

## **STATEMENT OF WORK**

### **I. BACKGROUND**

The Maryland Association of Counties (MACo) is seeking responses to a Request for Proposals (RFP) for a feasibility study to analyze the potential costs and benefits of forming a workers' compensation self-insurance group of Maryland county governments.

Through this study, MACo seeks to determine whether a workers' compensation self-insurance group would be feasible, and whether it would improve the workers' compensation service and offerings available to county governments in Maryland at an equal or lower cost than the incumbent provider(s).

### **II. INTENT**

It is the intent of these specifications, terms, and conditions to describe the scope of work for a feasibility study to evaluate the potential cost and benefit of a Maryland county workers' compensation self-insurance group.

MACo intends to award a contract to the bidder selected whose response conforms to the RFP, meets the Association's requirements and interests, and represents the best value.

### **III. NOTE**

This is a contract for a feasibility study only. Based on the results of the feasibility study, MACo, or another group, may or may not pursue the creation of a workers' compensation self-insurance group.

If creation of a workers' compensation self-insurance group is pursued, it will be done through another RFP process. If a second RFP is issued, the successful bidder for the feasibility study will not be automatically excluded from participation, however, the process will contain specific provisions to minimize any potential selection bias.

### **IV. SCOPE**

MACo is seeking a Contractor to conduct an insurance marketing analysis for Maryland county governments to form a workers' compensation self-insured group.

The work of the Contractor must include:

- An initial planning meeting with MACo and county government representatives;
- Outreach to Maryland county governments describing the scope of the project and data requirements, and coordination of outreach with MACo;
- Clearly defined information-gathering needs, and coordination of information-gathering with MACo;
- A feasibility study and funding analysis to determine the cost effectiveness and other potential benefits of forming a self-insurance group;
- An estimate of start-up and ongoing costs to maintain a self-insurance group as compared to incumbent providers; and
- A presentation of the results to MACo and Maryland county government representatives.

The feasibility study and funding analysis must consist of the following:

1. An analysis of the advantages and disadvantages of group self-insurance for the proposed group members as compared to the options of individual self-insurance, or coverage under a policy issued by a carrier(s).
2. Identification of all proposed group members and the combined total payroll for the proposed group self-insurer.
3. A consolidated summary of the historical workers' compensation claims loss experience and the allocated loss expenses of the proposed group members for a minimum of the four most recent, completed, full policy years at the time the feasibility study begins.
4. An evaluation of the historical workers' compensation claims costs for the group members, including an actuarial projection of the expected claims costs for each of the first five years of the group operation. The actuarial projection shall be prepared by either an independent person with current experience in making Maryland workers' compensation actuarial projections for self-insured employers or group insurance, and shall have a designation of Fellow of the Casualty Actuarial Society (FCAS); or be a member of the American Academy of Actuaries (AAA) with current experience in making Maryland workers' compensation actuarial projections.
5. A five-year pro-forma financial statement including, as a minimum but not limited to, an income statement, balance sheet, projected cash flows, and claims payout projections. The pro forma financial statement must include a detailed separation of assets, liabilities, retained earnings, taxes, and dividends distribution of excess contributions. If any claims costs are discounted, the interest rate assumptions and payout patterns must be described and must be based on reasonable assumptions. The claims payout schedule shall be calculated using the 80th percent actuarial confidence level figures from the actuarial study.
6. A summary of the specific details of the group self-insurer's operating plan or the plan itself, including, but not limited to, descriptions of:
  - a. The group's legal and organizational structure;
  - b. Method of governance;
  - c. General management of the peer group self-insurer, including underwriting policies, insurance coverage, billing, commissions, fees, and all other expenses;
  - d. Rating of contribution plans, premiums, or other means by which group funding during the first five years of operation will be generated, and the amounts to be generated by the methods proposed for each of the first 5 years of operation.
  - e. Costs regarding program management, whether done by a vendor, or handled in-house.
7. The amount of money needed in reserve to start a viable county workers' compensation self-insurance group.
8. An estimate of the costs of claim management and risk management information system (RMIS) applications.

MACo will serve as the liaison between the Contractor and Maryland county governments for all outreach and information-gathering needs. MACo expects to assist with gathering the required information for the feasibility study from county governments, including but not limited to loss information, payroll, premium history, and employee counts. Seamless communication between MACo and the Contractor throughout the duration of the contract is critical to its success.

