



This subcontract (the "Agreement") is made as of March 1, 2012 between Jonathan Gruber with a place of business at {Subcontractor address}, \_\_\_\_\_ ("Subcontractor") and Wakely Consulting Group, Inc., a Florida Corporation with its principal place of business located at 19321 US Hwy 19, N., Suite 515, Clearwater, FL 33764 ("Wakely").

## **Background**

Wakely and Subcontractor desire that Wakely engage Subcontractor to provide services in connection with the Rhode Island Health Insurance Exchange Establishment Technical Assistance for the State of Rhode Island, acting by and through the Office of the Health Insurance (OHIC) ("Contract") for OHIC ("Client"), which will be performed under these terms and conditions.

### **1. Services**

Subcontractor shall provide services related to Wakely's proposed work with Client. Subcontractor shall use commercially reasonable efforts to complete all work in a professional and workmanlike manner.

Work requirements and specifications are attached to this agreement in the form of Statement of Work #1.

### **2. Fees and Payment**

Subcontractor shall be paid for actual hours worked at the rate specified in the applicable Statement of Work, or for the delivery of the work products at the due dates and rates specified in the applicable Statement of Work.

All income, employment, and other taxes due on or with respect to income or payments received by Subcontractor or Subcontractor's employees or subcontractors pursuant to the Agreement shall be the responsibility of the Subcontractor.

Subcontractor shall invoice Wakely monthly and shall submit work products specified in the applicable Statement of Work. Wakely shall invoice the client monthly and will pay Subcontractor upon receiving payment from client.

Subcontractor is responsible for paying travel-related expenses for all work performed in the Subcontractors home area. Invoices that identify other pre-approved expenses to be reimbursed shall be submitted no more frequently than once every thirty (30) days and shall be accompanied by original receipts or scanned copies evidencing the relevant expenses.

### **3. Term of Agreement**

This agreement is effective until the work specified in all Statements of Work is completed by Subcontractor. The parties may extend the term by written agreement.

### **4. Employee Solicitation**

Wakely and Subcontractor each agree during the term of this Agreement, and for a period of one (1) year thereafter, not to hire or attempt to hire, directly or indirectly, nor to enter into an independent contract for services with, any individual known by the hiring party to be an employee or subcontractor of the other party without the express written consent of the other party.

### **5. Independent Contractor**

In the performance of this Agreement, the parties shall at all times act as and be deemed to be independent contractors. Neither Subcontractor nor any of its employees, agents or officers shall be considered an employee, joint venturer, agent, or partner of Wakely. Neither Wakely nor Subcontractor is authorized to assume or create any obligations or responsibilities, express or implied, on behalf of or in the name of the other. It is understood that the employees, methods, facilities and equipment of each party shall at all times be under the exclusive direction and control of that party.

### **6. Termination**

Wakely may terminate this Agreement (a) immediately, if Subcontractor materially breaches any provision of the applicable SOW or this Agreement; (b) upon reasonable notice to Subcontractor in the event that (i) Client terminates the project or its contract with Wakely; or (ii) Wakely terminates the project for breach; or (c) for Wakely's convenience, upon 30 working days written notice to Subcontractor.

In the event of termination other than for material breach by Subcontractor, Wakely shall pay for all services and deliverables provided hereunder up to the date of notification of termination by Wakely to Subcontractor, whether or not complete. Subcontractor shall deliver to Wakely, or Client if Wakely so directs, all copies of any and all materials or information (x) provided by Wakely or Client; or (y) created by Subcontractor for Wakely or Client hereunder, whether complete or partially complete.

Those provisions and obligations of the parties that by their nature extend beyond the term of this Agreement (including, without limitation, the provisions of paragraphs 2, 4, 7, 9, 10, 11, and 13), shall remain in full force and effect following termination hereof.

## **7. Limitation of Liability**

Neither party shall be liable hereunder for special, indirect, consequential, or incidental losses or damages of any kind or nature whatsoever, including but not limited to lost profits or lost savings, regardless of whether arising from breach of contract, warranty, tort, strict liability of otherwise, even if advised of the possibility of such loss or damage, or if such loss or damage could have been reasonably foreseen.

