,923,687	8,142,024,290	100.00%	6.50%	773,002	5.70%	1,243,964
64.5	8,142,024,290	(38,154,427)		446,598,628	542,297,044	9,092,765,536	100.00%	6.50%	658,620	5.70%	1,067,870
65.5	9,092,765,536	(34,431,796)		464,462,574	604,785,744	10,127,582,058	100.00%	6.50%	558,084	5.70%	911,674
66.5	10,127,582,058	(30,888,392)		483,041,077	672,756,462	11,252,491,206	100.00%	6.50%	470,095	5.70%	773,717
67.5	11,252,491,206	(27,532,927)		502,362,720	746,600,960	12,473,921,958	100.00%	6.50%	393,454	5.70%	652,447
68.5	12,473,921,958	(24,373,300)		522,457,228	826,737,821	13,798,743,707	100.00%	6.50%	327,044	5.70%	546,404
69.5	13,798,743,707	(21,416,159)		543,355,518	913,614,331	15,234,297,398	100.00%	6.50%	269,826	5.70%	454,201
70.5	15,234,297,398	(18,666,760)		565,089,738	1,007,708,512	16,788,428,888	100.00%	6.50%	220,832	5.70%	374,526
71.5	16,788,428,888	(16,129,433)		587,693,328	1,109,531,276	18,469,524,059	100.00%	6.50%	179,169	5.70%	306,153
72.5	18,469,524,059	(13,806,817)		611,201,061	1,219,628,733	20,286,547,036	100.00%	6.50%	144,008	5.70%	247,924
73.5	20,286,547,036	(11,699,557)		635,649,103	1,338,584,688	22,249,081,270	100.00%	6.50%	114,581	5.70%	198,747
74.5	22,249,081,270	(9,806,314)		661,075,067	1,467,023,310	24,367,373,333	100.00%	6.50%	90,178	5.70%	157,596
75.5	24,367,373,333	(8,123,565)		687,518,070	1,605,611,991	26,652,379,829	100.00%	6.50%	70,144	5.70%	123,507
76.5	26,652,379,829	(6,645,446)		715,018,793	1,755,064,399	29,115,817,575	100.00%	6.50%	53,879	5.70%	95,582
77.5	29,115,817,575	(5,363,619)		743,619,545	1,916,143,748	31,770,217,248	100.00%	6.50%	40,832	5.70%	72,982
78.5	31,770,217,248	(4,267,354)		773,364,327	2,089,666,281	34,628,980,501	100.00%	6.50%	30,504	5.70%	54,932

Appendix D

Glossary

Actuarial Accrued Liability/Total Pension Liability

The actuarial present value of benefits attributed to employee service rendered prior to the valuation date.

Actuarial Present Value

The value, as of the valuation date, of amounts payable or receivable thereafter, with each amount adjusted to reflect (a) the time value of money (through discounts for interest) and (b) the probability of payment (to reflect death, disability or termination of employment) between the valuation date and the expected date of payment.

Annual OPEB Cost

The annual amount recognized in an employer's financial statement as the cost of Other Post-employment Benefits (OPEB) under GASB 45. The annual OPEB cost is equal to the Annual Required Contribution (ARC) plus an interest adjustment less an ARC adjustment.

Annual OPEB Expense

The annual amount recognized in an employer's financial statement as the cost of Other Post-employment Benefits (OPEB) under GASB 75. The annual OPEB cost is the sum of the employer Service Cost, Interest Cost, Expected Return on Net Fiduciary Position, plus an amortization of the changes in Net OPEB Liability due to demographic experience, assumption changes, and investment experience. Changes in the Net OPEB Liability due to plan changes are recognized immediately.

Annual Required Contribution (ARC)/Actuarially Determined Contribution (ADC)

The plan's normal cost plus an amortization of its unfunded actuarial accrued liability.

