



**MYERS AND  
STAUFFER** LC  
CERTIFIED PUBLIC ACCOUNTANTS



October 28, 2013

Ms. Valerie Bombach, Principal Program Evaluator  
Minnesota Office of the Legislative Auditor  
658 Cedar Street, Room 140  
St. Paul, Minnesota 55155

Dear Ms. Bombach:

Myers and Stauffer LC is very pleased to present this proposal, in response to the Work Order Engagement Request received via email from the Minnesota Office of the Legislative Auditor (OLA) on October 21, 2013 for a Financial Audit of the Administrative Expenses and Investment Income of UCare Minnesota. We are confident that Myers and Stauffer possesses the full spectrum of qualities needed to best help OLA meet its goals. We have addressed below each element of the response requirement outlined in the Work Order Engagement Request.

1. **Project manager name** – Beverly Kelly, CPA, CFF, CFE will be the Project Manager for the Financial Audit of the Administrative Expenses and Investment Income of UCare Minnesota. Ms. Kelly is based out of our Indianapolis, Indiana office and is a partner with over 14 years of experience managing similar engagements.

In addition, to ensure that another person you know will be familiar with your operations, Bob Bullen, CPA, CFE will also be assigned to assist Ms. Kelly with this project. Mr. Bullen is a partner with over 30 years of experience managing similar engagements. We hope you will contact either of these persons when you believe the firm can be of assistance.

2. **Estimated number of staff and their names** – In addition to Ms. Kelly and Mr. Bullen, we are assigning two (2) additional staff to the audit of UCare Minnesota. Both of these individuals are based out of our Indianapolis, Indiana office. Details for each individual are as follows:

Kathy Haley, MP, CFE, CCA, CPC-H - Kathy is a manager in our Indianapolis office whose primary responsibilities have included the performance of managed care health plan audits and analytical engagements. Ms. Haley is a former health plan employee with extensive experience in claims adjudication systems. She will be responsible for managing the timelines and communications between all parties in this engagement, as well as performing the auditing procedures.

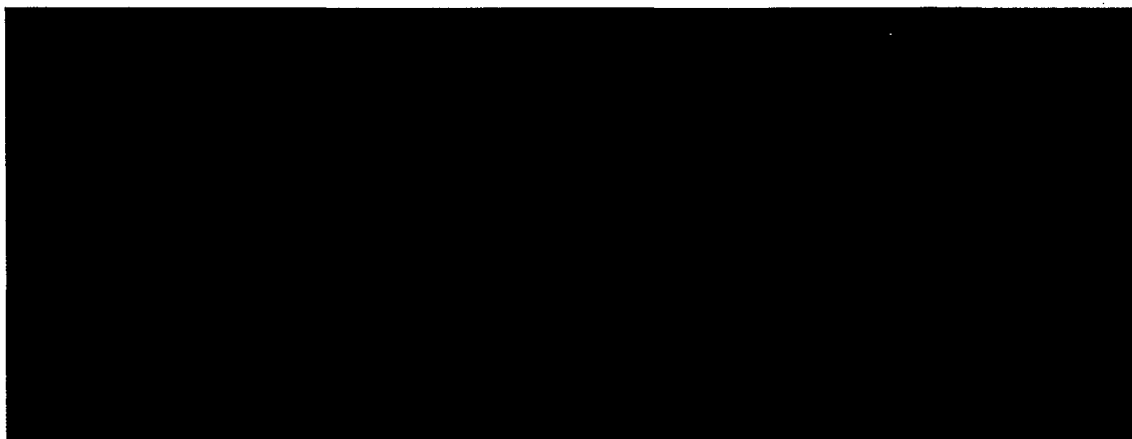
Marcia Finin, CPA – Marcia is a senior analyst in our Indianapolis office and will be available to support the activities of the Project Manager and Ms. Haley. Ms. Finin has more than 25 years of experience in both public and private accounting, including 18 years of experience concentrated in health care reimbursement engagements and consulting to state Medicaid agencies.

Additional staff may be utilized in order to meet the requirements of this engagement.

