

**COUNTY OF LEHIGH, PENNSYLVANIA
RESOLUTION NO. 2016-28
SPONSORED BY COMMISSIONER JONES
REQUESTED DATE: MAY 24, 2016**

**APPROVING A PROFESSIONAL SERVICES AGREEMENT WITH
ACTUARIAL SOLUTIONS, LLC**

WHEREAS, §801.1(B) of the Administrative Code of the County of Lehigh requires resolution approval for nonbid professional service agreements over ten thousand dollars (\$10,000.00); and

WHEREAS, Department of Human Services requests that the County of Lehigh enter into an agreement with Actuarial Solutions, LLC to provide actuarial services for Lehigh County's HealthChoices Medicaid behavioral health program.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF LEHIGH, PENNSYLVANIA THAT:

1. The proposed agreement for professional services with Actuarial Solutions, LLC, marked Exhibit "A" attached hereto and made a part hereof by this reference, is hereby approved.
2. The proper officers and other personnel of Lehigh County are hereby authorized and empowered to take all such further action, including any necessary transfers of funds, and execute additional documents as they may deem appropriate to carry out the purpose of this Resolution.
3. Any resolution or part of resolution conflicting with the provisions of this resolution is hereby repealed insofar as the same affects this resolution.

4. The County Executive shall distribute copies of this resolution to the proper officers and other personnel whose further action is required to achieve the purpose of this resolution.

ADOPTED BY THE LEHIGH COUNTY BOARD OF COMMISSIONERS

on the _____ day of _____, 2016, by the following vote:

Commissioners

AYE

NAY

Geoff Brace
Thomas C. Creighton, III.
Percy H. Dougherty
Dan Hartzell
Amanda Holt
David S. Jones, Sr.
Marty Nothstein
Brad Osborne
Michael P. Schware

ATTEST: _____
Clerk to the Board of Commissioners

Contract Number:

Copy ID#: _____

Completed: _____

COUNTY OF LEHIGH

CONTRACT FOR PROFESSIONAL SERVICES

PURPOSE OF CONTRACT: To provide actuarial services for Lehigh County's HealthChoices Medicaid behavioral health program.

AWARDED TO: Actuarial Solutions, LLC

Federal ID.: 46-4688780
Telephone: (215) 833.4692
Fax:

EXHIBIT

A

TABLE OF CONTENTS

I.	Scope of Services	p. 1
II.	Term of Contract	p. 1
III.	Compensation	p. 2
IV.	Schedule of Attachments.....	p. 3
V.	Covenants, Representations and Warranties	p. 3
VI.	Taxes.....	p. 6
VII.	Undue Influence	p. 6
VIII.	Conflict of Interest.....	p. 6
IX.	Breach of Contract.....	p. 7
X.	Confidentiality	p. 7
XI.	Discrimination Clause	p. 7
XII.	Indemnification and Hold Harmless	p. 8
XIII.	Insurance.....	p. 8
XIV.	Independent Contractor	p. 10
XV.	Modification	p. 11
XVI.	Report	p. 11
XVII.	Notices.....	p. 11
XVIII.	Pennsylvania Certification	p. 12
XIX.	Professionalism	p. 12
XX.	Audit.....	p. 13
XXI.	Provider Responsibility Provisions	p. 13
XXII.	Confidential Information.....	p. 14
XXIII.	Right to Know	p. 14
XXIV.	Interpretation	p. 15
XXV.	Governing Law	p. 15
XXVI.	Severability.....	p. 15
XXVII.	Entire Contract.....	p. 15

PROFESSIONAL SERVICE CONTRACT

This is a contract between the **COUNTY OF LEHIGH**, a Home Rule County of the third class, with offices at 17 South Seventh Street, Allentown, PA 18101-2401 hereinafter referred to as the COUNTY, and **ACTUARIAL SOLUTIONS, LLC**, with a mailing address of 27627 North 168th Street, Scottsdale, AZ 85263, (Federal Identification Number: 46-4688780) hereinafter referred to as the PROVIDER.

WITNESSETH,

WHEREAS, the COUNTY wishes to purchase, and the PROVIDER wishes to furnish the services cited below according to all applicable Federal, State, and Local Laws; and,

WHEREAS, the services referred to are professional in nature;

NOW THEREFORE, the COUNTY and the PROVIDER, in consideration of the obligations herein undertaken and intending to be legally bound, hereby agree as follows:

I. SCOPE OF SERVICES

A. The PROVIDER shall provide the following services: provide actuarial services for Lehigh County's HealthChoices Medicaid behavioral health program.

B. These services and the requirements for their provision are set forth more fully in Appendix 'A' attached hereto and incorporated as if set forth in full.

II. TERM OF CONTRACT

A. The contract shall become effective when executed by the Lehigh County Executive according to the date parameters as stated below:

Beginning Date: July 1, 2016

Termination Date: June 30, 2019

B. The contract may be terminated by either party upon default of agreed terms as herein stated, in writing and providing thirty days notification. Should the PROVIDER lose its license or certification the contract may be terminated immediately by the COUNTY. COUNTY may terminate this contract with or without cause, by providing thirty (30) days written notice to the PROVIDER. The County Executive is authorized to terminate any contract with the PROVIDER pursuant to the provisions of this sub-paragraph.

C. COUNTY shall be liable only for payments due the PROVIDER as set forth in this Contract up to and including the date of termination.

D. This contract may be extended for **ONE (1)** additional term of one (1) year upon the same terms and conditions and the written agreement of both the COUNTY and PROVIDER. Any renewal must be in writing and signed by both parties. This agreement may only be extended beyond its initial term by the County Executive, the President Judge of the 31st Judicial District, the Board, or any independently elected official if each additional term is approved by resolution of the Board. Without such approval the contract shall not extend beyond its last term approved by the Board.

E. The PROVIDER and the COUNTY hereby agree the COUNTY may assign any or all of its rights and delegate any or all of its obligations or responsibilities under this Contract upon twenty (20) days written notice to PROVIDER in the manner set forth in Article XVII of this Contract.

F. The PROVIDER and the COUNTY hereby agree that PROVIDER cannot assign any or all of its rights or delegate any or all of its obligations or responsibilities under this Contract without the COUNTY's prior written authorization.

