

September 6, 2013, 2:00 p.m.

**To:** File

**From:** Valerie Bombach

**Subj:** RFP Interview – Deloitte

**Location:** Office of the Legislative Auditor

**Attendees:**

Deloitte

Steven Wander  
Steven Dahl  
Rick Davenport via telephone

Office of the Legislative Auditor

Jim Nobles, Legislative Auditor  
Valerie Bombach, Program Manager  
Eric Jacobson, Business Manager

We met with Deloitte representatives to discuss their response to our RFP (see C-23.b and C-23.c). The following commentary represents a general summary of the discussion and Deloitte staff responses to key questions:

**What is your understanding and knowledge of the current issues concerning managed care and public health care programs in Minnesota?**

Deloitte staff said that they were aware of the controversies and had heard that there was a federal investigation underway.

**Explain why Deloitte would be a good fit for the OLA work. What insight would your firm bring to these issues? Why have a government entity examine the financial reports of managed care organizations?**

Deloitte staff said that they have significant experience in this work area and knowledge of Medicaid data. Generally, they commented that for setting payment rates, lack of good data is the biggest problem. Deloitte has a large local practice and presence, and has done a lot of work for state agencies. Deloitte staff said that Deloitte elected to not respond to the audit portion of the OLA RFP for business reasons. OLA staff emphasized the independence

requirements for OLA contracts and work assignments. Deloitte staff said that they do not do any actuarial work related to Medicaid for Minnesota's managed care organizations; however, they did submit a proposal to DHS in response to an RFP issued for a vendor to conduct the quality assurance audit of MCO financial data.

Bombach said that OLA is looking for a contractor who is flexible; we will have work orders, but the work also will be an iterative process. **Do you have any concerns about this approach to conducting the work?** Deloitte staff said that they are okay with this approach and always work with their clients needs.

**Do you have any concerns or thoughts about reviewing and commenting on work by other actuaries? Any practices or approaches for reconciling differences in findings?**

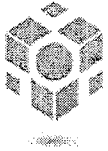
Deloitte staff said that they would examine the methods used and compare to their own independent estimates using their own actuarial cost models. They have done this type of work before.

**Do you have any concerns or thoughts about use and ownership of work product?**

Deloitte staff said that they accept that the final work product and deliverables belong to OLA; however, Deloitte must retain ownership of actuarial tools, methods, licensing, and anything that they consider to be trade secret.

**As noted in your RFP proposal, please provide more information regarding your exceptions to the OLA RFP and sample contract. Out of the 25 exceptions, what are the most important items?**

OLA staff said that they would need to see proposed alternative language in order to respond to Deloitte's comments. Bombach asked that Deloitte staff submit such language in writing by Monday, September 9, 2013.



**MYERS AND  
STAUFFER** LC  
CERTIFIED PUBLIC ACCOUNTANTS

August 9, 2013

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

Re: Audit and Actuarial Services Request for Proposal (RFP)

Dear Ms. Bombach:

Myers and Stauffer LC is submitting the following questions for your review for the above referenced RFP.

1. **Scope of Work, Service Categories, Audit Services; Sample Tasks (Page 4)** - The RFP indicates that one of the potential audit tasks is to “test and analyze a statistical sample of managed care organizations’ encounter, claims, or other data for the purpose of validating data.”

Does the Office of the Legislative Auditor (OLA) anticipate that the audit firm will have the expertise necessary to be responsible for designing the statistically valid sampling plan from which the sample of encounter, claims or other data is drawn? If not, can the OLA provide their approach to sampling and/or the approximate sample size(s) that the OLA anticipates for these various tests and analyses?

2. **Proposal Content, Firm’s or Individual’s Background, Audit Services (Page 6)** - The RFP indicates that “**Responders to the Audit Services category** must provide documentation that they are licensed in accordance with *Minnesota Statutes* 2012, chapter 326A.”



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We are currently licensed as a Certified Public Accounting Firm in several states, but not currently in Minnesota. However, we have submitted our application to be licensed in Minnesota as a Certified Public Accounting Firm and our application is pending. May we provide documentation showing our submission for licensure to satisfy the above noted requirement?

Please let me know if you need any clarification to our questions. I can be reached by phone at [REDACTED] or by e-mail at [REDACTED]

Sincerely,

MYERS AND STAUFFER LC

Robert M. Bullen, CPA, CFE  
Member