3. **Estimated number of hours necessary to complete the tasks and deliverables outlined in this request** – We anticipate this project to take approximately 750 hours. Since this is a first time audit with OLA, we expect the time spent on the planning and reporting process for the initial audit will be higher than normal. The 750 hour estimate is broken down by each phase of the audit as follows:

Planning	100 hours
Fieldwork	450 hours
Reporting	150 hours
Project Management	<u>50 hours</u>
Total	<u>750 hours</u>

4. **Adequacy of your current operational and IT support structures** – The project staff assigned to this audit work out of our Indianapolis, Indiana office. Based on similar projects performed in other states as well as our Medicare health plan audit work for CMS, we anticipate that the majority of this project can be performed off-site from our offices. We understand that we may need to visit the plan's offices should there be specific information that they do not wish to release electronically. We also understand that some of our work may be performed at OLA's offices. At this time, Myers and Stauffer does not have an office in the state of Minnesota.



5. **Needed operational or IT support structures to carry out the work assignment** – We do not anticipate needing any IT support to complete this project. We have noted above under item #4 our current IT structure to complete this project.

Operationally, we will need access to a small conference room or two desks should we have to work on-site at either UCare or OLA. We do not anticipate any other operational needs at this time.

6. **Anticipated training needs for Contractor staff** – The only training need we anticipate is some assistance understanding the Work Paper Practices utilized by OLA. We are in receipt of the OLA Work Paper Practices notice, however, we need further details on the specifics of the indexing and annotating utilized by OLA.
7. **Proposed Cost Detail** – Based on the Major Tasks and Deliverables outlined in the Work Order Request, we are proposing the following cost to perform the financial audit of the administrative expenses and investment income of UCare Minnesota.

Staff Position	Hourly Rate	Estimated Hours	Proposed Cost
Members/Partners	\$250	100	\$25,000
Manager	\$180	350	\$63,000
Senior Auditor	\$150	300	\$45,000
TOTALS		750	\$133,000

Based on the details provided above, our proposed total cost is \$133,000.

We truly appreciate the opportunity to present this proposal, and look forward to working with OLA on the Financial Audit of the Administrative Expenses and Investment Income of UCare Minnesota. Please contact me at [REDACTED] or via email at Bbullen [REDACTED] if you have any questions or require additional information.

Sincerely,

MYERS AND STAUFFER LC



Robert M. Bullen, CPA, CFE  
Member



**MYERS AND  
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October 31, 2013

Ms. Valerie Bombach, Principal Program Evaluator  
Minnesota Office of the Legislative Auditor  
658 Cedar Street, Room 140  
St. Paul, Minnesota 55155



Dear Ms. Bombach:

Myers and Stauffer LC is very pleased to present this proposal, in response to the Work Order Engagement Request received via email from the Minnesota Office of the Legislative Auditor (OLA) on October 28, 2013 for a Financial Audit of the Administrative Expenses and Investment Income of HealthPartners, Inc. (HealthPartners). We are confident that Myers and Stauffer possesses the full spectrum of qualities needed to best help OLA meet its goals. We have addressed below each element of the response requirement outlined in the Work Order Engagement Request.

1. **Project manager name** – Beverly Kelly, CPA, CFF, CFE will be the Project Manager for the Financial Audit of the Administrative Expenses and Investment Income of HealthPartners. Ms. Kelly is based out of our Indianapolis, Indiana office and is a partner with over 14 years of experience managing similar engagements.

In addition, to ensure that another person you know will be familiar with your operations, Bob Bullen, CPA, CFE will also be assigned to assist Ms. Kelly with this project. Mr. Bullen is a partner with over 30 years of experience managing similar engagements. We hope you will contact either of these persons when you believe the firm can be of assistance.

2. **Estimated number of staff and their names** – In addition to Ms. Kelly and Mr. Bullen, we are assigning two (2) additional staff to the audit of HealthPartners. Details for each individual are as follows:

Ryan Farrell, CFE – Ryan is a Principal in our Indianapolis office and oversees managed care organization analyses and auditing, managed care encounter claims analyses and auditing, as well as oversees the firm's Fraud and Abuse Detection System (FADS) and Recovery Audit Contractor engagements, Medicaid Management Information System (MMIS) analyses and auditing, Payment Error Rate Measurement (PERM) eligibility auditing, and Electronic Health Record (HER) analyses and auditing.

Jayme Via, CPA, CFE, CGMA – Jayme is a Manager in our Indianapolis office and will support the activities of the Project Manager and Mr. Farrell. Ms. Via has seven years of auditing and analyst experience and currently performs these functions for the Indiana Fraud and Abuse Detection System (IN-FADS) unit in our Benefit Integrity division.