Discount Rate

The rate used to reflect the time value of money. The discount rate is used in determining the present value as of the valuation date of future cash flows currently expected to be required to satisfy the post-employment benefit obligation.

Gain or Loss

A change in the value of either the actuarial accrued liability or plan assets resulting from experience different from that assumed or from a change in an actuarial assumption.

Health Care Cost Trend Rates

An assumption about the annual rate(s) of change in the cost of health care benefits currently provided by the post-employment benefit plan, due to factors other than changes in the composition of the plan population by age and dependency status, for each year from the valuation date until the end of the period in which benefits are expected to be paid. The health care cost trend rates implicitly consider estimates of health care inflation, changes in health care utilization or delivery patterns, technological advances, and changes in the health status of the plan participants. Differing types of services, such as hospital care and dental care, may have different trend rates.

Net OPEB Obligation

The employer's balance sheet liability under GASB 45. The net recognized amount is the cumulative excess of annual OPEB costs over contributions to the plan.

Net OPEB Liability

The employer's balance sheet liability under GASB 75. The net recognized amount is the difference between the Total OPEB Liability and the Net Fiduciary Position.

Normal Cost/Service Cost

The portion of the expected post-employment benefit obligation attributed to employee service during the year immediately following the valuation date.

Missouri Consolidated Health Care Plan
(MCHCP)

**Incurred But Not Reported
Health Plan Reserve as of
December 31, 2017**

February 27, 2018



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Section 1: Purpose and results overview

MCHCP retained Willis Towers Watson to perform an actuarial calculation of its incurred but not reported (IBNR) health plan costs. This report summarizes our analysis of the IBNR costs for its self-funded health plans as of December 31, 2017. This analysis was performed on claims through December 31, 2017 and enrollment through January 31, 2018.

MCHCP provides self-funded coverage for medical benefits. Benefits are administered by the following vendors:

- Medical: UMR and Aetna

Information regarding benefits, claims and enrollment were provided by MCHCP. Additional information regarding data, assumptions, methods, and plan provisions are included in Section 3.

The recommended reserve for IBNR claims is summarized below, along with the recommended reserve for IBNR as of the last measurement date:

	<u>IBNR as of 09/30/2017</u> (claims paid through 09/30/2017)	<u>IBNR as of 12/31/2017</u> (claims paid through 12/31/2017)
MCHCP Self-Insured Plans	\$57,719,000	\$67,303,000

More information on the changes in IBNR reserve between the two measurement dates, as well as items included and excluded in this estimate, are provided in Section 2. Please refer to Appendix A for detailed IBNR results as of December 31, 2017, by status.

Section 2: Liability Estimates

2.1 Medical IBNR Estimates

Medical claim lag reports and monthly enrollment data were provided by MCHCP via their data warehouse maintained by Truven. The lag reports present information on the timing of the payment of claims incurred by month from January 1, 2015 through December 31, 2017. All data was split by carrier and plan, as well as by status (i.e. Actives, Non-Medicare Retirees, Medicare Retirees). Willis Towers Watson accepted this data without auditing it. However, we performed reasonability and consistency checks, which were successful. We also compared the claims data to their general ledger for consistency; these results were also successful.

The lag reports are used to derive claim completion factors, which estimate the percentage of claims incurred in a month that have already been paid. For example, a completion factor of 1.00 implies that there are no additional payments expected for the claims incurred in a particular month and that the run-out for that month is "complete." Conversely, a completion factor of 0.95 implies that an additional 5.3% $[(1.0/0.95)-1]$ in claim payments is anticipated in future months. Quarterly IBNR projections through December 31, 2019 were calculated without seasonality and with a seasonality adjustment based on monthly incurred claims patterns during calendar years 2015, 2016, and 2017. We have calculated IBNRs as of December 31, 2017 with and without a seasonality adjustment based on claims paid through December 31, 2017.

The overall claims run-out is heavily influenced by the most recent months of incurred claims experience. We performed an additional analysis in order to increase the credibility of the run-out projection.

