

**A**  
**Proposal**  
**for**

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**State of Minnesota**

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**For**  
**Medical Assistance (MA) and**  
**MinnesotaCare**  
**in**

**Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington**  
**Counties**

**Cost Bid Proposal**

**From**

**Blue Cross Blue Shield of Minnesota and Blue Plus**

**June 16, 2011**

## Appendix D -- Trade Secret/Confidential Data Notice

### RE: COST RFP RESPONSE FOR A QUALIFIED GRANTEE TO PROVIDE HEALTH CARE SERVICES TO MEDICAL ASSISTANCE (MA) AND MINNESOTA CARE RECIPIENTS IN ANOKA, CARVER, DAKOTA, HENNEPIN, RAMSEY, SCOTT AND WASHINGTON COUNTIES

Responder/Company Name: Blue Cross Blue Shield of Minnesota and Blue Plus

It is the position of the above-named Responder that certain data contained in the following page(s) of the attached Proposal have been submitted in confidence and contain trade secrets and/or privileged or confidential information (list pages -- If no protected information has been submitted, state "NONE"):

1) Cover letter to Jason Wiley dated June 16, 2011 from Frank Fernández describing methods and assumptions used in developing the rate proposal. The purpose of the cover letter is to provide a detailed explanation of the methods and assumptions used in developing the proposed rates ("Cover letter") and (2) Attachment II -- Administrative Expense Components (all percentages) (for informational purposes only) for HMO Minnesota d/b/a Blue Plus. (Attachment II).

The justification for the Trade Secret/Confidential data designation is (be specific, do not make general statements of confidentiality. Include reference to specific facts, licenses, trademarks, etc., and any relevant statutes or other law, such as how the data meets the requirements of Minn. Stat. §13.37, subd. 1(b). Add additional pages if necessary):

The Cover letter contains trade secret/confidential information as defined by Minnesota Statutes section 13.37. The cover letter contains information pertaining to the assumptions used in developing the rate proposal. Blue Plus obtains actual or potential economic value from this information not being generally known to, and not being readily ascertainable by proper means by, our competitors, who may obtain economic value from its disclosure or use by providing information to them that is not generally available. This letter includes an explanation of the base data used, interpretation of bidding instructions, assumptions relating to development of Blue Plus specific rates, cost containment measures, network strategy, administrative expense and contribution to surplus and other adjustments and assumptions that Blue Plus obtains actual or potential economic value from this information not being generally known to, and not readily ascertainable by proper means by, our competitors, who may obtain economic value from its disclosure or use by providing information to them that is not generally available.

Attachment II contains information relating to Administrative Cost Components that is being submitted for informational purposes only and that is not being used for scoring purposes according to the bidding instructions. Attachment II contains trade secret/confidential information as defined by Minnesota Statutes section 13.37. The breakdown of administrative cost components for PMAP and MinnesotaCare as required in the instructions is information that Blue Plus obtains actual or potential economic value from this information not being generally known to, and not being readily ascertainable by proper means by, our competitors, who may obtain economic value from its disclosure or use by providing information to them that is not generally available.

The Responder acknowledges that, in accordance with Minn. Stat. §§ 13.591 and 16C.06, Subd. 3, upon completion of contract negotiations, all materials submitted in response to this RFP will become the property of the STATE and will become public record, with the exception of any portion(s) of an RFP or supporting data that are determined to be nonpublic "trade secret information."

The Responder asserts that it has clearly marked every page of trade secret or confidential materials in the attached Proposal at the time the Proposal was submitted with the words "**TRADE SECRET**" or "**CONFIDENTIAL**" in capitalized, underlined and bolded type that is at least 20 pt. Responder acknowledges that the State is not liable for the use or disclosure of trade secret data or confidential data that Responder has failed to clearly mark as such.

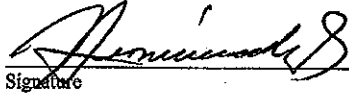
Responder agrees to defend any action seeking release of the materials it believes to be trade secret or confidential, and indemnify and hold harmless the STATE, its agents and employees, from any judgments awarded against the STATE in favor of the party requesting the materials, and any and all reasonable costs connected with that defense.