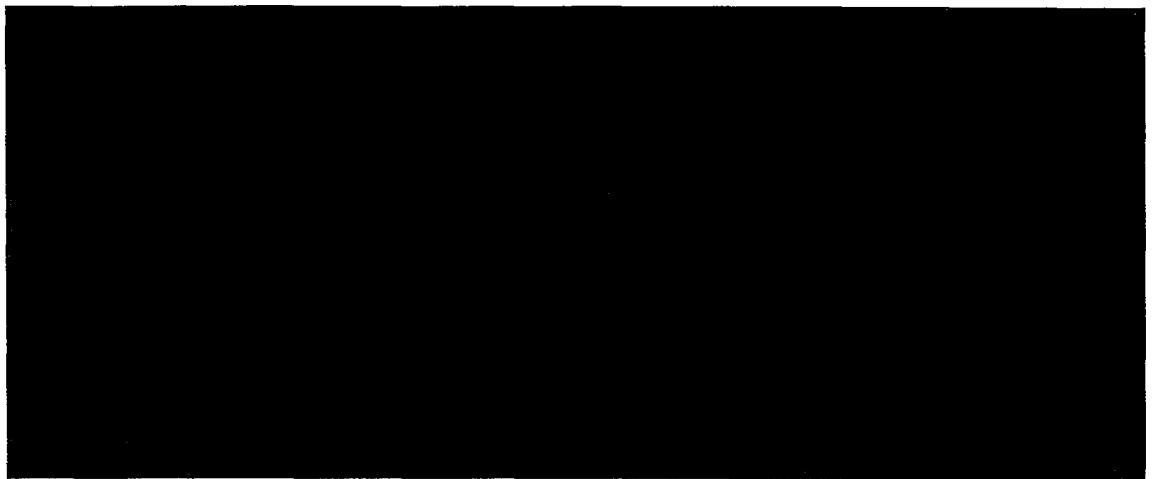
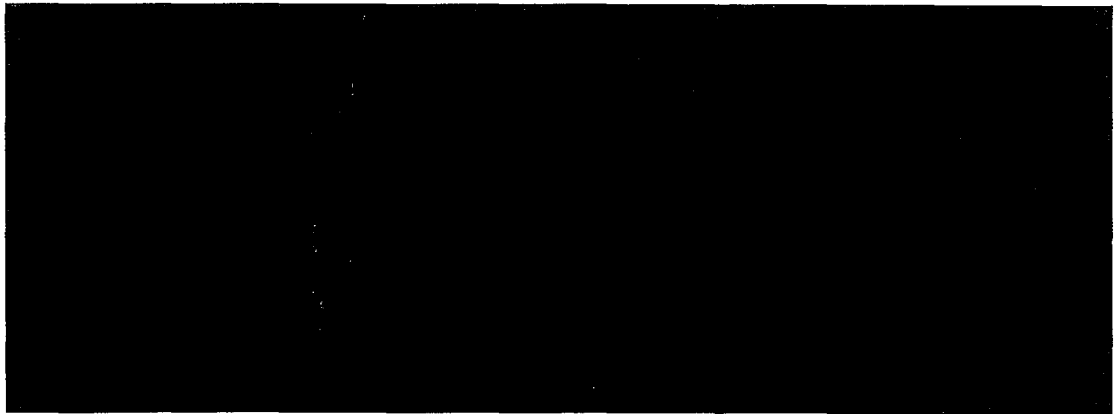
Additional staff auditors will be utilized in order to meet the requirements of this engagement.



3. **Estimated number of hours necessary to complete the tasks and deliverables outlined in this request** – We anticipate this project to take approximately 700 hours. The 700 hour estimate is broken down by each phase of the audit as follows:

Planning	80 hours
Fieldwork	450 hours
Reporting	130 hours
Project Management	<u>40 hours</u>
Total	<u>700 hours</u>

4. **Adequacy of your current operational and IT support structures** – Based on similar projects performed in other states as well as our Medicare health plan audit work for CMS, we anticipate that the majority of this project can be performed off-site from our offices. We understand that we may need to visit the plan's offices should there be specific information that they do not wish to release electronically. We also understand that some of our work may be performed at OLA's offices. At this time, Myers and Stauffer does not have an office in the state of Minnesota.



5. **Needed operational or IT support structures to carry out the work assignment** – We do not anticipate needing any IT support to complete this project. We have noted above under item #4 our current IT structure to complete this project.

Operationally, we will need access to a small conference room or two desks should we have to work on-site at either HealthPartners or OLA. We do not anticipate any other operational needs at this time.