III. COMPENSATION

A. The COUNTY shall pay for the services rendered by the PROVIDER, according to the provisions which are identified in Appendix 'B' attached hereto and incorporated by this reference as if set forth in full.

B. The PROVIDER hereto agrees that any and all payments due from the COUNTY as required under the terms of this contract, are contingent upon the availability of the appropriated funds. If any or all of the funds which are due to the PROVIDER emanate from State or Federal sources, payment is also contingent upon the COUNTY receiving such moneys from the State or Federal Government.

C. PROVIDER explicitly agrees that it will not submit to COUNTY any false claim, as defined in the False Claims Act, 31 U.S.C. § 3729 et seq.

D. With respect to any billing, COUNTY reserves the right to withhold payment for any portion of any statement in which it asserts that a discrepancy exists, which discrepancy should be corrected by a new statement. In such instances, COUNTY may withhold payment only for that portion of the statement with which it disagrees. Further, it shall be the duty of COUNTY to notify PROVIDER of any such disagreement or discrepancy as soon as possible.

IV. SCHEDULE OF ATTACHMENTS

The PROVIDER shall be bound by the following appendices attached hereto, incorporated herein as if set forth in full:

- Appendix A - Scope of Services
- Appendix B - Compensation
- Appendix C - Amendments and Special Provisions

V. COVENANTS, REPRESENTATIONS AND WARRANTIES

A. The COUNTY covenants, represents, and warrants:

1. The person or persons signing on behalf of the COUNTY are duly authorized to do so.
2. That this contract is entered into by the Lehigh County Executive pursuant to his authority under section 402(j) of the Lehigh County Home Rule Charter.
3. That the COUNTY is in compliance with all applicable federal, state and local laws especially, but without limitation to all statutes, ordinances, rules, and regulations governing any and all federal and state funding of the contract.
4. That if the representations in subparagraphs 2 or 3 above should at any time hereafter become incorrect, the COUNTY will promptly take all steps to correct the noncompliance.

B. The PROVIDER covenants, represents and warrants:

1. The person or persons signing on behalf of the PROVIDER are duly authorized to do so.
2. That the PROVIDER is entering into this contract either in the ordinary course of its business activities or pursuant to a resolution of its Board of Directors (or other governing body) validly called and held. If requested, the resolution, including in it the names and positions of the persons authorized to sign this contract, shall be forwarded to the County upon the signing of this contract.
3. That the PROVIDER now complies with and will continue to comply with for the duration of this contract, all applicable law in its business and activities

which pertain to the performance or funding of this contract, including, without limitation, the following:

- a. The Fair Labor Standards Act, the Labor Management Relations Act (Taft-Hartley); and the Labor Management and Reporting and Disclosure Act (Landrum-Griffin).
- b. Occupational Safety and Health Act, and OSHA regulations thereunder.
- c. Worker's Compensation Laws.
- d. The Environmental Protection Act, EPA regulation and the laws and regulations administered by the Pennsylvania Department of Environmental Resources.
- e. Title VII of the Civil Rights Act of 1964, all EEOC regulations and all laws relating to equal employment opportunity.
- f. The Equal Pay for Equal Work Law and all other laws relating to sex discrimination.
- g. The Federal Age Discrimination in Employment Act and any amendments thereto, 29 Section 620 et seq., especially the 1978 amendments thereto, Public 95-256, Section 1 et seq., Act of April 6, 1978, 92 Statute 189 and hereby states that it will not mandate the retirement of any employee on the basis of age, or for any other reason prohibited by the aforesaid act.
- h. The Older Americans Act of 1965 as amended (P.L. 89-73, Section 1, Stat. 219) and the Administrative Code of 1929 as amended by Act 1978-7 (P.L. 177, No. 175) and all regulations promulgated thereunder.
- i. Those laws relating to the fiscal management and accounting of public funds. The COUNTY, in its sole discretion, shall have the privilege of examining and or auditing the records of the PROVIDER which pertain to this contract to ascertain or verify compliance with this subparagraph.
- j. The Americans with Disabilities Act.

- k. The Immigration, Reform, and Control Act of 1986.
 - l. The Pro-Children Act of 1994.
 - m. The False Claims Act, 31 U.S.C. § 3729 et seq.
 - n. Reports by business entities as required by 25 P.S. §3260a, P.L. 893, Act No. 171 of 1978, as amended July 11, 1980, P.L. 649, No. 134, §6. PROVIDER shall submit to COUNTY a copy of the list filed with the Secretary of the Commonwealth on an annual basis, within thirty (30) days of the filing or March 1st, whichever date is first.
 - o. Disclosures required by Section 801.5 (Open and Public Process) of the Lehigh County Administrative Code, a copy of which PROVIDER acknowledges has been provided to it.
4. The PROVIDER acknowledges that in the event there is any violation of applicable laws or regulations by the PROVIDER, the COUNTY may deem the violation to be a breach of this contract by the PROVIDER.
5. The PROVIDER agrees that no employee, board member, or representative of the PROVIDER, either personally, or through an agent, shall solicit the referral of clients to any facility in a manner, which offers or implies an offer of rebate to persons referring clients or other fee-splitting inducements. This applies to consents of fee schedules, billing methods, or personal solicitation. No person or entity involved in the referral of clients may receive payment or other inducement by a facility or its representatives. The PROVIDER shall substantially include the language of this Paragraph in each subcontract under this Contract.
6. The PROVIDER agrees that all experimentation with human subjects involving physical or mental risk to those subjects shall be prohibited without the prior written approval of the Secretary of the Department of Health, subject to all applicable laws, statutes and regulations, and voluntary, informed consent of the subject in writing. If the subject is a minor, or incompetent, a voluntary, informed consent of his/her parents or legal guardian shall be required.
7. The PROVIDER is duly organized, validly existing, and in good standing under the laws of Pennsylvania and the state in which the PROVIDER is organized as previously noted in the Opening Paragraphs of this Contract.

8. That PROVIDER, as a condition precedent to payment, shall upon request of COUNTY promptly furnish evidence of compliance of any sub-paragraph herein.

VI. TAXES

A. The PROVIDER hereby certifies, as a condition precedent to the execution of this contract and as an inducement for the COUNTY to execute same, that it is not "delinquent" on any taxes owed to the COUNTY. "Delinquent" is hereby defined as the point in time at which the collection of the tax becomes the responsibility of the Lehigh County Tax Claim Bureau.