This indemnification survives the STATE's award of a contract and remains as long as the trade secret and/or confidential materials are in the possession of the STATE.

Responder acknowledges that the STATE is required to keep all the basic documents related to its contracts, including selected responses to RFPs, for a minimum of six years after the end of the contract. Non-selected RFP Proposals will be kept by the STATE for a minimum of one year after the award of a contract, and may be kept for much longer. Responder acknowledges that prices submitted by the Responder will not be considered trade secret materials.

The Responder acknowledges that the STATE reserves the right to reject Responder's claim of trade secret/confidential data if the STATE determines that the Responder has not met the legal burden of establishing that the information constitutes a trade secret or is confidential. The Responder also acknowledges that if certain information is found to constitute a trade secret or is confidential, the remainder of the Proposal will become public; only the protected information will be removed and remain nonpublic.



Vice President, Government Programs

June 14, 2011

Signature

Title

Date

\* Whether or not protected information is provided, the Responder must sign and date this form and submit it with the "Required Statements".



## Confidentiality Statement

**This proposal contains confidential and trade secret information of Blue Cross Blue Shield of Minnesota and Blue Plus. Information in the proposal is to be used only for purposes of evaluating the merits of the proposal, and the document may be distributed only to those persons who have an actual need to know its contents for such a purpose. Copying, reproduction or unauthorized distribution or use of any part of the document is prohibited except upon obtaining the express written consent of Blue Cross Blue Shield of Minnesota and Blue Plus. Blue Cross Blue Shield of Minnesota and Blue Plus is to be notified immediately if any unauthorized party seeks disclosure of or acquires all or any part of the proposal.**

**Blue Plus Actuarial Certification of Cost RFP response for a qualified grantee to provide Health Care Services to Medical Assistance (MA) and MinnesotaCare Recipients in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties**

**Blue Plus: Proposal - Original**

I, Shereen Jensen, am a member of the American Academy of Actuaries (Academy) and meet the Qualification Standards of the Academy to render the actuarial opinion contained in this document. I am employed by BlueCross BlueShield of Minnesota (BCBSM) and am responsible for the bid calculations contained in Blue Plus' Cost RFP response to the Department of Human Services (DHS) for a qualified grantee to provide Health Care Services to Medical Assistance (MA) and MinnesotaCare Recipients in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties.

This certification supplements Blue Plus' bid and cover letter regarding the Cost RFP identified in the title of this document and submitted June 16, 2011. It should be reviewed only along with Blue Plus' aforementioned cover letter. This certification is not intended for any other purpose.

The Cost RFP response is prepared in accordance with guidance provided by DHS including Bidding Information and Instructions issued by DHS on May 9, 2011 as well as answers to bidder questions posted by DHS on its RFP website. In developing these rates, I have relied on data and information provided by DHS in the Bidding Instructions, answers to questions as outlined above, and data and information contained in the data book provided by DHS for this RFP. I also relied on base data, adjustments and other factors calculated by DHS and Milliman for developing MCO capitation rates for April 2011 and prior periods. These factors are outlined in the cover letter and include base claim costs, morbidity and enacted benefit/legislative changes effective in 2012 or prior periods and not fully reflected in the base data used to develop the bids. I have used all this information without audit.

In addition to information from DHS/Milliman, I have relied on other BCBSM employees for data and other information used in the projections. I have not audited or verified this information but did review it for reasonableness and consistency.

I certify that rates in Attachments III and IV of Blue Plus' RFP response were developed using actuarially sound methodology and assumptions and are appropriate for the populations expected to be covered and the services expected to be furnished. Actuarial methods, considerations and analyses used in forming my opinion conform to the Standards of Practice as promulgated by the Actuarial Standards Board of the Academy. Actuarially sound rates, developed by Blue Plus, were adjusted from the risk score level inherent in Blue Plus' experience to the Statewide risk score level provided in the data book as instructed by DHS. This certification of actuarial soundness presumes DHS will adjust final revenue to include taxes and assessments and to reflect the risk score level of the population enrolled in 2012.

The actuarially sound capitation rates are based on a projection of future events. It may be expected that actual experience will vary from experience assumed in the rates.

