

**Washington State Market Impact Analysis
Statement of Work for Actuarial Contractor
October 2010**

The Contractor will lead the development of the Market Analysis Deliverable and will submit a Deliverable to the Agency. The Agency has the sole authority to approve the Market Analysis Deliverable. The Agency can pay the Contractor for the Market Analysis Deliverable only if the Agency approves the Deliverable.

The Contractor will reasonably coordinate and collaborate with the Agency and stakeholders especially in the assumptions and formulation of the analysis to be performed in the Market Analysis Deliverable. The Contractor will also provide reasonable time for the Agency and stakeholders to review and comment on a final draft Deliverable. The Contractor will include reasonable comments from the Agency and stakeholders in the final Deliverable submitted for the Agency's approval.

The Contractor's Market Analysis Deliverable will include at least these broad topics:

- The background and purpose of the analysis;
- The analytic assumptions, methods, and data sources used; and
- The results, findings, conclusions, or recommendations based upon the analysis.

The Deliverable will include a discussion of the analysis upon premium rates and enrollment of the following combinations to the health insurance market derived from alternatives specified in the Patient Protection and Affordable Care Act:

- Merging and not merging the risk pools of the individual and small group markets. In the analysis, merging the risk pools will refer to creating a single market that pools individual and small group plans offered in either the exchange or in the private health insurance market.
- Offering and not offering the proposed federal basic health option.
- Changing the definition of small employer from 1-50 employees to 1-100 employees.

The Deliverable will also meet the following expectations:

- Use updated, 2010, data for the Washington State Population Survey (WSPS) and Medical Expenditure Panel Survey (MEPS).
- Enhance validity by comparing the Market Analysis Model to a previous model developed for analyzing the expansion of the Washington State Health Insurance Partnership.
- Make the Market Analysis model so transparent that it can be reproduced.

The intent of the Deliverable is to describe the relative impact of each combination upon the exchange and the proposed federal basic health option. The analysis will include the potential contribution of Washington's uninsured individuals upon premium rates and enrollment within each combination. The Deliverable, however, will not include an analysis of the impact of Washington's uninsured population, the impact of the individual mandate, or the impact upon a reformed and expanded Medicaid population.

The Contractor's analysis will also include a discussion of the impact upon premium rates and enrollment in each combination derived from these markets:

- Private health insurance market outside of the exchange for individual plans.
- Private health insurance market outside of the exchange for small group plans.
- Washington's market of association health plans.

Where possible, the Contractor will also include relevant discussions of significant implications of the exchange and basic health combinations upon these three private markets.