B. The PROVIDER further agrees, as a specific condition of this contract, that it shall remain current on all of the taxes it owes to the COUNTY. Should the PROVIDER become delinquent on any taxes it owes to the COUNTY during the term of this contract, the PROVIDER may be deemed to be in breach of this contract by the COUNTY and, in addition to any other remedies at law for such breach, the PROVIDER hereby specifically agrees and authorizes the COUNTY to apply all funds when due to the PROVIDER directly to the taxes owed to the COUNTY until said taxes are paid in full.

C. In the event the PROVIDER becomes delinquent, it hereby authorizes the COUNTY to make payments to the taxing authority for the COUNTY to bring the PROVIDER'S county taxes current.

VII. UNDUE INFLUENCE

The PROVIDER agrees not to hire any COUNTY Personnel who may exercise or has exercised discretion in the awarding, administration, or continuance of this contract for up to and including one year following the termination of the employee from COUNTY service. Failure to abide by this provision shall constitute a breach of this contract.

VIII. CONFLICT OF INTEREST

The PROVIDER agrees to notify in writing the COUNTY as soon as the PROVIDER learns that:

A. A current employee of the COUNTY has commenced, or is intending to commence, employment with PROVIDER while continuing to maintain COUNTY employment, or

B. A current employee of the COUNTY has performed, or is intending to perform, services to the PROVIDER as an independent contractor while continuing to maintain COUNTY

employment. Any written notice required to be given under this section shall specify the COUNTY employee's name, the nature of the COUNTY employee's employment, or the subject of the COUNTY employee's contract with the PROVIDER and the date on which the COUNTY employee's employment or contract with PROVIDER commenced.

IX. BREACH OF CONTRACT

A. The PROVIDER agrees that any breach of performance, of any covenant, representation, or warranty, indemnity, or condition, or attached appendices, shall constitute default of this contract.

B. When a breach of this contract has occurred, the COUNTY, in the exercise of its discretion, may allow PROVIDER a specified period of time to correct its breach of the contract.

C. If PROVIDER does not correct its violations of the contract as specified, COUNTY may terminate the contract in whole or in part if such partial termination is in the best interest of the COUNTY.

X. CONFIDENTIALITY

A. The PROVIDER and the COUNTY, their agents and employees shall perform their respective obligations under this contract in such manner as to insure that records, names, and identities of persons to whom services are or have been provided, shall remain confidential except as disclosure is permitted or required by law. Photographs, videos, and/or recordings, which in any way identify clients, shall not be released without the written consent of the legally responsible party, and the COUNTY representative.

B. Termination of this Contract for any reason shall not relieve the PROVIDER of any of PROVIDER'S obligations as stated in this paragraph.

XI. DISCRIMINATION CLAUSE

In carrying out the terms of this contract, both parties agree not to discriminate against any employee or client or other person on account of age, race, color, sex, religious creed, national origin, marital status, or physical or mental disabilities as set forth in the Americans With Disabilities Act of 1990. PROVIDER and COUNTY shall comply with the Contract Compliance Regulations of the Pennsylvania Human Relations Commission, any pertinent Executive Order of the Governor and with all laws prohibiting discrimination in hiring or employment opportunities.

XII. INDEMNIFICATION AND HOLD HARMLESS

A. The PROVIDER shall indemnify and hold harmless the COUNTY and each of its officials, employees, and agents from any and all suits, actions, legal or administrative proceedings, claims, demands, damages, liabilities, interest, attorney's fees, costs and expenses for whatsoever kind or nature, to the extent result from any:

1. Breach of the contract by PROVIDER;
2. Professional error or omission, fault, or negligence by PROVIDER or any one acting under its direction, control of or on its behalf in connection with or incident to its performance of this contract; and
3. General public liability claim arising in connection with the business or activities of PROVIDER which pertains to this contract.

B. If any claim is made against COUNTY which would give rise to a right of indemnification by COUNTY from PROVIDER, COUNTY will give notice thereof to PROVIDER. The COUNTY may permit the PROVIDER to assume the defense of any such claim, or any litigation resulting therefrom. Counsel for PROVIDER, which will conduct the defense of such claim or litigation, must be approved by COUNTY, whose approval will not unreasonably be withheld. If COUNTY consents to permit PROVIDER to assume defense, COUNTY may participate in such defense. Neither party will consent to entry of any judgment or enter into any settlement without the written consent on the other party, which consent will not unreasonably be withheld. The parties shall cooperate fully with each other and make available to COUNTY all pertinent information under its control.

C. It is expressly understood by PROVIDER that the Pennsylvania state statute, specifically 42 Pa. C.S.A. 8549, which limits recovery against a local government unit and/or its officials and employees to a maximum of \$500,000.00, is not applicable to recovery of damages in an action against PROVIDER.

XIII. INSURANCE

A. The PROVIDER shall, at its sole cost and expense, procure and maintain in full force and effect covering the performance of the services rendered under this contract, insurance in the types and limits specified below. In addition to the insurance coverage and limits specified herein, the PROVIDER shall obtain any other insurance coverage as may be required by law.

1. Professional Liability Insurance

- a. Limit of Liability: \$1,000,000 by claim and \$2,000,000 in the aggregate.
 - b. If PROVIDER is a Medical Professional, PROVIDER shall ensure that all conditions are met for eligibility for MCARE Fund coverage.
 - c. Coverage for occurrences happening during the performance of services required under this contract shall be maintained in full force and effect under the policy. The policy shall include a "tail coverage" if a one or two year period of exposure exists.
2. General Liability Insurance
- a. Limits of Liability: \$1,000,000 in the aggregate and per occurrence.
 - b. Coverage: Premise operations, blanket contractual liability, personal injury liability (employee exclusion deleted), products and completed operations, independent contractors, employees and volunteers as additional insureds, joint liability, and broad form property damage (including completed operations).
3. Worker's Compensation and Employer's Liability Insurance
- a. Limits of Liability: Statutory Limits.
 - b. Other States' coverage and Pennsylvania endorsement.
4. Automobile Liability Insurance
- a. Limit of Liability: \$1,000,000 per occurrence combined single limit for bodily injury (including death) and property damage liability.
 - b. Coverage: Owner, non-owned and hired vehicles.
 - c. PROVIDER shall ensure that all staff operating said vehicles are licensed drivers and properly insured.
5. Umbrella Excess Liability
- a. \$5,000,000 in the aggregate and per occurrence.

b. Coverage provided shall be over auto liability, general liability, and professional liability.

