

**STATE OF MINNESOTA  
PROFESSIONAL AND TECHNICAL SERVICES CONTRACT**

This contract is between the State of Minnesota, acting through its Commissioner of Commerce ("State") and Jonathan Gruber Ph.D., 83 Pleasant St., Lexington, MA 02421 ("Contractor").

**Recitals**

1. Under Minnesota Statute § 15.061 the State is empowered to engage such assistance as deemed necessary.
2. The State is in need of economic microsimulation analyses to determine the potential impact of the federal Patient Protection and Affordable Care Act (ACA) on the state of Minnesota with respect to federal requirements and policy options available to Minnesota in the context of developing a Health Insurance Exchange.
3. The Contractor represents that it is duly qualified and agrees to perform all services described in this contract to the satisfaction of the State.

**Contract**

**1 Term of Contract**

- 1.1 **Effective date:** March 8th, 2011, or the date the State obtains all required signatures under Minnesota Statutes Section 16C.05, subdivision 2, whichever is later.

**The Contractor must not begin work under this contract until this contract is fully executed and the Contractor has been notified by the State's Authorized Representative to begin the work.**

- 1.2 **Expiration date:** March 7th, 2012, with an option to extend up to one additional year in increments determined by the State, or until all obligations have been satisfactorily fulfilled, whichever occurs first.

- 1.3 **Survival of Terms.** The following clauses survive the expiration or cancellation of this contract: 8. Indemnification; 9. State Audits; 10. Government Data Practices and Intellectual Property; 14. Publicity and Endorsement; 15. Governing Law, Jurisdiction, and Venue; and 16. Data Disclosure.

**2 Contractor's Duties**

The Contractor, who is not a state employee, will:

Perform the tasks and deliverables specified in Exhibit B, which is attached and incorporated in this contract.

Participate in a one-day kick-off meeting with staff from the Minnesota Departments of Commerce (MDOC) and Health (MDH) to discuss contract tasks, data availability, model assumptions, deliverables and sensitivity analyses to be performed as part of the contract, coordination among contractors, and other aspects relevant to the timely and successful completion of the contract work. The meeting will be held via video-conference technology and will be organized and facilitated by MDOC and MDH staff.

At the direction of MDOC and MDH, participate in an in-person meeting with MDOC, MDH and/or stakeholders to discuss the Gruber Microsimulation Model (GMSIM), including model assumptions, their adjustment to Minnesota market conditions, and sensitivity analyses and modeling results.

In consultation with MDH and, if necessary others identified by MDOC and MDH, utilize Minnesota-specific data available for economic microsimulation, including, but not limited to, population demographic and health insurance coverage data from Minnesota household telephone surveys; wage record data from the state's unemployment insurance system; data on health plan benefits, enrollment, claims, and premiums from MDH's multiple rounds of individual and group market health plan surveys; data describing the distribution, health benefits, payment rates and health risk of Minnesota's public program and high-risk pool population; and actual and projected data on Minnesota health care spending.

Integrate all relevant Minnesota-specific data into the GMSIM and, in consultation with MDOC and MDH, refine model assumptions to fit the available data and Minnesota health insurance marketplace (e.g., Minnesota law already prohibits rescission of policies in all cases except of fraud, and dependent group coverage was extended to include young adults through age 25 prior to implementation of the ACA in 2010, etc.).

Develop baseline 2014 estimates of health insurance coverage in Minnesota absent the implementation of provisions scheduled to be effective under the ACA in 2014, including, but not limited to the introduction of tax credits for low income families and small business, the individual coverage requirement, penalties for businesses whose employees get federal tax credits, modified community rating, guaranteed issue, minimal essential benefits, and standardized benefit levels.

With the assistance of estimated premium impact from the State's contract actuary, estimate the independent *and* combined effects of policy options identified in Exhibit A, which is attached and incorporated into this contract, with respect to the number of people affected, by type of coverage and degree of participation in the Exchange; cost impact on individuals, employers, public programs and the state; the impact on uninsured Minnesotans, by demographic characteristics; impact on employer-based insurance coverage, by firm size, including that provided through self-insured plans; and impact on tax revenues.

The Contractor will take the lead on preparing a report to MDOC summarizing and detailing the policy options considered and their estimated impact. The State's contract actuary will provide support and assistance to the Contractor, which may include drafting sections of the report and writing portions of the technical appendix summarizing the data, methods, and assumptions used in evaluating the impact ACA requirements and policy options considered. In consultation with MDOC and MDH, the Contractor will also provide an Excel spreadsheet that allows estimating the independent effects of relevant policy options.