- The most recent 12-months of claims were projected using 5.5% annual health care trend to estimate the completed incurred claims per employee per month (PEPM) for Actives and Non-Medicare Retirees. The most recent 12-months of Medicare Retiree claims were projected using 3.5% annual medical health care trend.
- The trended PEPM projections were then blended with the PEPM claims developed using the claim completion factors. The blended PEPM incurred claim projection is used to adjust completion factors and project run-out claims for claims incurred in December. Actual claims incurred and paid in December were lower than expected which resulted in a higher IBNR liability for December 31, 2017, but did not significantly impact the projected reserve levels for future quarters.
- Quarterly IBNR projections through December 31, 2019 are illustrated in Appendix B

The lag study does not include any adjustments for high cost claimants in the experience period. We have not observed any unusual claims that would skew the lag study for this estimate.

Margin of 10% was included to reflect the uncertainty in the timing and amount of claims payments.

Prescription drug benefits are also provided on a self-insured basis through Express Scripts (ESI).

IBNR calculations were only performed on the self-insured medical benefits. Prescription drug benefits are almost entirely processed electronically and submitted to MCHCP weekly. Therefore, there is virtually no lag between when the claims are incurred and paid, which is why there is not an IBNR calculation for these benefits.

The calculation results summarized in this memo exclude any provisions for third party administrative fees that would be required to pay the runoff claims. It should also be noted that the IBNR reserves do not include potential liabilities for claims reported but not yet paid (RBNP). The RBNP liability is for claims that have already appeared as "paid" in the claims triangles but have not yet been deducted from MCHCP's account(s), and would primarily be due to the lag between when invoices are received and paid. Based on our discussions with MCHCP, we do not believe this additional amount to be significant.

Quarterly IBNR projections for MCHCP Public Entities (PE) through December 31, 2019 are also provided. Please refer to Appendix D for details. The IBNR for the PE groups was estimated based on the CY2018 premium equivalent rates and current enrollment. Due to lack of credible data for PE (based on the smaller size of the covered group), we have assumed the IBNR amount is equal to 1.5 months of expected medical benefit costs, excluding prescription drug and administrative fees.

Section 3: Data, Assumptions, and Methods

The following are the key data, assumptions, and methods used to develop the IBNR reserve estimates.

- Valuation date is December 31, 2017
- Monthly medical claims by incurred and paid data were provided by MCHCP via Truven for January 1, 2015 through December 31, 2017
- Enrollment by month was provided by MCHCP via Truven for January 1, 2015 through January 31, 2018
- 10% load for margin and fluctuation was included
- Assumed annual trends were 5.5% for Active and Non-Medicare Retiree groups, 3.5% for Medicare Retirees
- Participants included in this analysis: Actives, Non-Medicare Retirees, and Medicare Retirees
- Third party administrative fees and potential liabilities for RBNP that would be required to pay the runoff claims have not been included in the calculations
- Development of claims completion factors for State Plans: Willis Towers Watson's standard proprietary IBNR model was used, in conjunction with the data and assumptions listed in this report
- For MCHCP's PE estimate, the calculation is based on 1.5 months of expected medical benefit costs, excluding prescription drug and administrative

Section 4: Actuarial Certification

4.1 Nature of actuarial calculations

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

Actual future experience will differ from the assumptions used in our calculations. As these differences arise, the reserve for accounting purposes will be adjusted in future valuations to take changes into account.

4.2 Actuarial certification

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, assets and sponsor accounting policies and methods provided by MCHCP other persons or organizations designated by MCHCP. We have relied on all the data and information provided as being complete and accurate. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by MCHCP, may produce materially different results that could require that a revised report be issued.

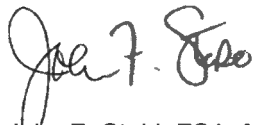
The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by Willis Towers Watson, we consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

The undersigned consulting actuaries are members of the Society of Actuaries and meet the "Qualification Standard for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to health care pricing and reserving. Our objectivity is not impaired by any relationship between MCHCP and our employer, Willis Towers Watson.