6. Abuse/Sexual Molestation and Corporal Punishment Liability Insurance.

\$1,000,000 per occurrence; \$3,000,000 in the aggregate.

B. All insurance provided for in this section shall be obtained under valid and enforceable policies issued by insurers of recognized responsibility, which are licensed to do business in the Commonwealth of Pennsylvania. Certificates of Insurance evidencing the existence of such insurance shall be submitted to the COUNTY upon execution of the contract by PROVIDER. If the term of this contract coincides with the term of the PROVIDER'S insurance coverage, a Certificate from the expiring policy will be accepted, but a Certificate evidencing renewed coverage of a new policy must be presented to the COUNTY no later than thirty (30) days after the effective date of the policy.

C. Each policy and Certificate of Insurance shall contain: an endorsement naming the COUNTY as Additional Insured party thereunder; and a provision that at least thirty (30) calendar days prior written notice be given to the COUNTY in the event coverage is canceled or non-renewed or coverage reduced.

D. If the PROVIDER desires to self-insure any or all of the coverages listed in this section, it shall provide to the COUNTY documentation that such self-insurance has received all the approvals required by law or regulations, as well as the most recent audited financial statement of the PROVIDER'S insurance. Any coverage which is self-insured shall provide the same coverage, limits and benefits as the coverages listed in this section.

E. If the PROVIDER fails to obtain or maintain the required insurance, the COUNTY shall have the right to treat such failure as a material breach of the contract and to exercise all appropriate rights and remedies.

F. PROVIDER shall include all subcontractors as insurers under its policies or shall furnish separate Certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated in this contract.

G. Any modification or waiver of the insurance requirements contained in this section shall be set forth in Appendix 'C'.

XIV. INDEPENDENT CONTRACTOR

A. The PROVIDER is deemed an Independent Contractor and shall not during the

term of this contract assign, subcontract, transfer, or otherwise delegate all or part of its obligations or responsibilities without prior written approval of the COUNTY. No relationship of employer-employee is intended nor created by this contract, it being understood that PROVIDER shall render services to the COUNTY on an independent contractor basis. PROVIDER is not entitled to any benefits from the COUNTY including but not limited to compensation other than that set forth in the 'Compensation' section, Worker's Compensation, unemployment insurance or benefits, retirement benefits, pension benefits, Social Security or disability benefits, and professional liability insurance and/or deductibles. PROVIDER expressly agrees and acknowledges that the COUNTY will deduct no employment taxes from any compensation paid to PROVIDER and that PROVIDER will be responsible for the payment of all taxes whatsoever in connection with any compensation received from the COUNTY.

B. The PROVIDER further agrees and acknowledges that PROVIDER is not authorized under the terms of this contract to bind the COUNTY in any contractual undertakings with any third parties as a result of the within contract and PROVIDER will not make any representation that it is capable of binding the COUNTY.

XV. MODIFICATION

This document and all attachments which have been incorporated by reference contain all the terms, provisions, and conditions of this contract. No term or provision may be unilaterally modified or amended. Any alteration, variation, modification, or waiver of a provision of this contract shall be valid only when reduced to writing, duly signed by the parties of this contract, and attached to the original of the contract.

XVI. REPORT

A. COUNTY may require PROVIDER to supply to COUNTY reports in the manner, at the times and in the form as prescribed by COUNTY.

B. If a final report or study is delivered to COUNTY pursuant to this contract, a copy of the final report or study shall be provided directly by the PROVIDER to the Board of Commissioners. PROVIDER agrees to present publicly the final report or study should a committee of the Board of Commissioners so desire.

XVII. NOTICES

A. Any notices required to be given pursuant to the terms and provisions hereof shall either be served in person, evidenced by a signed and dated receipt, by facsimile transmission, or by depositing such notice in the United States mail, certified, with certification and postage charges prepaid. In the event of service of notice upon either party pursuant to the terms of this

paragraph, their respective facsimile transmission numbers and addresses are as follows:

PROVIDER:

Actuarial Solutions, LLC
Attn: John Vataha, President
27627 North 168th Street
Scottsdale, AZ 85263
Phone: (215) 833.4692
Email: jvataha@aol.com

COUNTY:

County of Lehigh
Department of Human Services
Attn: Matt Bauder, HealthChoices Administrator
17 S. 7th Street
Allentown, PA 18101-2401
Phone: (610) 782.3526
Fax: (610) 820.3689

B. The PROVIDER shall notify the COUNTY in writing prior to changes in the PROVIDER'S location, mailing address, phone number, facsimile number, or name.

XVIII. PENNSYLVANIA CERTIFICATION

The PROVIDER shall provide annually, upon renewal, copies of required certifications or licenses. The PROVIDER shall notify the COUNTY in writing within five (5) working days of any loss of its Pennsylvania certification or licensure for any of the services being provided to the COUNTY. Upon notification of any loss of certification/licensor for any of the services being provided to the COUNTY, the COUNTY may terminate this contract immediately.

XIX. PROFESSIONALISM

It is contemplated, expected and understood by the parties that PROVIDER will execute and perform the services to be provided to COUNTY in a professional and ethical manner. All work performed or managed by PROVIDER must be of the highest quality and should conform to all standards, safety guidelines, and design conditions as may be imposed by legitimate regulatory organizations, including governmental agencies and municipalities. All services to be performed under this Contract shall be performed in the most cost-effective manner while still achieving the objectives of COUNTY.

XX. AUDIT

A. The PROVIDER shall maintain and retain all books, documents, papers, and records of the PROVIDER which are related to the performance of this contract or payment under this contract for a period of seven (7) years following final performance under this contract. The record shall properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies and services and other costs and expenses of whatever nature for which reimbursement is claimed under the provisions of this Contract. If PROVIDER is not a public body, PROVIDER agrees to maintain records which comply with the nationally accepted uniform Standards of Accounting and Financial reporting for Voluntary Health and Welfare Organization.

B. The Lehigh County Controller, or any of his/her duly authorized representatives shall, at reasonable times, during the term of this contract and until seven (7) years after the final performance under this contract, have access to and the right to examine any books, documents, papers, and records of the PROVIDER which are related to the performance of this contract or payment under this contract for compliance, performance or evaluation.