**In performing this work, the contractor may have access to data that is classified as non-public under Minnesota Chapters 13 (Minnesota Government Data Practices Act). The Contractor agrees to protect the non-public data from intentional and accidental disclosure by restricting access to such data to project staff who have a valid business need under the contract to use the data; by securing the data with appropriate physical security and computer passwords; by providing training to staff and subcontractors on the proper data practices; and by limiting data exchanges and encrypting data when data exchanges occur. All data must be destroyed at the termination of the contract.**

Participate in bi-weekly conference call updates or, at the discretion of the State, provide updates as bi-weekly email reports. Outside of bi-weekly updates, monitor project progress on an ongoing basis. In the event that substantive issues are encountered, or problems occur affecting schedules or milestone events that could be expected to affect cost or performance, the Contractor shall be obligated to provide timely notice concerning the nature of the problem and the potential impact upon the cost or performance. Thereafter, the parties shall be obligated to evaluate alternative resolutions in a timely manner and agree upon a course of action that delivers the overall goals and objectives of the study within the resources available.

### 3 Time

The Contractor must comply with all the time requirements described in this contract. In the performance of this contract, time is of the essence.

### 4 Consideration and Payment

4.1 **Consideration.** The State will pay for all services performed by the Contractor under this contract as follows:

- (A) **Compensation.** The Contractor will be paid according to the schedule in Exhibit B. Payment will be made upon the satisfactory completion of the reports and other deliverables identified in Exhibit B. Payment under the schedule in Exhibit B shall be in the amount not to exceed Two hundred and twenty nine thousand dollars (\$229,000).
- (B) **Total Obligation.** The total obligation of the State for all compensation and reimbursements to the Contractor under this contract will not exceed Two hundred and twenty nine thousand dollars (\$229,000).

**4.2. Payment.**

- (A) **Invoices.** The State will promptly pay the Contractor after the Contractor presents an itemized invoice for the services actually performed and the State's Authorized Representative accepts the invoiced services. Invoices must be submitted timely and according to the schedule established in Exhibit B.
- (B) **Retainage.** Under Minnesota Statutes Section 16C.08, subdivision 5(b), no more than 90% of the amount due under this contract may be paid until the final product of this contract has been reviewed by the State's agency head. The balance due will be paid when the State's agency head determines that the Contractor has satisfactorily fulfilled all the terms of this contract.
- (C) **Federal funds.** Payments under this contract will be made from federal funds obtained by the State through Title: "Limited Competition for State Planning and Establishment Grants," CFDA number 93.525 of the Patient Protection and Affordable Care Act of 2010. The Contractor is responsible for compliance with all federal requirements imposed on these funds and accepts full financial responsibility for any requirements imposed by the Contractor's failure to comply with federal requirements.

**5 Conditions of Payment**

All services provided by the Contractor under this contract must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations including business registration requirements of the Office of the Secretary of State. The Contractor will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law.

**6 Authorized Representatives**

The State's Authorized Representative is April Todd-Malmlov, Health Insurance Exchange Director, Department of Commerce, 85 E. Seventh Place, Suite 500, Saint Paul, MN 55101 (651-201-3561), or her successor, and has the responsibility to monitor the Contractor's performance and the authority to accept the services provided under this contract. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

The Contractor's Authorized Representative is Jonathan Gruber, Ph.D., 83 Pleasant St., Lexington, MA 02421 (781-862-0112), or his successor. If the Contractor's Authorized Representative changes at any time during this contract, the Contractor must immediately notify the State.

**7 Assignment, Amendments, Waiver, and Contract Complete**

- 7.1 **Assignment.** The Contractor may neither assign nor transfer any rights or obligations under this contract without the prior consent of the State and a fully executed Assignment Agreement, executed and approved by the same parties who executed and approved this contract, or their successors in office.
- 7.2 **Amendments.** Any amendment to this contract must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original contract, or their successors in office.
- 7.3 **Waiver.** If the State fails to enforce any provision of this contract, that failure does not waive the provision or its right to enforce it.
- 7.4 **Contract Complete.** This contract contains all negotiations and agreements between the State and the Contractor. No other understanding regarding this contract, whether written or oral, may be used to bind either party.

**8 Indemnification**

In the performance of this contract by Contractor, or Contractor's agents or employees, the contractor must indemnify, save, and hold harmless the State, its agents, and employees, from any claims or causes of action, including attorney's fees incurred by the state, to the extent caused by Contractor's:

- 1) Intentional, willful, or negligent acts or omissions; or

- 2) Actions that give rise to strict liability; or
- 3) Breach of contract or warranty.

The indemnification obligations of this section do not apply in the event the claim or cause of action is the result of the State's sole negligence. This clause will not be construed to bar any legal remedies the Contractor may have for the State's failure to fulfill its obligation under this contract.

## 9 State Audits

Under Minnesota Statute § 16C.05, subdivision 5, the Contractor's books, records, documents, and accounting procedures and practices relevant to this contract are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this contract.

## 10 Government Data Practices and Intellectual Property

10.1. **Government Data Practices.** The Contractor and State must comply with the Minnesota Government Data Practices Act, Minnesota Statute Ch. 13, (or, if the State contracting party is part of the judicial branch, with the Rules of Public Access to Records of the Judicial Branch promulgated by the Minnesota Supreme Court as the same may be amended from time to time) as it applies to all data provided by the State under this contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Contractor under this contract. The civil remedies of Minnesota Statute § 13.08 apply to the release of the data governed by the Minnesota Government Practices Act, Minnesota Statute Ch. 13, by either the Contractor or the State.