4.3 Limitations on use

The information contained in this report was prepared for the internal use of MCHCP and its auditors in connection with our estimate of its incurred but not yet reported health plan costs. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. MCHCP may distribute this report to the appropriate authorities who have the legal right to require MCHCP to provide them this report, in which case MCHCP will use best efforts to notify Willis Towers Watson in advance of this distribution. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Willis Towers Watson's prior written consent. Willis Towers Watson accepts no responsibility for any consequences arising from any other party relying on this report or any advice relating to its contents.

* * * * *



John F. Stahl, FSA, MAAA
Membership Number: 12270

February 27, 2017

Appendix A: IBNR as of December 31, 2017

Appendix B: Quarterly IBNR Projections to December 31, 2019, for State Plans

Appendix C: Enrollment

Appendix D: Quarterly IBNR Projections to December 31, 2019, for PE Plans

Appendix A: IBNR as of December 31, 2017

IBNR as of 12/31/2017 Without Seasonal Adjustment

IBNR - as of 09/30/2017 (claims paid through 09/30/2017)			IBNR - as of 12/31/2017 (claims paid through 12/31/2017)			Change in IBNR	
Actives	Retirees	Total	Actives	Retirees	Total	\$	%
\$44,440,000	\$10,407,000	\$54,847,000	\$47,567,000	\$10,990,000	\$58,557,000	\$3,710,000	6.8%

IBNR as of 12/31/2017 With Seasonal Adjustment

IBNR - as of 09/30/2017 (claims paid through 09/30/2017)			IBNR - as of 12/31/2017 (claims paid through 12/31/2017)			Change in IBNR	
Actives	Retirees	Total	Actives	Retirees	Total	\$	%
\$46,417,000	\$11,302,000	\$57,719,000	\$54,506,000	\$12,797,000	\$67,303,000	\$9,584,000	16.6%

Notes

1. IBNR amounts shown above include 10% margin for claims fluctuations, but do not include any provision for administrative fees.
2. Results will fluctuate from month to month due to seasonality in incurred claims and variations in the claims payment pattern.

Appendix B: Quarterly IBNR Projections to December 31, 2019, for State Plans

Projected IBNR as of	Claims Paid Through 09/30/2017		Claims Paid Through 12/31/2017		Change in IBNR	
	No Seasonal Adjustment	With Seasonal Adjustment	No Seasonal Adjustment	With Seasonal Adjustment	No Seasonal Adjustment	With Seasonal Adjustment
12/31/2017	\$54,882,000	\$62,720,000	\$58,557,000	\$67,303,000	6.7%	7.3%
3/31/2018	\$55,531,000	\$51,215,000	\$56,042,000	\$51,360,000	0.9%	0.3%
6/30/2018	\$56,243,000	\$54,610,000	\$56,754,000	\$55,068,000	0.9%	0.8%
9/30/2018	\$56,968,000	\$59,223,000	\$57,476,000	\$59,710,000	0.9%	0.8%
12/31/2018	\$57,710,000	\$65,977,000	\$58,213,000	\$66,459,000	0.9%	0.7%
3/31/2019	\$58,464,000	\$53,922,000	\$58,974,000	\$54,311,000	0.9%	0.7%
6/30/2019	\$59,230,000	\$57,512,000	\$59,745,000	\$58,070,000	0.9%	1.0%
9/30/2019	\$60,004,000	\$62,382,000	\$60,527,000	\$62,929,000	0.9%	0.9%
12/31/2019	\$60,789,000	\$69,493,000	\$61,319,000	\$70,020,000	0.9%	0.8%