**V. BILLING AND INVOICING**

The payment schedule for services shall include periodic progress billing which shall not exceed eighty-five percent (85%) of the total cost, such that no payments above the 85% level will be paid until the final invoice. Each invoice should specify a cost breakdown among major programs and activities. A final invoice shall be due and payable upon the successful completion of the study, as accepted by MACo.

**VI. SCHEDULE**

**PROPOSED TIMETABLE**

Request for Proposal to Prospective Bidders	October 2, 2017
Proposal due date	November 3, 2017, 5 pm (EDT)
Staff Review Complete	November 13, 2017
Meeting with Selected Firms	November 13-24, 2017
Potential Negotiations Complete	December 1, 2017
Recommendations to MACo Board	December 8, 2017
Project Contract Award	December 15, 2017

**VII. EVALUATION AND AWARD**

Evaluation criteria:

1. Complete response to all required items;
2. Ability to provide timely, responsive, effective services;
3. Ability to meet current and projected project requirements over the term of the agreement;
4. The character, integrity, reputation, judgment, experience, and efficiency of the firm;
5. The quality of performance of previous contracts;
6. The sufficiency of the financial resources and ability of the firm to perform the contract;
7. Such other information as may be secured having a bearing on the decision to make the award; and
8. Price.

MACo will conduct interviews before awarding the contract. Although cost will be a factor in making the award, it will not be the sole or necessarily determining factor. MACo will base the award on the basis of the cost, experience, and qualifications of the vendor and reserves the right to reject any or all bids.

Terms and Conditions:

1. MACo reserves the right to reject any and all proposals, to waive any irregularities in any proposal or in the proposal procedures and to accept or reject any item or combination of items. The award will be to the bidder whose proposal, in MACo's opinion, is the best, taking into consideration all aspects of the bidder's response.
2. Bidders shall thoroughly examine and be familiar with these specifications. The failure or omission of any proposer to examine and/or understand this document shall in no way relieve the proposer of obligations with respect to this proposal or the subsequent contract.
3. Bidders shall in no way make unauthorized changes to the specifications, forms or terms. Doing so may render the response invalid.

## **VIII. PROPOSALS**

Proposals must be delivered electronically to MACo's Research Director, Robin Clark Eilenberg at REilenberg@mdcounties.org, no later than 5 pm on November 3, 2017. MACo reserves the right to accept or reject any or all proposals and to conduct an evaluation process of proposals to narrow the pool of potential firms to interview.

In order to be considered by MACo, the proposal must include a succinct statement of qualifications (SOQ). The SOQ shall include:

1. A cover letter, signed by an authorized representative of the firm which includes the following:
  - a. A brief statement acknowledging that the information provided in the SOQ is true, accurate, and current.
  - b. A brief statement explaining how the firm's expertise relates to the scope of services.
2. In outline format, a profile of the firm including the items below:
  - a. Name of firm, address, telephone and fax numbers, and email address.
  - b. Name of contact person, telephone number, and e-mail address.
  - c. A brief summary of firm staff's professional and technical profiles, and number of personnel. Attach resumes of project manager and key personnel who will perform work on the project.
3. References documenting the firm's experience:

Provide a minimum of three (3) professional references for which the Contractor has performed similar services of similar scope within the past five (5) years. Include project name and location, project description, scope of work, year completed, on-budget/on-time summary. Provide the owner's name, address, and the name and telephone number of a contact person.
4. A narrative statement that illustrates the Contractor's understanding of the scope of services and fully explains the firm's ability to successfully complete the project as described.

## **IX. INTERVIEWS**

MACo will select one or more responsive proposals and invite representatives of those firms to engage in selection interviews. These interviews will take place at the Maryland Association of Counties offices in Annapolis, Maryland, and will be scheduled at the convenience of the interviewers. Inability to participate in the interview process will disqualify the firm from further consideration.

## **X. PARTICIPATION**

Any independent risk management individual or firm licensed to do business in Maryland is invited to submit a response to this RFP. MACo actively encourages proposals from small, women- and/or minority-owned businesses.

For further information, contact Robin Clark Eilenberg, Research Director, REilenberg@mdcounties.org, 443.995.8753.