If the Contractor receives a request to release the data referred to in this Clause, the Contractor must immediately notify the State, and consult with the agency as to how the Contractor should respond to the request. The Contractor's response to the request shall comply with applicable law.

### 10.2. *Intellectual Property Rights.*

(A) **Intellectual Property Rights.** The State owns all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the Works and Documents *created and paid for under this contract*. Works means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the Contractor, its employees, agents, and subcontractors, either individually or jointly with others in the performance of this contract. Works includes "Documents." Documents are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the Contractor, its employees, agents, or subcontractors, in the performance of this contract. The Documents will be the exclusive property of the State and all such Documents must be immediately returned to the State by the Contractor upon completion or cancellation of this contract. To the extent possible, those Works eligible for copyright protection under the United States Copyright Act will be deemed to be "works made for hire." The Contractor assigns all right, title, and interest it may have in the Works and the Documents to the State. The Contractor must, at the request of the State, execute all papers and perform all other acts necessary to transfer or record the State's ownership interest in the Works and Documents.

### (B) *Obligations*

(1) **Notification.** Whenever any invention, improvement, or discovery (whether or not patentable) is made or conceived for the first time or actually or constructively reduced to practice by the Contractor, including its employees and subcontractors, in the performance of this contract, the Contractor will immediately give the State's Authorized Representative written notice thereof, and must promptly furnish the Authorized Representative with complete information and/or disclosure thereon.

- (2) *Representation.* The Contractor must perform all acts, and take all steps necessary to ensure that all intellectual property rights in the Works and Documents are the sole property of the State, and that neither Contractor nor its employees, agents, or subcontractors retain any interest in and to the Works and Documents. The Contractor represents and warrants that the Works and Documents do not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding Clause 8, the Contractor will indemnify; defend, to the extent permitted

by the Attorney General; and hold harmless the State, at the Contractor's expense, from any action or claim brought against the State to the extent that it is based on a claim that all or part of the Works or Documents infringe upon the intellectual property rights of others. The Contractor will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the Contractor's or the State's opinion is likely to arise, the Contractor must, at the State's discretion, either procure for the State the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing Works or Documents as necessary and appropriate to obviate the infringement claim. This remedy of the State will be in addition to and not exclusive of other remedies provided by law.

## 11 Workers' Compensation and Other Insurance

11.1 Contractor shall not commence work under the contract until they have obtained all the insurance described below and the State of Minnesota has approved such insurance. Contractor shall maintain such insurance in force and effect throughout the term of the contract.

11.2 Contractor is required to maintain and furnish satisfactory evidence of the following insurance policies:

- A. **Workers' Compensation Insurance:** Except as provided below, Contractor must provide Workers' Compensation insurance for all its employees and, in case any work is subcontracted, Contractor will require the subcontractor to provide Workers' Compensation insurance in accordance with the statutory requirements of the State of Minnesota, including Coverage B, Employer's Liability. Insurance **minimum** limits are as follows:

\$100,000 – Bodily Injury by Disease per employee  
 \$500,000 – Bodily Injury by Disease aggregate  
 \$100,000 – Bodily Injury by Accident

If Minnesota Statute 176.041 exempts Contractor from Workers' Compensation insurance or if the Contractor has no employees in the State of Minnesota, Contractor must provide a written statement, signed by an authorized representative, indicating the qualifying exemption that excludes Contractor from the Minnesota Workers' Compensation requirements.

If during the course of the contract the Contractor becomes eligible for Workers' Compensation, the Contractor must comply with the Workers' Compensation Insurance requirements herein and provide the State of Minnesota with a certificate of insurance.

- B. **Commercial General Liability Insurance:** Contractor is required to maintain insurance protecting it from claims for damages for bodily injury, including sickness or disease, death, and for care and loss of services as well as from claims for property damage, including loss of use which may arise from operations under the Contract whether the operations are by the Contractor or by a subcontractor or by anyone directly or indirectly employed by the Contractor under the contract. Insurance **minimum** limits are as follows:

\$1,000,000 – per occurrence  
 \$1,000,000 – annual aggregate  
 \$1,000,000 – annual aggregate – Products/Completed Operations

The following coverages shall be included:

Premises and Operations Bodily Injury and Property Damage  
Personal and Advertising Injury  
Blanket Contractual Liability  
Products and Completed Operations Liability

Other; if applicable, please list \_\_\_\_\_  
State of Minnesota named as an Additional Insured

**C. Professional/Technical, Errors and Omissions, and/or Miscellaneous Liability Insurance**

This policy will provide coverage for all claims the contractor may become legally obligated to pay resulting from any actual or alleged negligent act, error, or omission related to Contractor's professional services required under the contract.