Appendix C: Enrollment

	November 2017 Enrollment Statistics			
	Actives	Non-Medicare Retirees	Medicare Retirees	Total
PPO600 - UMR	23,075	2,451	3,762	29,288
PPO300 - UMR	8,720	1,248	7,192	17,160
PPO600 - Coventry	1,511	164	264	1,939
PPO300 - Coventry	540	74	365	979
HDHP - UMR	3,177	427	0	3,604
HDHP - Coventry	122	19	0	141
Medicare PDP Drug Plan	0	0	41	41
Total	37,145	4,383	11,624	53,152

	December 2017 Enrollment Statistics			
	Actives	Non-Medicare Retirees	Medicare Retirees	Total
PPO600 - UMR	23,011	2,429	3,792	29,232
PPO300 - UMR	8,746	1,242	7,196	17,184
PPO600 - Coventry	1,502	162	268	1,932
PPO300 - Coventry	537	70	367	974
HDHP - UMR	3,180	429	0	3,609
HDHP - Coventry	122	19	0	141
Medicare PDP Drug Plan	0	0	41	41
Total	37,098	4,351	11,664	53,113

	January 2018 Enrollment Statistics			
	Actives	Non-Medicare Retirees	Medicare Retirees	Total
PPO600 - UMR	24,085	2,514	3,777	30,376
PPO300 - UMR	7,905	1,130	7,216	16,251
PPO600 - Aetna	1,528	169	260	1,957
PPO300 - Aetna	499	61	361	921
HDHP - UMR	3,273	455	0	3,728
HDHP - Aetna	135	18	0	153
Medicare PDP Drug Plan	0	0	44	44
Total	37,425	4,347	11,658	53,430

Actives, including COBRA

Retiree counts include Terminated Vested and LTD

Appendix D: Quarterly IBNR Projections to December 31, 2019, for PE Plans

AS OF	IBNR Projections
12/31/2017	\$755,000
3/31/2018	\$765,000
6/30/2018	\$776,000
9/30/2018	\$786,000
12/31/2018	\$797,000
3/31/2019	\$807,000
6/30/2019	\$818,000
9/30/2019	\$829,000
12/31/2019	\$840,000



INTERNAL AUDIT PLAN

January 1, 2017 – December 31, 2017

FINAL

Prepared By:

Garry Kornrumpf, CIA, CPA
MCHCP Internal Auditor

Introduction

The Internal Auditor submits the following Internal Audit Plan for 2017. An Annual Plan, as outlined by the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors (IIA), provides a best business practice model for Missouri Consolidated Health Care Plan (MCHCP).

The Internal Auditor identifies projects for the 2017 Audit Plan by using a risk assessment model after considering input received from MCHCP management. Using input from senior management and a risk assessment, projects for the coming year will be selected. The Audit Plan fiscal year runs from January 1 through December 31 to coincide with the plan calendar year.

The plan projects resulted from a formal risk assessment process. This process includes items ranked as high risks and audits and projects requested by the Board and MCHCP management. The plan allows flexibility for special projects requested by the executive director or other MCHCP management. The Internal Auditor will give priority to areas or processes for review where failure of the system to adequately perform could have serious consequences for MCHCP, its members and stakeholders, and the Board.

With plan revenues of \$579.7 million and medical and operating expenses of \$597.4 million for FY2016, it is important that major systems run efficiently and effectively.

Scope and Mission

This plan covers the period January 1, 2017, through December 31, 2017. MCHCP's internal audit mission statement provides a guide for the daily audit work.

The mission of Internal Audit is to ensure compliance with laws and policies while promoting and utilizing efficient business practices in order to protect MCHCP, the Board of Trustees, MCHCP members and participating entities.

Internal Audit Responsibilities

The Internal Auditor has access to the Board to report all issues that the Internal Auditor believes should be reviewed by the Board. The Internal Auditor issues the audit reports to the Board and the Executive Director and reports administratively to the Executive Director.