Subcontractor's liability hereunder for damages shall be Wakely's exclusive remedy and, except as set forth below, any such liability, regardless of the form of action, shall not exceed three (3) times the total amount paid for services under this Agreement. Subcontractor's liability shall not be so limited with respect to injuries to persons, or to real or tangible personal property, arising out of the negligence or willful misconduct of Subcontractor or its employees, or to violations of articles 10, 11(b), or 12 of this Agreement.

## **8. Client - Wakely Contract Terms and Conditions**

All terms and conditions of the Contract between Client and Wakely governing Wakely's work for Client thereunder shall apply to this Agreement. Such terms shall include, but not be limited to, terms regarding standards of workmanship, warranties, limitations of liability, indemnification, intellectual property rights, confidentiality, Subcontractor agrees that all of the terms and conditions applicable to Wakely contained in the Contract apply as well to Subcontractor's responsibilities.

A copy of the Contract terms will be attached to the SOW and shall be a part of this Agreement.

## **9. Ownership of Work Product**

All programs, ideas, strategies, developments, and other work product of any kind produced or contributed to by Subcontractor or under Subcontractor's direction in connection with this Agreement shall be considered "work made for hire" and shall be the sole and complete property of Wakely and/or Client. Subcontractor agrees to assign any and all patents, copyrights and other intellectual property or other proprietary rights, including moral and other nonstatutory rights, in or to such work product to Wakely or such other person or entity as Wakely directs, except that subcontractor retains a non-exclusive right to use such work products for itself and other clients.

## **10. Nondisclosure of Confidential Information**

In order to protect certain confidential information that may be disclosed between the parties, the parties agree as follows:

- a) The term "Confidential Information" means any and all business and technical information, ideas, methods, concepts, plans, samples, software, tools, and written and oral descriptions concerning the business, products, or services of the disclosing party, whether or not designated as confidential by such disclosing party, and shall include any notes, memoranda, analyses, or other materials prepared by the receiving party based on any Confidential Information. Confidential Information shall specifically include, without limitation, all software, tools, information and methods comprising ExFIM and ExPRO.
- b) The parties shall use the Confidential Information exclusively for the purpose of meeting its obligations under this Agreement.
- c) Each party agrees that it shall not disclose any Confidential Information, other than to the Client, received from the other party without the prior written consent of the other party and then only to the extent specified in such consent. Confidential Information may be used and disseminated within the receiving party's organization only to the extent reasonably required for the purpose described in the Statement of Work between the parties.
- d) All tangible documentation and materials provided under this Agreement shall remain the property of the disclosing party. Upon written request of the disclosing party, each party shall return to the disclosing party all copies of the Confidential Information in its' or its representatives' possession. The parties shall remain bound by the confidentiality requirements of this Agreement following the return of such materials.
- e) The parties' duty to protect Confidential Information disclosed under this Agreement shall remain in full force regardless of any termination of this Agreement or completion of the work contemplated hereunder.
- f) The parties shall protect the Confidential Information by using the same degree of care to prevent the unauthorized use, dissemination or publication of the Confidential Information that each party uses to protect its own confidential information of a like nature, but no less than a reasonable degree of care.
- g) The parties shall limit access to the Confidential Information provided hereunder to such personnel as may be directly involved in projects with the disclosing party, and to no other personnel, and the parties shall provide to the other parties, upon request, a list of all personnel having had access to such Confidential Information.
- h) Each party agrees to be responsible for any breach of this Agreement by any of its representatives, directors, officers, employees, agents or advisors.

- i) This Agreement imposes no obligation upon the parties with respect to specific Confidential Information which: (a) was in the receiving party's possession before receipt from the disclosing party as evidenced by written records; (b) is or becomes a matter of public knowledge through no fault of the receiving party; (c) is rightfully obtained by the receiving party from a third party who is legally free to pass on such information without a duty of confidentiality; (d) is independently developed by the receiving party without use of any Confidential Information, as evidenced by written records; or (e) is disclosed under operation of law.
- j) In the event that a party is legally compelled to disclose the other party's Confidential Information, the party required to make such disclosure shall provide the other party with prompt written notice of any such requirement. In the event that the other party does not obtain a protective order or other remedy, or waive the requirements of this Agreement, the party required to make such disclosure shall disclose such information only to the extent that such party is, in the opinion of that party's legal counsel, legally required to do so, and shall exercise reasonable efforts to preserve the confidentiality of the other party's Confidential Information.
- k) Neither party acquires any license to use, or intellectual property rights in, any Confidential Information disclosed to it under this Agreement, except the limited right to use the Confidential Information for the specific purposes set out in this Agreement.