Contractor is required to carry the following **minimum** limits:

\$1,000,000 – per claim or event  
\$1,000,000 – annual aggregate

Any deductible will be the sole responsibility of the Contractor and may not exceed \$50,000 without the written approval of the State. If the Contractor desires authority from the State to have a deductible in a higher amount, the Contractor shall so request in writing, specifying the amount of the desired deductible and providing financial documentation by submitting the most current audited financial statements so that the State can ascertain the ability of the Contractor to cover the deductible from its own resources.

The retroactive or prior acts date of such coverage shall not be after the effective date of this Contract and Contractor shall maintain such insurance for a period of at least three (3) years, following completion of the work. If such insurance is discontinued, extended reporting period coverage must be obtained by Contractor to fulfill this requirement.

**11.3 Additional Insurance Conditions:**

- Contractor's policy(ies) shall be primary insurance to any other valid and collectible insurance available to the State of Minnesota with respect to any claim arising out of Contractor's performance under this contract;
- Contractor's policy(ies) and Certificate(s) of Insurance shall contain a provision that coverage afforded under the policy(ies) shall not be cancelled without at least thirty (30) days advanced written notice to the State of Minnesota;
- Contractor is responsible for payment of Contract related insurance premiums and deductibles;
- If Contractor is self-insured, a Certificate of Self-Insurance must be attached;
- Contractor's policy(ies) shall include legal defense fees in addition to its liability policy limits, with the exception of B.4 above;
- Contractor shall obtain insurance policy(ies) from insurance company(ies) having an "AM BEST" rating of A- (minus); Financial Size Category (FSC) VII or better, and authorized to do business in the State of Minnesota; and

- An Umbrella or Excess Liability insurance policy may be used to supplement the Contractor's policy limits to satisfy the full policy limits required by the Contract.

11.4 The State reserves the right to immediately terminate the contract if the contractor is not in compliance with the insurance requirements and retains all rights to pursue any legal remedies against the contractor. All insurance policies must be open to inspection by the State, and copies of policies must be submitted to the State's authorized representative upon written request.

11.5 The successful responder is required to submit Certificates of Insurance acceptable to the State of MN as evidence of insurance coverage requirements prior to commencing work under the contract.

## 12 Debarment by State, its Departments, Commissions, Agencies or Political Subdivisions

Contractor certifies that neither it nor its principles is presently debarred or suspended by the State, or any of its departments, commissions, agencies, or political subdivisions. Contractor's certification is a material representation upon which the contract award was based. Contractor shall provide immediate written notice to the State's authorized representative if at any time it learns that this certification was erroneous when submitted or becomes erroneous by reason of changed circumstances.

## 13 Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion

Federal money will be used or may potentially be used to pay for all or part of the work under the contract, therefore Contractor certifies that it is in compliance with federal requirements on debarment, suspension, ineligibility and voluntary exclusion specified in the solicitation document implementing Executive Order 12549. Contractor's certification is a material representation upon which the contract award was based.

13.1 The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

13.2 Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

## 14 Publicity and Endorsement

14.1 **Publicity.** Any publicity regarding the subject matter of this contract must identify the State as the sponsoring agency and must not be released without prior written approval from the State's Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Contractor individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this contract.

14.2 **Endorsement.** The Contractor must not claim that the State endorses its products or services.

## 15 Governing Law, Jurisdiction, and Venue

Minnesota law, without regard to its choice-of-law provisions, governs this contract. Venue for all legal proceedings out of this contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

## 16 Data Disclosure

Under Minnesota Statute § 270C.65, Subdivision 3 and other applicable law, the Contractor consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and

state laws which could result in action requiring the Contractor to file state tax returns, pay delinquent state tax liabilities, if any, or pay other state liabilities.

**17 Payment to Subcontractors**

(If applicable) As required by Minnesota Statute § 16A.1245, the prime contractor must pay all subcontractors, less any retainage, within 10 calendar days of the prime contractor's receipt of payment from the State for undisputed services provided by the subcontractor(s) and must pay interest at the rate of one and one-half percent per month or any part of a month to the subcontractor(s) on any undisputed amount not paid on time to the subcontractor(s).

**18 Termination**

18.1 *Termination by the State.* The State or commissioner of Administration may cancel this contract at any time, with or without cause, upon 30 days' written notice to the Contractor. Upon termination, the Contractor will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

18.2 *Termination for Insufficient Funding.* The State may immediately terminate this contract if it does not obtain funding from the Minnesota Legislature, or other funding source; or if funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Contractor. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Contractor will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the contract is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State must provide the Contractor notice of the lack of funding within a reasonable time of the State's receiving that notice.