C. PROVIDER shall provide to the COUNTY an audit of the financial transactions and/or units of service of the PROVIDER, by an independent auditor, in accordance with the accepted and required auditing standards of COUNTY. Cost of such audit shall be borne by the PROVIDER.

XXI. PROVIDER RESPONSIBILITY PROVISIONS

A. PROVIDER certifies that it is not currently under suspension or debarment by the Commonwealth, any other state, or the federal government, and if the PROVIDER cannot so certify, then it agrees to submit along with the bid/proposal a written explanation of why such certification cannot be made.

B. If PROVIDER enters into subcontracts or employs under this contract any subcontractors/individuals who are currently suspended or debarred by the Commonwealth or federal government or who become suspended or debarred by the Commonwealth or federal government during the term of this contract or any extension or renewals thereof, the COUNTY shall have the right to require the PROVIDER to terminate such subcontracts or employment.

C. The PROVIDER agrees to reimburse the COUNTY for the reasonable costs of investigation incurred by the Office of Inspector General for investigation of the PROVIDER'S compliance with the terms of this or any other contract between the PROVIDER and the Commonwealth which result in the suspension or debarment of the contractor. Such costs shall include, but are not limited to, salaries of investigators, including overtime, travel and lodging

expenses, and expert witness and documentary fees. The PROVIDER shall not be responsible for investigative costs for investigations which do not result in the contractor's suspensions or debarment.

D. The PROVIDER may obtain the current list of suspended and debarred contractors by contacting the:

Department of General Services
Office of Chief Counsel
603 North Office Building
Harrisburg, PA 17125
Phone: (717) 783-6472
Fax: (717) 787-9138

XXII. CONFIDENTIAL INFORMATION

The PROVIDER has not included confidential or proprietary information or trade secrets as part of any submission to COUNTY. If the PROVIDER has determined that it must divulge such information as part of any submission to COUNTY, the PROVIDER submitted to COUNTY a signed written statement to that effect in accordance with 65 P.S. §67.707(b) and additionally provided a redacted version of its submission, which removed only the confidential or proprietary information and trade secrets for public disclosure purposes.

XXIII. RIGHT TO KNOW

A. The Pennsylvania Right to Know Law, 65 P.S. §67.101-3104, applies to this Agreement and all documents provided to COUNTY in connection with the administration of the contract.

B. In the event COUNTY receives a Right-To-Know Law request regarding documents or information in the PROVIDER's possession and relating to the contract or performance thereunder ("Requested Information"), the PROVIDER agrees to provide COUNTY with access to, and copies of, the Requested Information within Fourteen (14) calendar days after notification from COUNTY, and to provide such other assistance as COUNTY may request in order to comply with the Right-to-Know Law.

C. The PROVIDER agrees that COUNTY's determination as to whether Requested Information is a public record under the Right-to-Know Law is dispositive of the question as between the parties and the PROVIDER agrees not to challenge COUNTY's determination. The PROVIDER will have the opportunity to submit a written statement to COUNTY explaining why the Requested Information is exempt from public disclosure under the Right-to-Know Law

for up to seven (7) calendar days after receiving the request.

D. The PROVIDER agrees to abide by any decision of the Pennsylvania Office of Open Records, or by the Pennsylvania Courts, to release a record to the public and agrees to release all rights and remedies that may be available to it as result of COUNTY's disclosure of Requested Information pursuant to the Right-to-Know Law.

E. The PROVIDER's duties relating to the Right-to Know Law shall survive the expiration of the contract and shall continue as long as the PROVIDER has Requested Information in its possession.

XXIV. INTERPRETATION

The PROVIDER agrees to waive the general rule of interpretation that "in the event of any ambiguity or issue of construction, the same will be resolved against the drafter of the document." It is declared to be the intention of the PROVIDER and the COUNTY that the public health, safety and welfare be protected and furthered by the contract. Therefore, this contract is to be interpreted in such manner as to favor such public interest as opposed to any private interest.

XXV. GOVERNING LAW

The contract shall be governed by the laws of the Commonwealth of Pennsylvania including matters of construction, validity, and performance and any action filed in connection with this contract shall be filed in the Court of Common Pleas of Lehigh County.

XXVI. SEVERABILITY

In the event any provision hereof is declared null and void by a court of law, the remaining provisions of this Contract shall remain in full force and effect.

XXVII. ENTIRE CONTRACT

This contract constitutes the entire understanding of the parties hereto. It supersedes any and all prior written or oral understanding between the parties, and no changes, amendments, or alterations shall be effective unless in writing and signed by both parties and only to the extent therein set forth. No waiver of the breach of any term or condition of the contract shall be deemed to constitute the waiver of any breach of the same or any other term or condition.

IN WITNESS WHEREOF, the parties hereto have executed the within contract by their officials hereunto duly authorized;

PROVIDER
(affix seal)

ACTUARIAL SOLUTIONS, LLC

Jack McCue
Witness

By: John Vataha 4-9-16
Date
Print Name: John Vataha, ASA, MAAA, FCA
Title: President

COUNTY OF LEHIGH
(affix seal)

Witness

THOMAS S. MULLER
COUNTY EXECUTIVE
Date

APPENDIX A SCOPE OF SERVICES

The PROVIDER shall provide actuarial services for Lehigh County's HealthChoices Medicaid behavioral health program as more fully set forth in Section 4.0 - Scope of Work and Section 5.0 – Conforming Work of the Request for Proposals #16-001 dated January 19, 2016 and addendum #1 (dated February 19, 2016), a copy of said sections are attached hereto, made a part hereof and marked Exhibit "1 to Appendix A".

Further the PROVIDER agrees to comply with and be bound by all the other requirements of the Request for Proposals #16-001, all of which is incorporated herein by reference.

APPENDIX B COMPENSATION

The PROVIDER shall be compensated for their services as follows:

- Actuarial Services for the period of July 1, 2016 – June 30, 2017 = \$40,000
- Actuarial Services for the period of July 1, 2017 – June 30, 2018 = \$40,000
- Actuarial Services for the period of July 1, 2018 – June 30, 2019 = \$40,000

Payment for the three (3) annual periods shall be made in quarterly payments of Ten Thousand Dollars (\$10,000.00), upon the submission of an invoice to COUNTY, commencing on July 1, 2016, within thirty (30) days after the end of each calendar quarter.