Risk Management

Risk management, as defined by The IIA's *International Standards for the Professional Practice of Internal Auditing*, is a "systematic process for assessing and integrating professional judgments about probable adverse conditions and/or events." The Internal Auditor evaluated and assessed risk within MCHCP based on information received from each section manager and information received from other sources including risks to complying with major components of the Health Insurance Portability and Accountability Act, specifically, protecting health information, were also listed.

Risk Assessment Results

Various functional activities comprise each of the auditable activities mentioned above. Executive Management has identified areas for review in conjunction with their assessment of risks based areas. In addition to high risk areas, Executive Management has identified operations and compliance type projects useful to MCHCP efficiencies and effectiveness.

Acceptable Level of Risk

Although the Audit Plan contemplates a wide-ranging scope of audit effort, it does not provide complete coverage for all MCHCP components or systems. The Internal Auditor strived to maximize the limited resources to provide reasonable coverage to the projects requiring the most attention.

Management and the Board of Trustees are responsible for the organization's risk management and control processes. Even effective internal control, no matter how well designed, has inherent limitations, including the possibility of the circumvention or overriding of controls, and therefore, can provide only reasonable assurance with respect to financial statement preparation. The Internal Auditor, acting in a consulting role, assists Management and Board in identifying, evaluating, and implementing risk management methodologies and controls to address those risks. The Board and executive management recognize limitations of audit coverage and the risks they assume in areas not audited. The Internal Auditor allocates resources to the most important identified priorities and risks of the system, and includes audit effort to address other areas requiring periodic review.

Follow-Up

Follow-up is an important part of audit effort and is required by professional auditing standards. Internal Audit allocated time in the audit plan to determine whether audit observations are implemented.

Reporting

The Executive Director and either the Budget and Audit Committee or the Board of Trustees will review all audit reports prior to release. This helps ensure the accuracy of the audit report.

Performance Measures

Internal audit performance measures for 2017 are as follows:

- Complete reviews and projects listed in the 2017 audit plan,
- Obtain management acceptance of audit issues and/or recommendations,
- Attend seminars and conferences required to maintain the professional certifications obtained,
- Actively participate in the Central Missouri IIA chapter, and
- Complete development of the 2018 audit plan by December 31, 2017.

Planning and Administrative Projects

Internal audit responsibilities include the completion of numerous administrative and planning projects including:

- Development of the annual audit plan,
- Development of the annual internal audit risk assessment,
- Establishment and maintenance of the internal audit manual,
- Maintenance of the Internal Auditor recommendation follow-up process, and
- Consulting with various MCHCP's managers on a wide variety of topics.

Planned Projects

Appendix A lists audits, reviews, projects and administrative tasks for 2017 and the estimated number of hours dedicated to each project. More detail on the scope of the various audits and reviews can be found in Audit Objectives following Appendix A.

Audit resources are primarily dedicated to high-risk areas, and some resources are also allocated to medium- and low-risk areas. The allocation of CY 2017 audit hours by major functional areas is depicted below:

AUDIT EFFORT ALLOCATION

Audit	49%
Cost Recovery	51%

Professional Organization

The Internal Auditor is a member of the Institute of Internal Auditors (IIA), an excellent source for obtaining information on auditing, accounting, business management, and other professional issues and concerns.

Certifications

The Internal Auditor has over 27 years auditing and governmental accounting experience, holds Certified Public Accountant and Certified Internal Auditor designations and holds a Masters of Business Administration degree and a Masters of Business in Health Management degree from William Woods University. He also holds a HIPAA Privacy Expert Certification and a HIPAA Security Expert Certification.

The Internal Auditor, past president of Central Missouri Chapter of the Institute of Internal Auditors, a professional organization of 200 members, currently serves on the programs committee

Questions

Should there be any questions regarding this audit plan, please contact Garry Kornrumpf at 573-526-3196 or via email at garry.kornrumpf@mchcp.org.