## **11. Warranties and Indemnification**

- a) Subcontractor warrants that it will provide its services (i) completely and correctly, in accordance with the professional standards currently applicable to the subject matter, (ii) in accordance with any other or additional warranties or other standards applicable to Wakely under the terms of the Contract between Client and Wakely, and (iii) with due regard to ethical business practices and legal requirements.
- b) Subcontractor further warrants that no material developed by the Subcontractor under this Agreement will in any manner constitute an infringement or other violation of any patent, copyright, trade secret or other intellectual property or other proprietary right of any third party.
- c) Notwithstanding any other provision of this Agreement, Subcontractor shall indemnify and hold harmless Wakely and any employee, officer, director or agent thereof against any and all claims, liability, loss, expense, or damage arising from (i) the negligence or intentional misconduct of Subcontractor or Subcontractor's officers, employees, agents or subcontractors, (ii) from any breach of the preceding warranties or Subcontractor's other obligations under this Agreement, or (iii) otherwise arising from Subcontractor's or Subcontractor's officer's, employee's, agent's, or subcontractor's work or other

activities in any manner connected with this Agreement.

## **12. Health Insurance Portability and Accountability Act of 1996 (HIPAA): Business Associate Agreement**

Subcontractor agrees that, if requested or required by Wakely or Client, Subcontractor will sign a Subcontractor Data Sharing and Confidentiality Agreement with Wakely, and/or such other Business Associate Agreement or other confidentiality agreement as may be required by Client, regarding Subcontractor's confidentiality obligations under HIPAA. Such Agreement shall be in a form determined by Wakely and/or Client.

## **13. Restriction on Competition**

Subcontractor agrees that for a period of one year following Subcontractor's completion of its obligations under this Agreement and/or any Statement of Work, Subcontractor shall not for any reason, directly or indirectly, enter into a contract for business related to this Agreement from, or solicit employment with, any Client for whom Subcontractor has provided services through Wakely pursuant to this Agreement.

## **14. Assignment**

Neither party may assign any rights or delegate any obligations created by this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld. Any assignment in violation of this Agreement is void. This Agreement shall be binding upon the heirs, successors, legal representatives and permitted assigns of the parties.

## **15. Force Majeure**

Neither party hereto shall be in default of its obligations hereunder, except the obligation to make payments hereunder, to the extent that the performance of any such obligation is prevented or delayed by any event or circumstance not caused, in whole or in part, by such party, and which is beyond the reasonable control of such party.

## **16. Severability**

If any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, or becomes invalid or unenforceable by operation of law, the remainder of this Agreement shall continue in full force and effect.

## **17. Entire Agreement**

This Agreement, together with any attachment(s) and/or confidentiality agreement or similar agreement of the parties, constitutes the entire agreement between the parties hereto and supersedes any previous agreements or understandings whether oral or written.

**18. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized representatives.

**Wakely Consulting Group, Inc.**

**Contractor**



AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

**Patrick Holland** \_\_\_\_\_  
NAME

**Jonathan Gruber** \_\_\_\_\_  
NAME

**Managing Director** \_\_\_\_\_  
TITLE

**Consultant** \_\_\_\_\_  
TITLE

\_\_\_\_\_  
DATE

**2/17/12** \_\_\_\_\_  
DATE

## **Statement of Work #1**

### **Fees and Payment Schedule**

Engagement Dates: Effective date of this Agreement until work identified below is complete.

Reimbursement: Actual fees to be paid on an hourly basis for work performed in accordance with the rates and total labor and expense budget identified below.

CONTRACTOR must submit monthly to WAKELY an invoice that identifies the project task, name, position/title, hourly rate, hours worked, and total amount due (see example below). Total incurred travel and other out-of pocket expenses shall be identified separately on the labor invoice. Subcontractor shall send electronically to Wakely copies of expense forms including receipts. Invoices and expense backup documentation must be submitted no later than the 7<sup>th</sup> day following month end.

### **Statement of Work #1/Services:**

Dr. Jonathan Gruber will undertake microsimulation analysis of expected impacts of the Affordable Care Act (ACA), providing results that in turn will enable refinement of estimates of Exchange take-up, premiums, and costs.