Blue Plus agrees that all contracted services can be provided for the rate submitted in Attachments III and IV after adjustment to return the rates to Blue Plus' risk score level and the addition of premium tax. At the Blue Plus risk score level, these rates are expected to cover all contracted services, pay administrative expenses and provide for a modest contribution to reserves.

A handwritten signature in black ink, appearing to read "Shereen Jensen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Shereen Jensen, FSA, MAAA  
Actuary, BlueCross Blue Shield of Minnesota

June 16, 2011

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Trade Secret information removed  
2/2/2012

**Attachment I**  
**History of Key Expense Ratios**  
**for Blue Plus**

Calendar Year	MA Parents, Children, and Pregnant Women		MinnesotaCare Parents, Children, and Adults without Children			
	(1) Medical Loss Ratio	(2) Administrative Expense Ratio	(3) Contribution to Reserves	(4) Medical Loss Ratio	(5) Administrative Expense Ratio	(6) Contribution to Reserves
2006	103.7%	9.4%	-13.2%	88.7%	8.5%	2.8%
2007	97.8%	8.8%	-6.5%	98.4%	7.6%	-6.1%
2008	88.4%	9.0%	2.6%	100.2%	8.4%	-8.6%
2009	84.7%	8.9%	6.4%	90.5%	7.7%	1.8%
2010	80.3%	9.0%	10.7%	90.9%	7.9%	-1.3%

\* For each year provide the ratio of medical costs to revenue, administrative expense ratio, and contribution to reserves for the enrollees in each of the Minnesota public health programs identified. This should be calculated on a cash basis, and match the information provided on the Minnesota Supplement Report #1, "Statement of Revenue, Expenses, and Net Income" for each year.





Attachment B  
 Bidding Template for Private Families and Children, and Adults without Children  
 Proposed Rates for 2012



Blue Plus  
 (NCO Name)