**19 Minnesota Statute § 181.59**

The vendor will comply with the provisions of Minnesota Statute § 181.59 which requires:

Every contract for or on behalf of the state of Minnesota, or any county, city, town, township, school, school district, or any other district in the state, for materials, supplies, or construction shall contain provisions by which the contractor agrees: (1) That, in the hiring of common or skilled labor for the performance of any work under any contract, or any subcontract, no contractor, material supplier, or vendor, shall, by reason of race, creed, or color, discriminate against the person or persons who are citizens of the United States or resident aliens who are qualified and available to perform the work to which the employment relates; (2) That no contractor, material supplier, or vendor, shall, in any manner, discriminate against, or intimidate, or prevent the employment of any person or persons identified in clause (1) of this section, or on being hired, prevent, or conspire to prevent, the person or persons from the performance of work under any contract on account of race, creed, or color; (3) That a violation of this section is a misdemeanor; and (4) That this contract may be canceled or terminated by the state, county, city, town, school board, or any other person authorized to grant the contracts for employment, and all money due, or to become due under the contract, may be forfeited for a second or any subsequent violation of the terms or conditions of this contract.

**20 Affirmative Action Requirements for Contracts in Excess of \$100,000 and if the Contractor has More than 40 Full-time Employees in Minnesota or its Principal Place of Business**

The State intends to carry out its responsibility for requiring affirmative action by its Contractors.

20.1 *Covered Contracts and Contractors.* If the Contract exceeds \$100,000 and the contractor employed more than 40 full-time employees on a single working day during the previous 12 months in Minnesota or in the state where it has its principle place of business, then the Contractor must comply with the requirements of Minnesota Statute § 363A.36 and Minnesota Rule Parts 5000.3400-5000.3600. A contractor covered by Minnesota Statute § 363A.36 because it employed more than 40 full-time employees in another state and does not have a certificate of compliance, must certify that it is in compliance with federal affirmative action requirements.

20.2 *Minnesota Statute § 363A.36.* Minnesota Statute § 363A.36 requires the Contractor to have an affirmative action plan for the employment of minority persons, women, and qualified disabled individuals approved by the Minnesota Commissioner of Human Rights ("Commissioner") as indicated by a certificate of compliance. The law addresses suspension or revocation of a certificate of compliance and contract consequences in that event. A contract awarded without a certificate of compliance may be voided.

20.3 *Minnesota Rule 5000.3400-5000.3600.*

(A) *General.* Minnesota Rule 5000.3400-5000.3600 implement Minnesota Statute § 363A.36. These rules include, but are not limited to, criteria for contents, approval, and implementation of affirmative action plans; procedures for issuing certificates of compliance and criteria for determining a contractor's compliance status; procedures for addressing deficiencies, sanctions, and notice and hearing; annual compliance reports; procedures for compliance review; and contract consequences for non-compliance. The specific criteria for approval or rejection of an affirmative action plan are contained in various provisions of Minnesota Rule 5000.3400-5000.3600 including, but not limited to, parts 5000.3420-5000.3500 and 5000.3552-5000.3559.

(B) *Disabled Workers.* The Contractor must comply with the following affirmative action requirements for disabled workers.

(1) The Contractor must not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled persons without discrimination based upon their physical or mental disability in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

(2) The Contractor agrees to comply with the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

(3) In the event of the Contractor's noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with Minnesota Statutes Section 363A.36, and the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

(4) The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the commissioner of the Minnesota Department of Human Rights. Such notices must state the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified disabled employees and applicants for employment, and the rights of applicants and employees.

(5) The Contractor must notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the contractor is bound by the terms of Minnesota Statutes Section 363A.36, of the Minnesota Human Rights Act and is committed to take affirmative action to employ and advance in employment physically and mentally disabled persons.

(C) *Consequences.* The consequences for the Contractor's failure to implement its affirmative action plan or make a good faith effort to do so include, but are not limited to, suspension or revocation of a certificate of compliance by the Commissioner, refusal by the Commissioner to approve subsequent plans, and termination of all or part of this contract by the Commissioner or the State.

(D) *Certification.* The Contractor hereby certifies that it is in compliance with the requirements of Minnesota Statute § 363A.36 and Minnesota Rule 5000.3400-5000.3600 and is aware of the consequences for noncompliance.

**21 Foreign Outsourcing**

Contractor agrees that the disclosures and certifications made in its Location of Service Disclosure and Certification Form submitted with its proposal are true, accurate and incorporated into this contract by reference.

**22 Employee Status**

By order of the Governor's Executive Order 08-01, if this contract, including any extension options, is or could be in excess of \$50,000, Contractor certifies that it and its subcontractors:

22.1 Comply with the Immigration Reform and Control Act of 1986 (U.S.C. 1101 et. seq.) in relation to all employees performing work in the United States and do not knowingly employ persons in violation of the United States' immigrations laws; and

22.2 By the date of the performance of services under this contract, Contractor and all its subcontractors have implemented or are in the process of implementing the *E-Verify* program for all newly hired employees in the United States who will perform work on behalf of the State of Minnesota.

Contractor shall obtain certifications of compliance with this section from all subcontractors who will participate in the performance of this contract. Subcontractor certifications shall be maintained by Contractor and made available to the state upon request. If Contractor or its subcontractors are not in compliance with 1 or 2 above or have not begun or implemented the *E-Verify* program for all newly hired employees performing work under the contract, the state reserves the right to determine what action it may take including but not limited to, cancelling the contract and/or suspending or debarring the contractor from state purchasing.