6. **Anticipated training needs for Contractor staff** – The only training need we anticipate is some assistance understanding the Work Paper Practices utilized by OLA. We are in receipt of the OLA Work Paper Practices notice, however, we need further details on the specifics of the indexing and annotating utilized by OLA.
7. **Proposed Cost Detail** – Based on the Major Tasks and Deliverables outlined in the Work Order Request, we are proposing the following cost to perform the financial audit of the administrative expenses and investment income of HealthPartners.

Staff Position	Hourly Rate	Estimated Hours	Proposed Cost
Members/Partners/Principals	\$250	250	\$62,500
Manager	\$180	300	\$54,000
Staff Auditors	\$110	150	\$16,500
TOTALS		700	\$133,000

Based on the details provided above, our proposed total cost is \$133,000.

We truly appreciate the opportunity to present this proposal, and look forward to working with OLA on the Financial Audit of the Administrative Expenses and Investment Income of HealthPartners. Please contact me at [REDACTED] or via email at Bbullen@[REDACTED] if you have any questions or require additional information.

Sincerely,

MYERS AND STAUFFER LC



Robert M. Bullen, CPA, CFE  
Member



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October 31, 2013

Ms. Valerie Bombach, Principal Program Evaluator  
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St. Paul, Minnesota 55155



Dear Ms. Bombach:

Myers and Stauffer LC is very pleased to present this proposal, in response to the Work Order Engagement Request received via email from the Minnesota Office of the Legislative Auditor (OLA) on October 28, 2013 for a Financial Audit of the Administrative Expenses and Investment Income of Blue Plus. We are confident that Myers and Stauffer possesses the full spectrum of qualities needed to best help OLA meet its goals. We have addressed below each element of the response requirement outlined in the Work Order Engagement Request.

1. **Project manager name** – Keith Sorensen, CPA, CFE will be the Project Manager for the Financial Audit of the Administrative Expenses and Investment Income of Blue Plus. Mr. Sorensen is based out of our Raleigh, North Carolina office and is a partner with over 14 years of experience auditing health plans as part of our contracts with CMS.

In addition, to ensure that another person you know will be familiar with your operations, Bob Bullen, CPA, CFE will also be assigned to assist Mr. Sorensen with this project. Mr. Bullen is a partner with over 30 years of experience managing similar engagements. We hope you will contact either of these persons when you believe the firm can be of assistance.

2. **Estimated number of staff and their names** – In addition to Mr. Sorensen and Mr. Bullen, we are assigning three (3) additional staff to the audit of Blue Plus. Additional staff may be utilized in order to meet the requirements of this engagement. Details for each individual are as follows:

Johanna Kurtz, CPA – Johanna is a senior manager in our Richmond, Virginia office with 9 years of experience conducting audits of health care entities on behalf of various state Medicaid programs. She has also worked on program integrity claims reviews and DSH audits.

Jamie Scott – Jamie is a senior accountant in our Baltimore office and will support the activities of the Project Manager and Ms. Kurtz. Ms. Scott has experience auditing health plans as part of our contracts with CMS as well as experience auditing Medicaid MCOs on behalf of the State of Nevada.

Travis Melton, CPA – Travis is a manager in our Richmond office and will support the audit. Mr. Melton has experience auditing health plans as part of our contracts with CMS as well as experience auditing Medicaid MCOs on behalf of the States of Virginia and Nevada.