Rate Calls	Totals				Davenport and Scott				Dubois				Hennepin				County				Washington				
	2010 Enrollment	Medical Rate	Admin. Rate	Reserve Rate	2010 Enrollment	Medical Rate	Admin. Rate	Reserve Rate	2010 Enrollment	Medical Rate	Admin. Rate	Reserve Rate	2010 Enrollment	Medical Rate	Admin. Rate	Reserve Rate	2010 Enrollment	Medical Rate	Admin. Rate	Reserve Rate	2010 Enrollment	Medical Rate	Admin. Rate	Reserve Rate	
Families and Children																									
0-1	8,415	680.84	54.89	3.60	3,833	680.27	53.87	3.54	8,028	682.83	55.03	3.61	3,200	684.54	55.54	3.62	26,843	672.71	50.20	3.50	3,328	661.76	53.35	3.50	
01-02	8,473	180.13	15.94	1.01	2,467	180.72	15.65	0.89	6,062	180.73	15.38	1.01	21,919	185.97	14.86	0.89	16,623	175.98	14.63	0.92	2,348	184.86	14.81	0.98	
02-16	57,144	171.78	13.95	0.91	20,076	169.69	13.69	0.89	43,088	172.71	13.88	0.91	241,898	187.55	15.91	0.89	449,701	175.27	12.85	0.83	21,133	168.86	13.46	0.88	
16-26	33,089	413.98	33.34	2.19	3,654	405.94	33.72	2.18	9,195	414.65	33.43	2.20	68,051	403.43	32.89	2.14	41,359	378.27	30.49	2.00	4,874	401.88	32.41	2.13	
21-46	44,619	577.77	46.39	3.05	15,099	567.19	45.72	3.00	33,665	579.29	46.70	3.07	158,185	563.90	45.43	2.85	103,023	528.44	42.69	2.90	16,148	501.57	42.27	2.97	
50-64	1,849	514.67	78.72	4.84	702	507.65	72.96	4.76	1,700	518.02	73.92	4.85	3,748	502.09	71.82	4.72	5,090	508.44	67.43	4.63	688	508.87	71.08	4.71	
0-1	8,415	770.75	62.93	4.08	3,819	758.51	60.98	4.01	8,896	772.77	62.38	4.08	38,372	751.84	60.81	3.98	22,042	704.94	60.85	3.73	3,935	746.18	60.39	3.97	
01-02	8,139	200.83	17.81	1.17	2,243	200.65	17.48	1.16	4,791	201.61	17.68	1.17	27,348	213.51	17.23	1.14	17,282	202.07	16.29	1.07	2,468	214.73	17.31	1.14	
02-15	66,070	188.59	15.88	1.04	22,684	186.35	15.69	1.02	51,621	187.51	15.92	1.05	241,572	182.16	16.49	1.02	163,172	180.17	14.62	0.95	21,547	184.47	14.44	1.01	
16-26	14,582	313.58	25.35	1.68	3,697	307.60	24.60	1.63	9,488	314.71	25.33	1.62	50,887	305.70	24.64	1.62	38,795	288.63	23.11	1.52	4,340	304.86	24.86	1.61	
21-46	15,082	421.98	34.01	2.23	4,982	414.33	33.38	2.19	9,868	423.05	34.16	2.24	42,394	411.58	33.18	2.18	35,295	385.90	31.11	2.04	5,195	410.09	33.06	2.17	
50-64	1,497	764.34	81.94	4.97	547	744.14	65.79	3.98	912	770.35	82.16	4.08	5,008	749.49	69.49	3.87	3,880	702.73	68.65	3.72	471	748.79	69.20	3.85	
Pregnant Women	7,738	1,518.77	122.43	8.04	3,085	1,490.71	120.17	7.88	8,260	1,522.75	122.76	8.02	33,489	1,481.51	119.43	7.84	16,289	1,389.09	111.98	7.36	3,261	1,478.97	110.00	7.82	
All Ages	8,853	883.26	58.19	3.48	3,095	869.84	54.04	3.45	2,372	883.13	64.68	3.49	20,811	849.35	51.63	3.29	18,635	816.25	50.51	3.21	3,981	801.20	50.42	3.08	
Adults without Children	6,294	1,293.28	70.72	4.48	2,217	1,294.81	68.64	4.24	5,248	1,318.84	68.71	4.30	27,531	1,258.94	64.88	4.16	14,115	1,183.43	67.40	4.18	2,395	1,253.08	69.00	4.40	
21-46	13,282	548.43	47.97	4.40	3,671	517.59	46.17	4.23	8,851	526.83	46.62	4.27	60,389	480.70	44.09	4.04	50,619	410.28	45.76	4.19	3,448	439.60	47.36	4.34	
50-64	6,150	1,065.77	88.06	6.06	1,563	1,095.50	83.62	5.53	3,638	1,137.28	84.23	5.88	32,890	1,075.43	64.73	5.57	12,882	1,117.15	63.09	5.78	1,714	1,155.54	65.25	5.89	
Total for County	272,232	482.40	34.22	2.43	97,095	442.68	33.12	2.33	230,178	459.20	34.29	2.42	1,169,493	481.65	33.47	2.43	689,630	403.38	30.18	2.14	104,939	481.62	34.12	2.43	

Attachment IV  
 Billing Template for Homeless/Close Families and Children/Adults without Children  
 Proposed Rates for 2012