**1. STATE ENCUMBRANCE VERIFICATION**

*Individual certifies that funds have been encumbered as required by Minnesota Statute §§ 16A.15 and 16C.05.*

Signed: Jennifer Hamilton

Date: 3/14/11

CFMS Contract No. A- B54298

**2. CONTRACTOR**

The Contractor certifies that the appropriate person(s) have executed the contract on behalf of the Contractor as required by applicable articles, bylaws, resolutions, or ordinances.

By: Jessie Miller

Title: Consultant

Date: 3/16/11

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**3. STATE AGENCY**

By: [Signature]  
(with delegated authority)

Title: Health Insurance Exchange Director

Date: 3-21-2011

**4. COMMISSIONER OF ADMINISTRATION**

As delegated to Materials Management Division

By: [Signature]

Title: Contracts Manager

Date: 3/21/11

By: \_\_\_\_\_

Date: \_\_\_\_\_

Distribution:

Agency

Contractor

State's Authorized Representative - Photo Copy

## **Exhibit A**

### **ACA Requirements and State Policy Options to be Modeled through Economic Simulation and Actuarial Modeling**

The federal Patient Protection and Affordable Care Act (ACA) enacted in March of 2010, makes changes to health insurance markets in States, including by establishing Health Insurance Benefit Exchanges (Exchanges). These Exchanges will facilitate the comparison, choice, enrollment, and purchase of coverage for individuals, employees of small employers through defined contribution, and those eligible for Medicaid. The ACA establishes some parameters as requirements and gives States flexibility around policy options for the implementation of Exchanges.

The Contractor shall model the enrollment, risk distribution, coverage, premium and cost impacts of the following changes to the health insurance market in consultation and collaboration with the State's contract actuary:

#### **Issue and Rating Provisions**

Assess the impact of moving from Minnesota's current rating environment to what will be allowed in 2014, which includes guarantee issue and age rating within a 3 to 1 band, smoking surcharges up to 50%, and geography adjustments. Provide MN with a distribution of rate changes and enrollment for the Individual and Small Group Markets. Provide sensitivity analysis on the impact of grandfather status.

#### **Benefit Provisions**

Using estimates of actuarial values in existing markets, estimate the impact to each market resulting from provisions requiring a range of standardized benefit products and the introduction of an essential benefit set. Perform sensitivity analysis for the essential benefit set and potential fiscal cost for existing state mandated benefits.

#### **Individual and Employer Responsibilities**

Determine the impact of the individual coverage requirement and penalties to hold insurance coverage and other mechanisms to entice enrollment. Determine the directional impact of the free-choice voucher and employer penalty associated with employees obtaining subsidized coverage in the Exchange.

#### **Implementing Exchange Tax Subsidies**

Estimate the impact of Exchange Tax Subsidies on the Individual and Small Group Markets. Perform sensitivity analysis of potential subsidy modifications.

#### **Merging the High Risk Pool with the Individual Market**

Assess the impact on the Individual Market of merging Minnesota's High Risk Pool with the Individual Market.

#### **Merging Markets**

Estimate the impact of merging various markets, including the impact of newly enrolled uninsured individuals, such as:

- Small Group (1 to 50) with the Individual Market
- Small Group (1 to 100) with the Individual Market
- Small Group (1 to 50) with the Individual Market (including High Risk Pool)
- Small Group (1 to 100) with the Individual Market (including High Risk Pool)

**Establishing Basic Health Program**

Assess the enrollment, risk distribution, premium and cost impact of Minnesota implementing a Basic Health Plan. In assessing the impact, conduct comparisons to MinnesotaCare and consider the effect permitting people under current eligibility income range to purchase private subsidized coverage through the Exchange.

**Reinsurance, Risk Adjustment, Risk Corridor Programs**

Provide guidance and directional information on how these programs may impact the Exchange and coverage by those eligible to enroll through it, including the magnitude of risk adjustment needed to address risk distribution among health plan products.

**Employer Groups Eligible to Purchase Coverage through the Exchange**

Estimate the impact of: a) limiting the ability to purchase coverage through the Exchange to individuals and employer groups with up to 50 employees until 2016; and b) extending the ability to purchase coverage through the Exchange in 2017 to employer groups with more than 100 employees.

**Wellness Discounts**

Provide direction information on the possible impact of health plans granting wellness discounts (30 to 50 percent) to enrollees in the individual market on take-up of coverage, distribution of risk, and premium and cost levels.

## Exhibit B

### Schedule of Project Tasks, Deliverables and Payments

#### Project Tasks

- Task 1: Identify Minnesota-specific data needed for microsimulation.
- Task 2: Integrate Minnesota data into microsimulation model.
- Task 3: Develop baseline coverage estimates for 2014.
- Task 4: Estimate the impact of implementing the ACA.
- Task 5: Prepare final report.

