## State of West Virginia Offices of the Insurance Commissioner

# REQUEST FOR QUOTATION INS13019

#### TO CONDUCT STATUTORY FINANCIAL EXAMINATION OF:

Health Plan of the Upper Ohio Valley and THP Insurance Company

**BID OPENING DATE:** March 6, 2013 **BID OPENING TIME:** 1:30 p.m.

## REQUEST FOR QUOTATION INS13019

### TO CONDUCT STATUTORY FINANCIAL EXAMINATION OF: HEALTH PLAN OF THE UPPER OHIO VALLEY and THP INSURANCE COMPANY

#### **Project:**

The West Virginia Department of Tax and Revenue, Offices of the Insurance Commissioner ("OIC"/"State"), is soliciting bid quotations to provide training for department examination staff while performing financial examinations of insurance companies in the State of West Virginia, in compliance with West Virginia Code §33-2-9 and in accordance with the procedures established by the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiner's Handbook ("Handbook").

The mission or purpose of the project is to contract a firm ("Vendor") to draft a formal report of examination that contains findings, conclusions and recommendations for corrective or regulatory action, and a description of issues of non-compliance with West Virginia's statutes, regulations, filing requirements and administrative procedures for:

Companies' Name Health Plan of the Upper Ohio Valley and THP

Insurance Company

Company Type HPUOV – HMO THP - Life

**NAIC Company Code(s)** 95677/60016

Exam Period 01/01/09 – 12/31/12
Principal Place of Business St. Clairsville, OH
Expected Exam Start Date May 1, 2013
Estimated Exam End Date September, 2013

#### "Qualified Vendor" defined:

Any Vendor submitting a quotation under this procurement must meet or exceed the minimum qualification set for in this RFQ. Those quotations not meeting the mandatory specifications will be eliminated. Vendor qualifications and expectations are as follows:

#### **General Requirements:**

The following will be considered the minimum content of the Vendor's quotation:

- A. A statement of the objectives, goals and tasks to show or demonstrate the Vendor's view of the nature of the agreement.
- B. The Vendor shall provide a description of the deliverables and the time frame for delivery.
- C. An outline of the Vendor's background and experience with documentation outlining similar services provided for other regulatory jurisdictions during the past three years and provide the name, address and telephone number of three current references familiar with such services. The Vendor must provide a list of personnel who will participate in the project, detailing their training and work experience with financial examinations. The Vendor must

have the ability to provide a Certified Financial Examiner, who has performed using the risk focused approach to function in the capacity of Examiner-in-Charge (EIC). The OIC reserves the right to reject any proposed EIC. In this event, the Vendor will be required to provide another EIC who is acceptable to the OIC within five (5) working days. The EIC must have a minimum of eight (8) years of insurance company financial examination experience. Staff assistants must have a minimum of two years of insurance experience for all accounting and/or auditing functions. For the proposed EIC, the Vendor must furnish proof of current certification and documentation of recent experience using the Handbook and Teammate. No change in personnel assigned to the examination will be permitted without the written approval of the Chief Financial Examiner, or her designee.

- D. A detailed work plan that will identify the major tasks to be accomplished and be used as a scheduling and managing tool, as well as the basis for invoicing.
- E. <u>Vendor's Cost Quotation</u> A schedule of fees for each level of prospective participant on an examination as well as expenses within rules and rates established by the GSA (travel, lodging, etc.) based upon staffing levels, hours and rates for each phase of the examination. Please refer to <a href="http://www.gsa.gov/portal/category/21287">http://www.gsa.gov/portal/category/21287</a>.

#### Scope of Work:

The Vendor awarded the contract as a result of this RFQ shall provide, at a minimum, the following services for completing a financial examination:

- A. Prepare and issue an examination planning memorandum in accordance with the NAIC Handbook. The memorandum must have the approval of the Chief Financial Examiner or her designee in order to continue with the examination process.
- B. Prepare and issue a budget of the estimated time to complete identified examination procedures identified within the planning process. The Vendor's time budget must have the approval of the Chief Financial Examiner in order to continue with the examination process. The Vendor must keep records of budget variances with explanations. Any budget or cost variance will require prior written approval by the Chief Financial Examiner.
- C. Coordinate work of examination team members in accordance with pre-established guidelines.
- D. Perform any agreed upon examination procedures as outlined within the planning process and planning memorandum.
- E. Document examination procedures performed and any findings within the examination work papers. Ascertain that procedures followed are those contained in the NAIC Handbook, or approved by the Chief Financial Examiner or her designee.
- F. Draft a formal Report of Examination that contains the findings, conclusions, and recommendations of the examination team to be presented to the OIC no later than forty-five (45) days following the completion of the field work.
- G. Perform follow up procedures identified by the Chief Financial Examiner or her designee.
- H. Other tasks as assigned or appropriate under the circumstances, including, but not limited to, training of department financial examiners assisting on the examination.

