

**REQUEST FOR PROPOSALS**  
**for**  
**INVESTMENT ADVISORY SERVICES**

**IDAHO HEALTH INSURANCE EXCHANGE**

**dba**

**YOUR HEALTH IDAHO**

**Project:** Idaho Health Insurance Exchange - YHI

**Response Date:** By Monday, April 6, 2015

Investment  
Advisor RFP  
March 20, 2015

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## INTRODUCTION AND BACKGROUND

### **BACKGROUND**

The Idaho Health Insurance Exchange doing business as Your Health Idaho (“YHI”) is seeking qualified and experienced respondents (“Respondent”) to submit a written response (“Proposal”) to this Request for Proposals (“RFP”) to provide investment advisory services (“Services”). The Services are intended to assist YHI in managing cash reserve balances in accordance with the guidance and oversight provided by YHI’s Board of Directors and Finance Committee (approximately \$3,500,000 to \$6,000,000 cash balances) and according to Idaho law. This RFP process is intended to solicit binding proposals from qualified candidates who have demonstrated an interest in performing these Services and have been deemed qualified to perform the work. This RFP process is expected to rapidly result in the selection by YHI of a Respondent to provide the Services and upon execution of the Independent Contract Agreement (attached as Appendix A) by both parties, to result in a binding agreement between YHI and Respondent (that Respondent is the “Investment Advisor vendor”).

On March 23, 2010, the President signed into law the Patient Protection and Affordable Care Act (“PPACA”). On March 30, 2010, the Health Care and Education Reconciliation Act of 2010 was signed into law. These laws, collectively referred to as the Affordable Care Act, include laws designed to expand coverage, to provide more health care choices, to enhance the quality of care for all Americans, to hold companies more accountable, and to lower health care costs. Among these provisions is the opportunity for each state to establish an American Health Benefit Exchange (“Exchange”) by January 1, 2014, that would 1) facilitate the purchase of qualified health plans; 2) provide for the establishment of a Small Business Health Options Program (“SHOP Exchange”) designed to assist qualified employers in facilitating the enrollment of their employees in qualified health plans offered in the SHOP Exchange; and 3) meet other requirements specified in PPACA.

Idaho received a Federal grant to begin establishment activities for an Idaho health benefit Exchange.

An independent Board representing key stakeholders has been appointed by the Governor of the State of Idaho, and has approved the creation of Your Health Idaho to oversee the implementation and ongoing operations of the Idaho State Benefit Exchange for insurance policies effective January 1, 2015.

The mission of YHI is to establish the Idaho State Benefit Exchange: a new online marketplace for Idaho where individuals and small businesses can search for, compare and make an informed decision about the health insurance coverage that is best for them and their families leading to a significant number of newly insured Idahoans. Additionally, YHI will provide individuals and small businesses access to tools, easy to understand information and expert resources that will empower them to use YHI to protect their long-term economic interests, the wellbeing of their families and, in the case of businesses, their employees.

For the purpose of your proposal, YHI currently has \$3.5M in funds available for investment. Please assume \$4M - \$6M will be available for investment on an on-going basis. YHI is an independent body corporate and politic that is not required to pay income taxes and most other types of taxes. The Investment Advisor Vendor should expect that YHI's investment choices will be guided by the statutory standards for the investment of the idle moneys of the State of Idaho by the Idaho State Treasurer. Please see Idaho Code §§ 67-1210 and 67-1210A.

### **REQUIRED RESPONSES REQUEST FOR PROPOSAL (RFP)**

This Section sets forth questions to assist YHI in selecting a vendor. Proposals may include additional Services as long as the cost for such additional Services is separately presented.

### **FIRM PROFILE**

1. Please provide a summary of your firm. Include the location of your firm's offices, the year formed, number of employees, and ownership structure. Provide the contact information for the investment advisors who will service our account. Additionally, provide a synopsis description, by client type, of the assets and number of clients that are under your advisement.
2. Describe your firm's core mission, vision and values.
3. Please provide an explanation of the structure of your firm. Provide biographies of key individuals in your firm. Include information on education, employment history, and number of years with the firm. Describe your firm's current succession plans.
4. Identify your firm's compensation arrangement for professional staff. Describe any circumstances under which your firm or any consultant in your firm receives compensation or finder's fees from investment managers. Provide copies of your conflict of interest and code of conduct policies.
5. Please describe the financial condition of your firm, parent, or affiliate. Within the past three years, have there been any changes in ownership or restructuring? If anticipated, describe any future, significant changes in your firm.
6. Is your firm a registered investment advisor under the Investment Advisors Act of 1940? (If so, please provide latest Form ADV). Can your firm provide fiduciary services to its clients?
7. Within the past five years, has your organization or an officer or principal been involved with any business litigation or other legal proceedings relating to your consulting activities? Please provide details with respect to the current status or disposition?