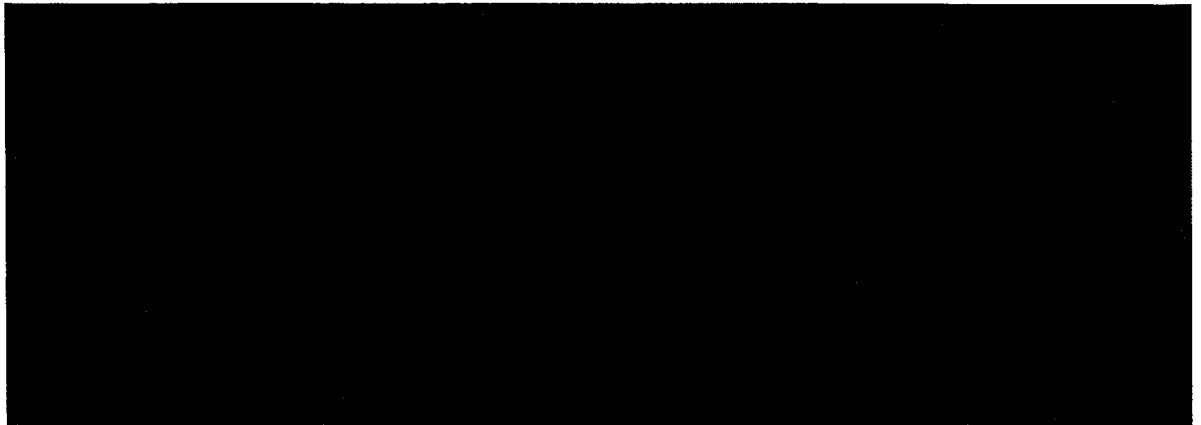




3. **Estimated number of hours necessary to complete the tasks and deliverables outlined in this request** – We anticipate this project to take approximately 700 hours. The 700 hour estimate is broken down by each phase of the audit as follows:

Planning	80 hours
Fieldwork	450 hours
Reporting	130 hours
Project Management	<u>40 hours</u>
Total	<u>700 hours</u>

4. **Adequacy of your current operational and IT support structures** – Based on similar projects performed in other states as well as our Medicare health plan audit work for CMS, we anticipate that the majority of this project can be performed off-site from our offices. We understand that we may need to visit the plan's offices should there be specific information that they do not wish to release electronically. We also understand that some of our work may be performed at OLA's offices. At this time, Myers and Stauffer does not have an office in the state of Minnesota.



5. **Needed operational or IT support structures to carry out the work assignment** – We do not anticipate needing any IT support to complete this project. We have noted above under item #4 our current IT structure to complete this project.

Operationally, we will need access to a small conference room or two desks should we have to work on-site at either Blue Plus or OLA. We do not anticipate any other operational needs at this time.

6. **Anticipated training needs for Contractor staff** – The only training need we anticipate is some assistance understanding the Work Paper Practices utilized by OLA. We are in receipt of the OLA Work Paper Practices notice, however, we need further details on the specifics of the indexing and annotating utilized by OLA.
7. **Proposed Cost Detail** – Based on the Major Tasks and Deliverables outlined in the Work Order Request, we are proposing the following cost to perform the financial audit of the administrative expenses and investment income of Blue Plus.

Staff Position	Hourly Rate	Estimated Hours	Proposed Cost
Members/Partners	\$250	100	\$25,000
Senior Manager	\$210	250	\$52,500
Manager	\$180	100	\$18,000
Senior Auditor	\$150	250	\$37,500
TOTALS		700	\$133,000

Based on the details provided above, our proposed total cost is \$133,000.

We truly appreciate the opportunity to present this proposal, and look forward to working with OLA on the Financial Audit of the Administrative Expenses and Investment Income of Blue Plus. Please contact me at [REDACTED] or via email at Bbullen [REDACTED] if you have any questions or require additional information.

Sincerely,

MYERS AND STAUFFER LC



Robert M. Bullen, CPA, CFE  
Member



October 31, 2013

Ms. Valerie Bombach, Principal Program Evaluator  
Minnesota Office of the Legislative Auditor  
658 Cedar Street, Room 140  
St. Paul, Minnesota 55155



Dear Ms. Bombach:

Myers and Stauffer LC is very pleased to present this proposal, in response to the Work Order Engagement Request received via email from the Minnesota Office of the Legislative Auditor (OLA) on October 28, 2013 for a Financial Audit of the Administrative Expenses and Investment Income of Medica Health Plans (Medica). We are confident that Myers and Stauffer possesses the full spectrum of qualities needed to best help OLA meet its goals. We have addressed below each element of the response requirement outlined in the Work Order Engagement Request.

1. **Project manager name** – Bob Bullen, CPA, CFE will be the Project Manager for the Financial Audit of the Administrative Expenses and Investment Income of Medica. Mr. Bullen is based out of our Baltimore, Maryland office and is a partner with over 30 years of experience managing similar engagements.

In addition, to ensure that another person you know will be familiar with your operations, Beverly Kelly, CPA, CFF, CFE will also be assigned to assist Ms. Bullen with this project. Ms. Kelly is a partner with over 14 years of experience managing similar engagements. We hope you will contact either of these persons when you believe the firm can be of assistance.

2. **Estimated number of staff and their names** – In addition to Mr. Bullen and Ms. Kelly, we are assigning two (2) additional staff to the audit of Medica. Both of these individuals are based out of our Indianapolis, Indiana office. Details for each individual are as follows:

Emily Wale, CPA, CFE – Emily is a senior manager in our Indianapolis office with 16 years of experience conducting audits of health care entities on behalf of various state Medicaid programs as well as experience auditing and consulting for the Office of the Inspector General of the U.S. Department of Health and Human Services and CMS. She will be responsible for managing the timelines and communications between all parties in this engagement, as well as performing the auditing procedures.