----- End -----

MCHCP**AUDIT PLAN**
Year Ending December 31, 2017**APPENDIX A****2016 AUDIT PLAN RESULTS**
January 1, 2016 – December 31, 2016**2017 AUDIT PLAN EFFORT**
January 1, 2017 – December 31, 2017

Audits and Projects Performed	Budgeted Hours	Actual Hours	Diff		Planned Audits and Projects	Budgeted Hours	% of Total Budget
Audit:					Audit:		
Continuous Reviews	500	521	21		Continuous Reviews	500	12%
HIPAA Risk Analysis/ Assessment/Procedures	480	460	-20		HIPAA Risk Analysis/ Assessment/Procedures	450	11%
Medical and Pharmacy Claims Audit	350	350	0		Medical and Pharmacy Claims Audits	350	8%
Executive Management Reviews	200	200	0		Executive Management Reviews	180	4%
Eligibility Data Match	200	200	0		Eligibility Data Match	200	5%
Total Audit	1,730	1,731	1		Total Audit	1,680	40%
Cost Recovery:					Cost Recovery:		
Claims Recovery	1,740	1,742	2		Claims Recovery	1,750	42%
PTO	690	687	-3		PTO	730	18%
Total Audit and Cost Recovery	4,160	4,160	0		Total Audit and Cost Recovery	4,160	100%

.PTO = Personal time off; sick, annual, holidays
PTO increased for 2017 due to anticipated medical leave

Audit Objectives for 2017:

Claims Recovery (Operations based review)

42% of total budgeted hours

Monitor, on an ongoing basis, recovery of claims incurred during a period of ineligibility for self-insured medical expenses. For pharmaceutical claims, identify amounts for recoveries and prepare notices to subscribers for recovery of claims during a period of ineligibility.

Continuous audit\reviews: (Operations\Compliance based reviews)

12% of total budgeted hours

Other reviews on a continual basis

- Business operations risk assessment\annual audit plan
- Provide secondary review on rates prior to publication
- Serve as evaluator as needed on segments of RFP
- Compute or serve as secondary review for the PCORI and TRF fees
- Participate in discussions, reviews, and modifications related to rules and Summary Plan Document, advise, or provide suggestions
- Team Member review of ESI quarterly reports regarding potential patterns of fraud, waste, and abuse and follow up as necessary
- Review significant year-end adjusting entries, i.e. material payables, IBNR
- Review or consult in tax issues, such as Health Savings Accounts or other tax related areas
- Facilitate Sunshine request responses

HIPAA Risk Assessment\Audit (Compliance)

11% of total budgeted hours

Reviews audit logs and test for employee access to electronic PHI.

Facilitate internal HIPAA risk analysis and audit; review MCHCP policies and collaborate on written procedures as it relates to the HIPAA privacy and security rules.

Review internal shared drive files to ensure protected health information is not stored in those locations

Continued on next page

Medical Claims Audit (Operations\Compliance based reviews) 8% of total budgeted hours

Facilitate medical claims audit of UMR for claims paid in CY2014 and CY2015.

Executive Management Reviews (Operations/Compliance) 4% total budgeted hours

Audit or review unanticipated, unforeseen, or emerging issues and concerns. This provides flexibility in the budget to respond to issues requested by Executive Management, the Board, or Audit and Budget Committee.

Review random sample of operations invoices; review power of attorney documents to ensure system reflects most current document; review member data entries to ensure accuracy.

Eligibility Data Match 5% of total budgeted hours

Perform data match of social security numbers between MCHCP data and third party administrator medical plan members to ensure integrity of eligibility.