Additionally, the Vendor shall be required to provide on the job training assistance to the West Virginia examiner trainee(s) in the development of job skills for the following:

- A. Develop comprehensive examination planning procedures in accordance with the NAIC Handbook.
- B. Develop an understanding of the companies while performing a risk-focused examination approach.
- C. Identifying examination procedures to be performed using the specific risk-focused approach.
- D. Developing essential work paper documentation criteria.
- E. Developing a working knowledge of Teammate software.
- F. Developing a working knowledge of ACL audit software, if applicable.
- G. Examination Report writing and preparation.

The EIC provided by the Vendor will have full responsibility for the examination, including planning, assignment and supervision of staff; execution of the examination; conducting status meetings with company management; preparing mandatory bi-weekly status reports on the progress of the examination; and the preparation of the final Report of Examination.

The Vendor will provide the Chief Financial Examiner with written status reports on a <u>bi-weekly basis</u>, and a report of findings within the time frame as specified in the agreement.

Upon completion of the examination field work and submission of the Report of Examination, the Vendor will deliver to the Financial Conditions Division a complete set of original electronic work papers prepared in the format required by the policies and standards of the "Handbook" and the State. Work papers are the property of the State and will be retained by the Financial Conditions Division.

NO changes in scope are to occur, except at the approval of the OIC.

#### **Bid Amount:**

The amount of the bid submitted by each potential vendor shall be for all services rendered. It is anticipated the financial examination conducted for the aforementioned company may require the use of a specialist in the area of actuarial, computer, reinsurance or investment services. This bid shall be the same regardless of which partner or member performs the services and shall be sufficient to cover any and all incidental expenses. Any out-of-pocket travel expenses shall be billed in accordance with the State of West Virginia's Travel Rules, as described by the Travel Management Unit, Purchasing Division. Please refer to <a href="http://www.gsa.gov/portal/category/21287">http://www.gsa.gov/portal/category/21287</a>

#### Inquiries:

Inquiries regarding specifications of this RFQ must be submitted in writing to the contact named below with the exception of questions regarding the bid submission which may be oral. The deadline for written inquiries is February 20, 2013 @ 1:30 p.m. All inquiries must be addressed to:

Vickie Marcum, Administrative Support Manager WV Offices of the Insurance Commissioner 1124 Smith Street P.O. Box 50543 Charleston, WV 25305

Fax: (304) 558-4967

Email: Vickie.marcum@wvinsurance.gov

**No contact between the Vendor and the Agency is permitted.** Violation may result in rejection of the bid. The individual named above is the sole contact for any and all inquiries after this RFQ has been released.

#### Schedule of Events:

Vendor's Written Questions Submission Deadline	02/20/13
Addendum Issued	02/22/13
Bid Opening Date	03/06/13
Anticipated Notification of Award	03/13/13

#### **Bid Submission:**

Vendors responding to this RFQ should submit their bids to:

Vickie Marcum, Administrative Support Manager WV Offices of the Insurance Commissioner 1124 Smith Street Charleston, WV 25301

The outside of the envelope or package(s) should be clearly marked:

RFQ#: INS13019
Opening Date: March 6, 2013
Opening Time: 1:30 PM

#### **Governing Law:**

The Vendor agrees that this agreement shall be governed by the laws of the State of West Virginia. The Vendor further agrees to comply with the Civil Rights Act of 1964 and all other applicable Federal, State and Local Government regulations.

#### **Record Retention (Access & Confidentiality):**

Vendor shall comply with all applicable Federal and State of West Virginia rules and regulations, and requirements governing the maintenance of documentation to verify any cost of services or commodities rendered under this agreement by Vendor. The Vendor shall maintain such records a minimum of five (5) years and make available all records to the State's personnel at Vendor's location during normal business hours upon written request by the State within ten (10) days after receipt of the request.

Vendor shall have access to private and confidential data maintained by the State to the extent required for Vendor to carry out the duties and responsibilities defined in this agreement. Vendor

agrees to maintain confidentiality and security of the data made available and shall indemnify and hold harmless the State against any and all claims brought by any party attributed to actions of breach of confidentiality by the Vendor, subcontractors, or individuals permitted access by Vendor.

#### **Required Information:**

The OIC reserves the right to request any additional information at any time during the bid process prior to their recommendation of award notification.

- Responding Vendors shall include the following information with their bid quotation submittal:
  - (a) Name and address of the Vendor submitting the quotation, along with the federal employer identification number (FEIN) of the Vendor.
  - (b) Date of registration to do business in the State of West Virginia.

\*A Vendor's failure to provide complete and accurate information may be considered grounds for disqualification. **Nothing may be added to alter the submitted bid.** 

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Vendor Address:									
Contact:									
Email:									
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Health Plan of the Upper Ohio Valley			Financial Examiner Expenses		Actuarial Expenses	IT Expe	nses		
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THP Insurance Company			Financial Examiner Expenses		Actuarial Expenses	IT Expe	nses		
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GRAND TOTAL FO	R BOTH	CC	MPANIES	\$_					
*Upon completion of this requirements specified in						company ("Ve	ndor") d	loes meet	all mandatory

(DATE)

(AUTHORIZED SIGNATURE)