The maximum compensation to be paid pursuant to this contract for the firm fixed thirty-six (36) month fee shall not exceed One Hundred Twenty Thousand dollars and xx/100 (\$120,000.00).

In the event that ad hoc services beyond the scope defined in the RFP specifications are needed, an hourly fee of Two-hundred fifty dollars (\$250.00) will be invoiced. The number of hours required for each such ad hoc service will be discussed with the COUNTY and agreed upon prior to any such work. Payment for ad hoc services shall not be applied to the maximum fee stated herein.

APPENDIX C
AMENDMENTS AND SPECIAL PROVISIONS

1. The provisions of the RFP #16-001 dated January 19, 2016, addendum #1 dated February 19, 2016 and the Proposer's Response Form dated February 9, 2016 are incorporated herein by reference. In the event of a conflict between the terms of this agreement, the RFP and the PROVIDER's response to the RFP, the conflict shall be resolved by the following order: the Contract for Professional Services, the RFP and the PROVIDER's response to the RFP.
2. The following subparagraphs under section XIII. (Insurance), are hereby waived:
 - A.2 (General Liability Insurance);
 - A.3 (Worker's Compensation and Employer's Liability Insurance);
 - A.4 (Automobile Liability Insurance);
 - A.5 (Umbrella Excess Liability); and
 - A.6 (Abuse/Sexual Molestation and Corporal Punishment Liability Insurance).
3. Section XIII. (Insurance), subparagraph A.1.a, (Professional Liability Insurance), is modified to read as follows:
 - "1. Professional Liability Insurance
 - a. Limit of Liability: \$1,000,000 by claim and \$1,000,000 in the aggregate."
4. Section XIII. (Insurance), subparagraph C, is Waived.

SPECIFICATIONS - ACTUARIAL SERVICES (continued)

3.1.11 Estimated Contract Start Date

July 1, 2016

4.0 SCOPE OF WORK:

4.1 **Quarterly Review of Incurred But Not Reported Reserves (IBNR):** Based on data supplied by the County, IBNR reserves established by the County will be reviewed at the end of the quarters September 30, December 31, March 31 and June 30 to help support the required DHS reporting package. The deliverable to the County will be IBNR estimates for each of the following 10 categories of service:

- 4.1.1 Inpatient Psych
- 4.1.2 Inpatient D & A
- 4.1.3 Non-Hospital D & A
- 4.1.4 Outpatient Psych
- 4.1.5 Outpatient D & A
- 4.1.6 Behavioral Health Rehab Services (BHRS)
- 4.1.7 Residential Treatment Facility (RTF)
- 4.1.8 Ancillary Support
- 4.1.9 Community Support Services
- 4.1.10 Other

4.2 Annual Actuarial certifications of the Incurred But Not Reported Reserves (IBNR) as required by the County and DHS will also be provided for the Fiscal Year ending June 30.

4.3 **Rate Analysis and Projection:** Once per year, typically in conjunction with the DHS rate renewal process during the November to March period, claim cost levels for the upcoming year will be projected. This projection will take into account claim trending rates, expected changes in provider reimbursement levels, program benefit changes as well as the impact of care management initiatives. The data generated by the IBNR analysis will form the basis for this study with additional information such as the claims data by service category, service date, and pay date provided by the County upon request. Any meetings or telephone conferences with DHS in support of the renewal process, as well as the completion of the required capitation rate calculation sheets for submission to DHS are to be included in the firm fixed fee offered.

4.4 **Managed Care Organization (MCO) Provider Contracting Assistance:** In conjunction with the County's contracting with an MCO partner, analysis of current claim levels and their projection into the upcoming contract period will be performed. This analysis will include construction and/or review of various claim attachment point and risk corridor scenarios, as well as required correspondence and negotiation with the MCO.

4.5 **Ad Hoc Consulting:** From time to time, issues of an actuarial nature inevitably arise for which the County will request assistance. Ad hoc Consulting is provision for services other than IBNR analysis, Rate Analysis/Projections, and MCO contracting assistance. No billing for such items will occur unless first authorized in writing by the County.

5.0 CONFORMING WORK:

5.1 All work performed or managed must be of the highest quality and shall conform to all standards, safety guidelines and design conditions as may be imposed by legitimate regulatory organizations, including governmental agencies and municipalities.

6.0 PERFORMANCE STANDARDS:

6.1 All services to be performed under this ensuing contract shall be performed in the most cost effective manner, in achieving the objectives of the County.

**ADDENDUM #1
(RFP #16-001)**

ACTUARIAL SERVICES

**DEPARTMENT OF HUMAN SERVICES
COUNTY OF LEHIGH**

The following additions, deletions or changes are hereby made to the above referenced Request for Proposals:

✓ Following are the responses to all questions received before the February 5, 2016, 4:00 P.M. cutoff. The questions submitted are listed, with the respective answers below each.

1. If possible, can we see an example of a prior year's actuary report (or most current one available) to review?
➤ ***There is not a specific generated report that the County receives, rather a sharing of data through Excel spreadsheets and emails. There are also telephonic discussions that occur but the County does not receive a formal report. Additionally, the County requires routine market evaluation for competitiveness of service, expertise and pricing and as such prefers original submissions. The Request for Proposal is comprehensive and addresses the required work product.***
2. Who or which actuarial firm was retained for the previous year?
➤ ***John Vataha.***
3. Can we obtain reports for the last two years? Are these obtainable through public records requests? If so, what is the venue to request these (online or contact)?
➤ ***There is not a specific generated report that the County receives, rather a sharing of data through Excel spreadsheets and emails. There are also telephonic discussions that occur but the County does not receive a formal report. Additionally, the County requires routine market evaluation for competitiveness of service, expertise and pricing and as such prefers original submissions. The Request for Proposal is comprehensive and addresses the required work product.***
4. What is the size (enrollment) of the program?
➤ ***Lehigh has roughly 75,000 enrolled members per month.***
5. What kind of data are available?
 - a. Detailed claim data – if available, does each claim line contain the service categories listed in 4.1 of the RFP? If not, what fields are available?
➤ ***Yes.***
 - b. Claim lag tables – are they available by service category listed in 4.1 of the RFP?
➤ ***Yes.***
6. What was the invoiced amount for the actuarial firm for the last year?
➤ ***The invoiced amount for the prior calendar year was \$35,000.***
7. Do you require onsite visit? If so, how often and should travel expenses be included in the proposed rates?
➤ ***Onsite visits are not required.***
8. How often and what types of ad hoc consulting occur in the past with NO billing?
➤ ***There were no ad hoc meetings held that fell outside the contractual scope of service.***
9. Will the vendor selected be provided with encounter-level data for the purposes of IBNR development and rate analysis?
➤ ***Yes.***