#### Project Deliverables and Due Dates

##### Deliverable A

- Kickoff Meeting On or before April 1<sup>st</sup>, 2011
- Survey Aggregation and Analysis March 8<sup>th</sup> – April 18<sup>th</sup>, 2011

##### Deliverable B

- Basic Health Program Analysis May 13<sup>th</sup>, 2011

##### Deliverable C

- Actuarial Analyses March 21<sup>st</sup> – August 19<sup>th</sup>, 2011
- Economic Modeling March 21<sup>st</sup> – August 19<sup>th</sup>, 2011
- Draft Interim Report September 9<sup>th</sup>, 2011
- Interim Report September 30<sup>th</sup>, 2011

##### Deliverable D

- Final Report November 18<sup>th</sup>, 2011

#### Schedule of Payments (subject to receipt of deliverables)

Payment 1:	April 18 <sup>st</sup> , 2011	\$29,000
Payment 2:	June 1 <sup>st</sup> , 2011	\$75,000
Payment 3:	September 30 <sup>th</sup> , 2011	\$100,000
Payment 4:	November 30 <sup>th</sup> , 2011	\$25,000



**AMENDMENT REVIEW**

ADMIN ID: 24681

REVIEW #: 55393

TO: SUE BERGH

Date Recieved: 3/7/2012

Review Date: 3/7/2012

Amendment Number: 01

Amendment Dollar Amount: \$100,000.00

Amendment Effective Date:

Amended Expiration Date: 3 /15/2013

Rush: Fax

16A/16C Violations:

16A

16C

Amendment Description:

AMEND EXPIRATION DATE, INCREASE COST, AND AMEND EXHIBIT B.

Reasoning:

Comments:

[Large empty box for additional comments]

MMD Reviewer: KAM

Status: APPROVED

Approved by Agency Delegated Authority

Contingent Review (Subject to Changes)

Pre-Amendment Approval

Pre-Approval Date:

MMD Reviewer:

Current Contract Information

CFMS: 22360

Alt #: B54298

Dept: COMMERCE

Vendor: JONATHAN GRUBER

Group: PT

Current Effective Date: 3/8/2011

Current Expiration Date: 3/15/2013

Current Contract Amount: \$329,000.00

Master Contract Information

Work Order #:

T#:

**PLEASE RETURN THIS FORM WITH ANY RESUBMISSION**

**AMENDMENT COVER SHEET**  
**STANDARD AMENDMENTS**  
(Minn. Stat. §§ 16C.05, subd. 2(d), 16C.08, subd. 2 and 3)

**Instructions:**

1. Complete this form for contract amendments that extend the end date of a contract, add/reduce work and money, or change any other term or condition of the contract.
2. Attach this form to the amendment when it is presented to the Department of Administration for approval. Please always include copies of the original certification form, the original contract, and any previous amendments as these are used for reference.
3. Make sure that you are using the updated amendment template where the State Agency signature block reaffirms applicable sections of 16C.08, subdivisions 2 and 3.
4. Admin will retain this cover sheet for its files.

Agency: <b>Commerce</b>	Name of Contractor: <b>Jonathon Gruber</b>
Current contract term: <b>March 21, 2011 to March 7, 2012</b>	Project Identification: <b>Health Exchange Actuarial Consultant</b>

Amendments to contracts must entail tasks that are substantially similar to those in the original contract or involve tasks that are so closely related to the original contract that it would be impracticable for a different contractor to perform the work. The commissioner or an agency official to whom the commissioner has delegated contracting authority under section 16C.03, subdivision 16, must determine that an amendment would serve the interest of the state better than a new contract and would cost no more. An amendment should be in effect before the contract expires.

Complete Appropriate Box(es) for the amendment submitted.

1. <input checked="" type="checkbox"/> Amendment to the end date of the contract
Proposed New End Date: <b>March 15, 2013</b>
Why is it necessary to amend the end date? The Department wished to exercise its option to extend the contract for an additional year.

2. <input checked="" type="checkbox"/> Amend Duties and Cost <input type="checkbox"/> Amend Duties Only
2a. If cost is amended, insert amount of original contract AND amount of each amendment below: \$229,000 Original contract \$100,000 Amendment 1 - <b>B1333500</b> <b>Appx - B134601</b>
2b. Describe the amendment: Contractor will update the final report based on more recent information.

3. <input type="checkbox"/> Amendment to change other terms and conditions of the contract.
Describe the changes that are being made:

AMENDMENT 1 TO CONTRACT NUMBER 22369 (formerly B-54298)

Contract Start Date:	<u>March 21, 2011</u>	Total Contract Amount:	<u>\$329,000.00</u>
Original Contract Expiration Date:	<u>March 7, 2012</u>	Original Contract:	<u>\$229,000.00</u>
Current Contract Expiration Date:	<u>NA</u>	Previous Amendment(s) Total:	<u>\$0.00</u>
Requested Contract Expiration Date:	<u>March 15, 2013</u>	This Amendment:	<u>\$100,000.00</u>

This amendment is by and between the State of Minnesota, through its Commissioner of Commerce ("State"), and Jonathan Gruber Ph.D., 83 Pleasant St., Lexington, MA 02421 ("Contractor").