Claims Audit Schedule

2017	Proposed audit period		Tentative audit start date		Previous audit period
UMR	In progress		In progress		CY2010
Express Scripts	CY2016		2nd Q CY2017		CY2013
Aetna	CY2016		2nd Q CY2017		1 st Q CY2016 (platform transition review)
Coventry closeout	CY2016		2nd Q CY2017		CY2013

Proposed Four Year Audit Plan for Claims Audits:

TPA	Proposed audit Period		Tentative audit start date		Previous audit period
UMR	CY2018		2nd Q CY2019		CY2014 and CY2015
Aetna	CY2019		2nd Q CY2020		CY2016
Express Scripts	CY2019		2nd Q CY2020		CY2016
Medical statewide	CY2021		2nd Q CY2022		CY2018



INTERNAL AUDIT PLAN

January 1, 2018 – December 31, 2018

FINAL

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January 1, 2017 – December 31, 2017

2018 AUDIT PLAN EFFORT
January 1, 2018 – December 31, 2018

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Executive Management Reviews	180	200	20		Executive Management Reviews	180	4%
Eligibility Data Match	200	200	0		Eligibility Data Match	200	5%
Total Audit	1,680	1,630	-50		Total Audit	1,630	39%
Cost Recovery: Claims Recovery	1,750	1,742	-8		Cost Recovery: Claims Recovery	1,750	42%
PTO	730	902	266		PTO	780	19%
Total Audit and Cost Recovery	4,160	4,254	114		Total Audit and Cost Recovery	4,160	100%

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Audit Objectives for 2018:

Claims Recovery (Operations based review)

42% of total budgeted hours

Monitor, on an ongoing basis, recovery of claims incurred during a period of ineligibility for self-insured medical expenses. For pharmaceutical claims, identify amounts for recoveries and prepare notices to subscribers for recovery of claims during a period of ineligibility.

Continuous audit\reviews: (Operations\Compliance based reviews)

12% of total budgeted hours

Other reviews on a continual basis

- Business operations risk assessment\annual audit plan
- Provide secondary review on rates prior to publication
- Serve as evaluator as needed on segments of RFP
- Compute or serve as secondary review for the PCORI fees
- Participate in discussions, reviews, and modifications related to rules and Summary Plan Document, advise, or provide suggestions
- Team Member review of ESI quarterly reports regarding potential patterns of fraud, waste, and abuse and follow up as necessary
- Review significant year-end adjusting entries, i.e. material payables, IBNR
- Review or consult in tax issues, such as Health Savings Accounts or other tax related areas
- Facilitate Sunshine request responses

HIPAA Risk Assessment\Audit (Compliance)

11% of total budgeted hours

Review audit logs and test for employee access to electronic PHI.

Facilitate internal HIPAA risk analysis and audit; review MCHCP policies and collaborate on written procedures as it relates to the HIPAA privacy and security rules.

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Medical Claims Audit/Pharmacy Claims Audit (Operations\Compliance based reviews) **7% of total budgeted hours**
Facilitate medical claims audit of Aetna and ESI for claims paid in CY2018.

Executive Management Reviews (Operations/Compliance) **4% total budgeted hours**
Audit or review unanticipated, unforeseen, or emerging issues and concerns. This provides flexibility in the budget to respond to issues requested by Executive Management, the Board, or Audit and Budget Committee.

Review random sample of operations invoices; review member data entries to ensure accuracy.

Eligibility Data Match **5% of total budgeted hours**
Perform data match of social security numbers between MCHCP data and third party administrator medical plan members to ensure integrity of eligibility.

Claims Audit Schedule

2018	Audit period		Audit status		Previous audit period
Express Scripts	CY2016		Nearing completion		CY2013
Aetna	CY2016		Nearing completion		1 st Q CY2016 (platform transition review)
Coventry closeout	CY2016		Nearing completion		CY2013

Proposed Four Year Audit Plan for Claims Audits:

TPA	Proposed audit Period		Tentative audit start date		Previous audit period
UMR	CY2018		2nd Q CY2019		CY2014 and CY2015
Aetna	CY2019		2nd Q CY2020		CY2016
Express Scripts	CY2019		2nd Q CY2020		CY2016
Medical statewide	CY2021		2nd Q CY2022		CY2018