#### **Activity 6.3 Survey Analysis**

For this activity, Wakely proposes to subcontract with Dr. Jonathan Gruber to analyze the impact of the results of the state's population survey and to utilize data from this survey to conduct microsimulation modeling to analyze the expected impact of ACA reforms in Rhode Island. The outputs of the microsimulation analysis, including population projections, will be used by Wakely to refine projections of cost and sustainability for the Exchange, the BHP, and the Medicaid expansion population.

The Gruber Microsimulation Model (GMSIM) computes the effects of health insurance policies on the distribution of health care spending and private and public sector health care costs. GMSIM has been used over the past decade by a wide variety of state and federal policy makers to analyze the impacts of health insurance reforms.

GMSIM is able to carefully integrate all of the key features of the ACA and will draw on five types of data. First, information from individuals and households would be obtained from Rhode Island's forthcoming population survey. Second, administrative data would be gathered from the

state's major non-group and small-group insurer, Blue Cross. The third type of data is administrative data from the state's Medicaid agency on the costs for individuals covered by various public insurance programs. Fourth, information on employer sponsored insurance costs for larger firms will be gathered from the Medical Expenditure Survey Insurance/Employer Component (MEPS-IC). And finally, the Survey of Income and Program Participation (SIPP), which follows a large sample of individuals over a several year period, will be used to provide information about churning in insurance coverage and volatility in income.

The first step in the analysis will be to use the GMSIM model to carefully account for the effect that the ACA will have on households and businesses in Rhode Island. The second step in modeling health care reforms is to apply actuarial modeling of pricing, using the population movements from microsimulation. The combined set of output from GMSIM and the Wakely team will assist the state in two ways. First, it will allow for a richer understanding of how the ACA impacts pricing in insurance markets, such as the impact on grandfathered vs. non-grandfathered business, non-group, small group, and large group market segments. Second, this collaborative effort will be central to effective analysis of the key policy questions for the state as it designs its post-ACA policies, such as refining modeling of the BHP, pricing in the small and non-group markets and impact of the market merger, estimating the cost of state-mandated benefits beyond the essential health benefits, designing risk sharing institutions, and providing a sustainability analysis and plan for on-going Exchange operations.

## **Task 10. SPECIAL PROJECTS**

Wakely is prepared to provide additional expertise and services as needed by the state to successfully design and implement its insurance Exchange. Wakely principals and staff bring a deep knowledge of insurance Exchanges. Because of our history of operating Exchange programs in Massachusetts and our extensive work with other states and with the federal government in planning their Exchanges, Wakely remains ahead of the curve in its knowledge of the rapid developments in this field and is prepared to quickly adapt to Rhode Island's needs.

In addition, Wakely possesses a demonstrated ability to work with a wide range of different partners, using its established relationships in the field to quickly and flexibly bring in additional capabilities and skill sets as needed.

Wakely has collaborative relationships with diverse individuals and organizations, including:

- Dr. Jonathan Gruber, a nationally recognized economist who has developed a microsimulation model of the impact of ACA on insurance markets;
- KPMG, an international audit and IT consulting firm, who is doing significant work in Rhode Island, Missouri, and other states, on Exchange implementation;
- Market research firms, such as RKM Research and Communications, a full-service marketing and communications research firm specializing in custom-designed quantitative and qualitative research services. RKM has extensive experience in healthcare, working with health insurance companies, health systems, hospitals, provider groups and health insurance brokers.

**Work Plan / Timeline**

Health Insurance Exchange Establishment Technical Assistance Milestones	2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Task 6: FINANCIAL SUSTAINABILITY</b>												
6.3: Survey Analysis												
Microsimulation model (start date assumes survey results available in Q2 2012)			x	x								

**Hourly Rate:**

<u>Title/Position</u>	<u>Rate</u>
Principal	\$350.00

**Project Budget:**

Labor: \$178,054  
 Expenses: \$1260

**Example of data points required on each monthly invoice:**

Work Description				
Task 7				
Name	Position/Description	Hours	Rate	Amount
John Smith	Senior Consultant	50	\$ 100.00	\$5,000.00
Jane Doe	Consultant	60	\$ 75.00	\$4,500.00
Dave Thomas	Project Manager	60	\$ 65.00	\$3,900.00
	Expenses			\$2,000.00
			<b>Total</b>	<b>\$15,400.00</b>