10. Who is the current vendor for these services?
➤ **John Vataha.**
11. What is the current annual amount for this contract?
➤ **The current annual contractual amount is \$35,000.**
12. Please provide a sample of the current capitation rate calculation sheet required by DHS.
➤ **Copy attached.**
13. How many meetings or teleconferences does DHS generally have with the County during the rate renewal process?
➤ **This will vary depending on the whether it is a rate negotiation year or not.**
14. Please provide a copy of the IBNR certification for the most recent year.
➤ **Copy attached.**
15. Please provide the annual hours spent by the current vendor on MCO provider contracting assistance.
➤ **The hours spent are not tracked as the current contractual fee structure is an annual amount, payable quarterly.**
16. Please provide the number of hours or fees related to ad-hoc consulting provided by the current vendor in the last 12 months.
➤ **There was no ad hoc consulting provided outside the scope of service. Ad hoc consulting hours within the scope of service are not tracked.**
17. How many annual on-site meetings does the County anticipate related to this contract?
➤ **Onsite meetings are not expected.**
18. Please elaborate on the County's definition of 'peer review' mentioned in the response section of the RFP. Is this equivalent to an audit? Does review of work by a state or federal entity qualify as peer review?
➤ **Peer review means a process by which your work is checked by an expert or experts in the same field to make sure it meets the necessary standards. A state or federal entity may qualify as a peer reviewer as long as they are comparative in scope of work.**
19. Please describe the manner in which the current vendor receives claims and eligibility data from the County's MCO provider.
➤ **All data is provided by the County in excel spreadsheet format via email though at times the MCO data can be provided for comparative purposes and will be shared electronically as well.**
20. Section 10 Insurance - Can the County agree to remove professional liability insurance from the list of coverages covered by the selected firm's umbrella excess liability coverage?
➤ **Yes.**
21. Section 10 Insurance - Can the County agree to remove the requirement of abuse/sexual molestation and corporal punishment liability insurance?
➤ **Yes.**
22. Section 10 Insurance - Can the County agree to limit additional insured status to the selected firm's general liability, automobile liability, and umbrella excess liability policies?
➤ **Yes.**
23. Section 10 Insurance - Can the County agree that the selected firm's general liability, automobile liability, and umbrella excess liability policies will contain a provision providing only notice of cancellation?
➤ **Not sure what this question means as notification of cancellation is already a requirement.**
24. Who is the incumbent actuarial firm?
➤ **John Vataha.**

25. How long has the incumbent actuarial firm held this contract?
➤ ***John Vataha has been under contract with Lehigh for roughly 13 years.***
26. What is the current hourly fee structure?
➤ ***The current fee schedule is an annual amount, payable on a quarterly basis.***
27. What was the total number of hours charged by the current actuarial firm in 2015?
➤ ***The number of hours is not tracked under the current contract.***
28. What was the total amount of fees charged by the current actuarial firm in 2015?
➤ ***Total 2015 fees were \$35,000.***
29. What was the total amount of fees charged by the current actuarial firm for the three year period of 2013 through 2015?
➤ ***Fees charged from July 1, 2013, through December 31, 2015 totaled \$87,500.***
30. What were the total number of hours and actuarial fees charged for Ad Hoc services in 2015?
➤ ***The hours utilized are not tracked; the fee was \$35,000.***
31. How many meetings did the incumbent actuarial firm attend in 2015?
➤ ***The current incumbent attended no meetings in 2015.***
32. We have completed actuarial work for numerous state and local government entities not requiring this coverage. As the costs associated with an Abuse/Sexual Molestation and Corporal Punishment Liability Insurance are prohibitive, is this coverage negotiable?
➤ ***The Abuse/Sexual Molestation and Corporal Punishment Liability Insurance requirement is hereby waived.***
33. With regard to rate analysis and projection in section 4.3, please confirm if the rates that are determined and tracked are for each of the categories listed in section 4.1?
➤ ***Yes, rates are tracked for each of the categories listed.***
34. Could you provide a sample report related to the scope of services required in section 4.3?
➤ ***There is not a specific generated report that the County receives, rather a sharing of data through Excel spreadsheets and emails. There are also telephonic discussions that occur but the County does not receive a formal report. Additionally, the County requires routine market evaluation for competitiveness of service, expertise and pricing and as such prefers original submissions. The Request for Proposal is comprehensive and addresses the required work product.***
35. With regard to section 4.4, how long has the current MCO contract been in effect with the same MCO?
➤ ***Magellan Behavioral Health has been the Behavioral Health Managed Care Organization (BH-MCO) in Lehigh since the HealthChoices program went live in 2001. Lehigh County HealthChoices re-procures for its BH-MCO every 5 years.***
36. To conduct the services under section 4.4, please indicate whether the individual claims files will be available for such analysis.
➤ ***Encounter level claims data will provided.***

The provisions of this Addendum No. 1 shall take precedence over the original "Request for Proposals", wherever they may conflict; the intention being to alter said specifications as noted.

LEHIGH COUNTY EXECUTIVE

BY: George M. Nader, Jr., CPPO
Chief Procurement Officer

DATED: February 19, 2016

HealthChoices Behavioral Health Program
Capitation Rate Calculation Sheet (CRCS)County:
Rating Period:Lehigh
7/1/2016-6/30/2017

Projected Medical Costs

Member Months / Cost Category	2016/2017 MCO	2016/2017 MCO	2016/2017 MCO	2016/2017 MCO	2016/2017 MCO	2016/2017 MCO	2016/2017 MCO
Commonwealth Estimated Member Months	380,386	79,668	91,998	62,198	72,654	151,100	838,004
County Estimated Member Months (optional)	380,386	79,668	91,998	62,198	72,654	151,100	838,004
SFY 2014/2015 Base Medical Cost							\$ -
HealthChoices Expansion Adjustment							\$ -
Prospective Trend (to SFY 2016/2017 Contract Period)							\$ -
SFY 2016/2017 Medical Costs (Prior to Program Changes or Care Management Initiatives)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Value of Program Changes							\$ -
Savings from Care Management and Efficiency Initiatives							\$ -
Stop Loss Reinsurance							\$ -
SFY 2016/2017 Medical Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Please include information on the value of any program changes addressed in the narrative.