Blue Cross  
 Blue Shield  
 of Minnesota

Age	Sex	Family Status	Anchorage				Denver				Jefferson				Sewary				Washington			
			2010 Enrollment	Medical Rate	Admin. Rate	Reserve Rate	2010 Enrollment	Medical Rate	Admin. Rate	Reserve Rate	2010 Enrollment	Medical Rate	Admin. Rate	Reserve Rate	2010 Enrollment	Medical Rate	Admin. Rate	Reserve Rate	2010 Enrollment	Medical Rate	Admin. Rate	Reserve Rate
0-1	F	child	303	659.09	41.54	3.47	298	578.52	38.15	3.31	1,220	580.22	35.13	2.95	810	573.07	32.51	3.08	802	552.29	47.37	3.54
1-2	F	child	278	157.89	8.88	0.83	295	138.48	8.68	0.73	303	150.21	9.42	0.70	777	153.65	8.72	0.74	832	162.52	10.08	0.95
2-15	F	child	8,650	178.24	11.85	0.82	5,485	154.88	9.71	0.82	8,724	160.88	10.63	0.89	14,682	153.84	8.75	0.85	9,804	175.77	11.27	0.95
16-20	F	child	3,689	310.11	18.45	1.84	1,852	272.63	17.09	1.44	3,445	265.50	16.54	1.36	7,070	273.39	17.56	1.45	7,291	314.33	18.94	1.67
21-49	F	parent	1,019	487.87	31.21	2.83	884	452.38	27.43	2.31	1,544	441.45	26.25	2.25	3,011	453.24	27.54	2.38	3,776	507.69	31.83	2.94
21-49	F	parent	12,153	505.71	31.71	2.87	8,076	444.44	27.82	2.35	11,704	452.15	28.26	2.28	17,419	453.04	27.88	2.36	16,252	515.88	31.85	2.97
21-49	F	adult	8,987	518.01	32.30	2.74	2,220	401.37	30.72	2.89	3,892	457.05	29.72	2.78	11,846	453.06	28.08	2.54	7,247	501.53	31.57	2.97
50+	F	parent	458	681.44	42.71	3.86	517	588.80	37.54	3.16	442	649.24	40.71	3.45	853	631.81	38.47	3.18	271	601.17	37.76	3.18
50+	F	parent	1,084	609.82	34.24	3.22	828	553.83	33.81	2.83	1,622	581.27	35.85	2.65	3,077	627.19	38.00	2.95	1,413	529.05	36.01	3.39
50+	F	adult	4,406	744.16	44.65	3.77	1,898	677.42	42.94	3.45	3,155	655.34	41.54	3.22	6,044	681.79	41.30	3.00	1,540	568.15	43.63	3.86
Pregnant Women	F		819	1585.22	84.39	7.38	384	1120.21	69.86	6.06	570	1434.85	70.37	6.00	1,070	1288.55	83.31	7.02	300	1033.53	66.29	6.12
0-1	M	child	287	788.21	48.24	4.07	251	570.05	42.40	3.57	310	732.79	45.88	3.88	1,285	636.80	41.19	3.47	1,002	673.59	42.58	3.58
1-2	M	child	336	280.02	12.84	1.08	257	175.78	11.02	0.83	451	190.63	11.89	0.81	684	179.63	9.71	0.80	283	204.03	12.78	1.08
2-15	M	child	10,018	182.77	11.85	0.88	6,654	163.36	10.34	0.86	10,627	177.57	11.19	0.84	17,508	159.62	8.95	0.84	17,634	163.98	10.28	0.87
16-20	M	child	3,838	327.89	18.87	1.82	2,209	255.43	14.78	1.29	3,259	262.38	16.29	1.21	7,591	278.44	14.88	1.25	1,883	270.27	17.14	1.44
21-49	M	parent	487	368.84	18.78	1.68	189	263.25	16.51	1.38	276	285.52	17.20	1.51	583	255.77	16.04	1.35	304	284.38	16.98	1.40
21-49	M	parent	7,205	322.35	20.34	1.78	3,700	202.09	18.32	1.54	6,355	316.79	19.98	1.67	14,712	283.78	18.30	1.55	3,473	320.02	21.26	1.78
21-49	M	adult	8,604	450.15	28.65	2.42	2,600	434.88	27.17	2.30	6,553	438.58	27.48	2.32	11,010	389.15	24.86	2.11	14,803	426.55	26.54	2.24
50+	M	parent	141	688.71	31.27	2.81	44	458.28	27.43	2.32	118	675.38	29.81	2.51	271	625.63	28.79	2.25	184	446.16	27.69	2.33
50+	M	parent	1,835	694.46	33.89	2.77	780	480.83	28.20	2.44	1,728	489.22	31.25	2.64	5,188	447.84	28.88	2.37	3,023	662.90	28.05	2.45
50+	M	adult	3,398	654.05	32.84	3.35	1,033	601.43	37.80	3.15	2,445	600.33	38.04	3.22	6,880	652.40	34.54	2.62	5,178	357.65	36.74	3.11
Total Enrollment and Average rate for County			79,182	486.86	29.42	2.15	36,445	346.35	21.79	1.83	68,758	381.81	23.82	2.02	214,686	367.87	22.71	1.82	38,478	338.83	24.85	2.10