**Recitals**

1. The State has a contract with the Contractor identified as SWIFT Contract Number 22369 (formerly B-54305) ("Original Contract") to provide economic microsimulation analyses to determine the potential impact of the federal Patient Protection and Affordable Care Act (ACA) on the state of Minnesota with respect to federal requirements and policy options available to Minnesota in the context of developing a Health Insurance Exchange.
2. The State wishes to exercise its option to extend the contract for an additional year.
3. The State and the Contractor are willing to amend the Original Contract as stated below.

**Contract Amendment**

REVISION 1. Clause 1. "Term of Contract" is amended as follows:

- 1.1 *Effective date:* March 8, 2011, or the date the State obtains all required signatures under Minnesota Statutes Section 16C.05, subdivision 2, whichever is later.  
**The Contractor must not begin work under this contract until this contract is fully executed and the Contractor has been notified by the State's Authorized Representative to begin the work.**
- 1.2 *Expiration date:* ~~March 7, 2012~~, March 15, 2013, or until all obligations have been satisfactorily fulfilled, whichever occurs first.

REVISION 2. "Exhibit B" is amended as follows:

**Exhibit B  
Schedule of Project Tasks, Deliverables and Payments**

**Project Tasks**

- Task 1: Identify Minnesota-specific data needed for microsimulation.
- Task 2: Integrate Minnesota data into microsimulation model.
- Task 3: Develop baseline coverage estimates for 2014.
- Task 4: Estimate the impact of implementing the ACA.
- Task 5: Prepare final report.
- Task 6: Prepare updated final report based on new information.

**Project Deliverables and Due Dates**

**Deliverable A**

- Kickoff Meeting On or before April 1<sup>st</sup>, 2011
- Survey Aggregation and Analysis March 8<sup>th</sup> – April 18<sup>th</sup>, 2011

**Deliverable B**

- Basic Health Program Analysis May 13<sup>th</sup>, 2011

**Deliverable C**

- Actuarial Analyses March 21<sup>st</sup> – August 19<sup>th</sup>, 2011
- Economic Modeling March 21<sup>st</sup> – August 19<sup>th</sup>, 2011
- Draft Interim Report September 9<sup>th</sup>, 2011
- Interim Report September 30<sup>th</sup>, 2011

**Deliverable D**

- Final Report November 18<sup>th</sup>, 2011

**Deliverable E**

- Affordability Analysis April 1, 2012
- Updated data collection assessment April 15, 2012
- Updated Actuarial Analysis and Economic Modeling March 8 – September 1, 2012
- Updated report October 30, 2012

**Schedule of Payments**

Payment 1:	April 18 <sup>th</sup> , 2011	\$29,000
Payment 2:	June 1 <sup>st</sup> , 2011	\$75,000
Payment 3:	September 30 <sup>th</sup> , 2011	\$100,000
Payment 4:	November 30 <sup>th</sup> , 2011	\$25,000
Payment 5:	April 16 <sup>th</sup> , 2012	\$20,000
Payment 6:	September 2nd, 2012	\$60,000
Payment 7:	November 1 <sup>st</sup> , 2012 or upon completion of final deliverable, whichever occurs first	\$20,000

**REVISION 3.** Clause 4.1, "Consideration" is amended as follows:

4.1 *Consideration.* The State will pay for all services performed by the Contractor under this contract as follows:

- (A) *Compensation.* The Contractor will be paid according to the schedule in Exhibit B. Payment will be made upon the satisfactory completion of the reports and other deliverables identified in Exhibit B. Payment under the schedule in Exhibit B shall be in the amount not to exceed ~~Two hundred and twenty nine thousand dollars (\$229,000)~~ \$329,000.00.
- (B) *Total Obligation.* The total obligation of the State for all compensation and reimbursements to the Contractor under this contract will not exceed ~~Two hundred and twenty nine thousand dollars (\$229,000)~~ \$329,000.00.

Except as amended herein, the terms and conditions of the Original Contract and all previous amendments remain in full force and effect.

1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that funds have been encumbered as required by Minn. Stat. §§16A.15 and 16C.05.

Signed: Jennifer Hornstein  
Date: 3/7/12  
Contract No. 22860, PO# 848

2. CONTRACTOR

The Contractor certifies that the appropriate person(s) have executed the contract on behalf of the Contractor as required by applicable articles, bylaws, resolutions, or ordinances.

By: [Signature]  
Title: Consultant  
Date: 3/7/12  
  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

3. STATE AGENCY

Individual certifies the applicable provisions of Minn. Stat. §16C.08, subdivisions 2 and 3 are restricted.

By: [Signature]  
Title: (with delegated authority) Exchange Director  
Date: 3-7-2012

4. COMMISSIONER OF ADMINISTRATION

As delegated to Materials Management Division

By: [Signature]  
Date: March 7, 2012

Distribution:  
Agency  
Contractor  
State's Authorized Representative - Photo Copy