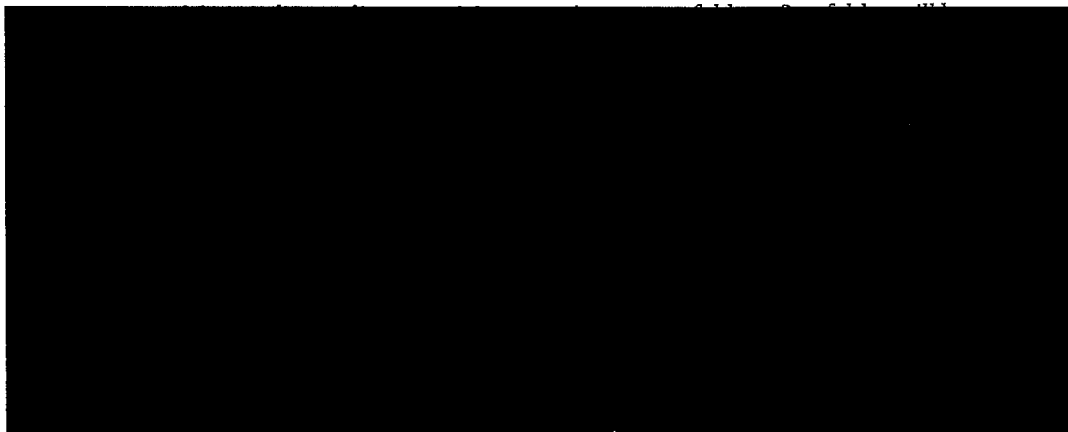
Danielle Bruno, CPA, CFE, MSA – Danielle is a senior accountant in our Indianapolis office and will support the activities of the Project Manager and Ms. Wale. Ms. Bruno has experience auditing health plans as part of our contracts with CMS to audit Medicare Advantage Organizations and Prescription Drug Plans.

Additional staff may be utilized in order to meet the requirements of this engagement.

3. **Estimated number of hours necessary to complete the tasks and deliverables outlined in this request** – We anticipate this project to take approximately 700 hours. The 700 hour estimate is broken down by each phase of the audit as follows:

Planning	80 hours
Fieldwork	450 hours
Reporting	130 hours
Project Management	<u>40 hours</u>
Total	<u>700 hours</u>

4. **Adequacy of your current operational and IT support structures** – Based on similar projects performed in other states as well as our Medicare health plan audit work for CMS, we anticipate that the majority of this project can be performed off-site from our offices. We understand that we may need to visit the plan’s offices should there be specific information that they do not wish to release electronically. We also understand that some of our work may be performed at OLA’s offices. At this time, Myers and Stauffer does not have an office in the state of Minnesota.



5. **Needed operational or IT support structures to carry out the work assignment** – We do not anticipate needing any IT support to complete this project. We have noted above under item #4 our current IT structure to complete this project.

Operationally, we will need access to a small conference room or two desks should we have to work on-site at either Medica or OLA. We do not anticipate any other operational needs at this time.

6. **Anticipated training needs for Contractor staff** – The only training need we anticipate is some assistance understanding the Work Paper Practices utilized by OLA. We are in receipt of the OLA Work Paper Practices notice, however, we need further details on the specifics of the indexing and annotating utilized by OLA.
7. **Proposed Cost Detail** – Based on the Major Tasks and Deliverables outlined in the Work Order Request, we are proposing the following cost to perform the financial audit of the administrative expenses and investment income of Medica.

Staff Position	Hourly Rate	Estimated Hours	Proposed Cost
Members/Partners	\$250	100	\$25,000
Senior Manager	\$210	250	\$52,500
Senior Auditor	\$150	350	\$52,500
TOTALS		700	\$130,000

Based on the details provided above, our proposed total cost is \$130,000.

We truly appreciate the opportunity to present this proposal, and look forward to working with OLA on the Financial Audit of the Administrative Expenses and Investment Income of Medica. Please contact me at [REDACTED] or via email at Bbullen [REDACTED] if you have any questions or require additional information.

Sincerely,

MYERS AND STAUFFER LC



Robert M. Bullen, CPA, CFE  
Member