Category of Service Trends (Excluding Impact of Program Changes and Care Management Initiatives) and Projected SFY 2016/2017 Costs PMPM

Category of Service	2014/2015 PMPM	2015/2016 PMPM	2016/2017 PMPM	2016/2017 PMPM	2016/2017 PMPM	2016/2017 PMPM
Inpatient Psych					0.0%	
I/P D&A					0.0%	
Non-Hosp D&A					0.0%	
O/P Psych					0.0%	
O/P D&A					0.0%	
BH Rehab Svcs					0.0%	
RTF Accredited					0.0%	
RTF Non-Accredited					0.0%	
Ancillary Support					0.0%	
Community Support					0.0%	
Other					0.0%	
Total					0.0%	

Savings Associated with Care Management and Other Efficiency Initiatives

Initiative Description (Provide additional information in narrative)	2016/2017 PMPM	2016/2017 PMPM	2016/2017 PMPM	2016/2017 PMPM
Total				

PMPM Savings should equal the Total Rate Period Projected PMPM for Savings from Care Management and Efficiency Initiatives in the Projected Medical Costs section.

Projected Non-Benefit Costs Excluding MCO Taxes and HIPF

Historical non-benefit expense ratios (as a percent of total capitation revenue excluding MCO taxes and HIPF)	
Projected Non-Benefit Costs for SFY 2016/2017	

Please include information on the drivers of any significant changes in non-benefit costs from historical levels (separately for general and care management activities) in the narrative.

Total Non-Benefit Load as a percent of Total Capitation excluding MCO Taxes 0.0%

	2016/2017 MCO	2016/2017 MCO	2016/2017 MCO	2016/2017 MCO	2016/2017 MCO	2016/2017 MCO
Projected Capitation PMPM Excluding MCO Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Signature

Date

Name

Title

Organization

Name of Actuary (if used)

Actuary's Firm

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ACTUARIAL SOLUTIONS, LLC

STATEMENT OF ACTUARIAL OPINION

August 14, 2015

County Commissioners
County of Lehigh

I, John Vataha, am a member of the American Academy of Actuaries ("the Academy") and a consulting actuary. I have been retained by the County of Lehigh ("the Company") to issue this opinion. I meet the Academy qualification standards for issuing this opinion, and I am familiar with the valuation requirements applicable to the Company.

I have reviewed the actuarial assumptions and actuarial methods used in determining the reserves and related actuarial items listed below and as shown in the Report 19 of the Company, as prepared by the management of the Company for filing with state regulatory officials, as of June 30, 2015. My responsibility is to express an opinion on these reserves and related actuarial items based on my review. The actuarial methods, considerations and analyses used in forming my opinion conform to the appropriate Actuarial Standards of Practice and Actuarial Compliance Guidelines as promulgated by the Actuarial Standards Board, and form the basis of this statement of opinion.

<u>Item</u>	<u>Amount</u>
Incurred But Not Reported Claims Payable	\$5,900,000

The reserves and related actuarial items listed above represent the estimates made by management of the Company for all unpaid claims as of June 30, 2015. Considerable uncertainty and variability are inherent in such estimates, and, accordingly, the subsequent development of the unpaid claims liability may not conform to the assumptions used in the determination of the unpaid claims liability and therefore may vary from the amounts in the foregoing table.

I have relied on listings and summaries of claims and other relevant data, and upon management's representations regarding the collectibility of reinsurance recoverable amounts, as expressed in the attached statement. I have relied upon Matt Bauder, HealthChoices Administrator, for the accuracy of the data, as expressed in the attached statement.

My review included the identification and evaluation of the effect on the foregoing reserves of capitated risk-sharing contracts with service providers; however, my review of such capitated risk-sharing contracts did not include an assessment of the financial condition of the service providers. As such, the following opinion rests on the assumption that such service providers will fulfill their obligations under their respective contracts with the Company.

In other respects, my examination included such review of the actuarial assumptions and actuarial methods, including comparing prior years' estimates of unpaid claims liabilities to their subsequent development and such other tests of the actuarial calculations as I considered necessary.

In my opinion, the reserves and related actuarial items identified above:

- (a) Are computed in accordance with presently accepted actuarial standards consistently applied, and are fairly stated in accordance with sound actuarial principles, except that consideration of the adequacy of the Company's reserves and related actuarial items in conjunction with the assets which support them has not been performed;
- (b) Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which Report 19 was prepared, and provide for all reasonably anticipated unpaid claims under the contracts;
- (c) Meet the requirements of the insurance laws and regulations of the state of Pennsylvania;
- (d) Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the financial statements of June 30, 2014;
- (e) Include provision for all actuarial reserves and related actuarial items which ought to be established; and
- (f) Make good and sufficient provision for all unpaid claims and other actuarial liabilities of the Company under the terms of its contracts and agreements, by which I mean that the estimated liabilities are an appropriate measure of reasonably anticipated payments on incurred claims under potentially moderately adverse development, although, consistent with the scope of my review, the adequacy of the Company's reserves and related actuarial items in conjunction with the assets which support them has not been considered.


My review did not include asset adequacy analysis, as such analysis is not in the scope of my assignment. I have not reviewed any of the Company's assets and I have not formed any opinion as to their validity or value. My opinion rests on the assumption that the Company's June 30, 2015 unpaid claims liability is funded by valid assets that have suitably scheduled maturities and/or adequate liquidity to meet future cash flow requirements.

I relied upon Matt Bauder, HealthChoices Administrator, regarding the consistency of paid claims

John Vataha, ASA, MAAA, FCA
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data and unpaid claims estimates. As part of my review, I conducted analysis consistent with applicable Actuarial Standard of Practice. My review relates only to those reserves and related actuarial items identified herein, and I do not express an opinion on the Company's financial statements taken as a whole.

This opinion has been prepared solely for the Board and the management of the Company and for filing with regulatory agencies in the state of Pennsylvania, and is not intended for any other purpose.



John Vataha, ASA, MAAA, FCA

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