### **INVESTMENT ADVISORY SERVICES**

1. Please provide your firm's investment philosophy.
2. Describe the process you will use to help the Investment Committee achieve the following:

- a. Appropriate policy statements and objectives
  - b. Asset allocation
  - c. Disciplined rebalancing
  - d. Tactical asset allocation changes
3. Describe the firm's capabilities and approach regarding alternative investments, specifically hedge funds and non-marketable alternative investments.
  4. Explain your philosophy toward utilizing index funds / ETFs.
  5. What is your process for assessing risk in any portfolio?

### **RESEARCH / DATABASE / MANAGER SEARCH**

1. Provide a general description of your research department. If no separate department exists, describe how this function is performed.
2. Describe your investment manager database. Provide a detailed description of your firm's investment manager evaluation process. How many investment managers do you actively track?
3. Describe the process you will use to conduct manager searches for our organization.
4. Describe your monitoring process
5. Describe the circumstances under which you would terminate an investment manager.

### **MEASUREMENT AND PERFORMANCE**

1. Describe your firm's philosophy and approach regarding the use of benchmarks. How do you determine the appropriate benchmark? How is a manager's performance measured against the benchmark?
2. Describe the performance measurement software your firm uses. Is this software proprietary, or does your firm utilize the software of an outside vendor? If your firm uses non-proprietary software, do you have the ability to influence changes to the software to meet the demands of the marketplace?
3. How soon after the quarter-end are your reports typically available?
4. Please provide a sample of a comprehensive client quarterly report.

### **MISCELLANEOUS**

1. Describe how a new client would transition to your services.

2. Describe the aspects of your firm that distinguish it from competitors.
3. Provide a representative client list.
4. What services does your firm provide for the education of the committee members?

**FEES AND FEE STRUCTURE**

1. Please outline your fee structure.
2. If hired, will your firm receive any other form of compensation, including soft dollars, from working with this account that has not yet been revealed? If so, what is the form of compensation?

**ADMINISTRATIVE**

**PROPOSAL INQUIRIES**

Potential Respondents may make inquiries in writing regarding this RFP any time during the inquiry period listed below. YHI may not respond to any improperly formatted inquiries. YHI will not respond to any inquiries received after 5:00 PM on the inquiry period end date. YHI may extend the proposal due date.

To make an inquiry, vendors can send an email to [RFP@YourHealthIdaho.org](mailto:RFP@YourHealthIdaho.org). Answers will be addressed in writing and posted to the YHI website ([www.yourhealthidaho.org](http://www.yourhealthidaho.org)).

**DUE DATES**

All Proposals are due by 5:00 pm, MDT, on Monday, April 6, 2015. Any Proposal received at the designated location after the required time and date specified for receipt may be considered late and non-responsive. YHI reserves the right to not evaluate any late Proposal. YHI reserves the right to revise the due date for all Proposals by notice posted at [www.yourhealthidaho.org](http://www.yourhealthidaho.org).

**SCHEDULE OF EVENTS**

<b>Event</b>	<b>Date</b> <b>All times listed are Mountain Time (MT)</b>
1. RFP Distribution to Potential Respondents	March 20, 2015
2. Questions from Potential Respondents Due	5:00 PM., March 27, 2015
3. Responses to Potential Respondents Due (Posted to YHI website.)	1:00 PM, March 31, 2015
4. Proposal Due Date	5:00 PM, April 6, 2015
5. Target Date for Review of Proposal	April 7-10, 2015

7. Anticipated Decision and Selection of Vendor	April 15, 2015
8. Anticipated Commencement Date of Work	April 20, 2015

**PROPOSAL SUBMITTAL**

Each Respondent must submit signed copies of its Proposal to RFP@YourHealthIdaho.org. The Proposal is a binding offer to contract with YHI that remains open and irrevocable for a period of 60 days after submission. The Proposal must follow this format:

- Cover Letter (include phone and e-mail contact)
- Respondent Information:
  - Respondent References (1 minimum)
  - Respondent Business History
- Proposed Fees Structure
- Completed Required Responses Section
- Names and/or profiles of key staff members (e.g., Project Lead / Project Manager)
- Conflict of Interest Statement
- Payment Address
- Proof of Insurance
- W-9 Form
- Signed Independent Contractor Agreement

Additionally, please send 2 hard copies of the Proposal and a thumb drive of the Proposal to:

Your Health Idaho  
 Trent Cummins, Controller  
 1010 West Jefferson Street  
 Suite 200  
 Boise, ID 83702

NOTE: The 2 hard copies and thumb drive may be submitted by EOD Monday, April 6, 2015. Electronic submissions to rfp@yourhealthidaho.org are subject to the April 6, 5:00 MST deadline please.

**Restrictions on Communications**

From the issue date of this RFP until the Investment Advisor Vendor is selected, Respondents and their representatives are not allowed to communicate with any YHI staff, Board members, staff of any agency of the state of Idaho, or other involved parties regarding this procurement except the RFP Issuing Officer, Trent Cummins, or his designee. For violation of this provision, YHI reserves the right to reject any Proposal.

**Disposition of Proposals**

All Proposals received by YHI shall upon receipt become and remain the property of YHI. YHI shall have the right to use all concepts contained in any Proposal and this right will not affect the solicitation or rejection of any Proposal.

### **Release of Claims**

By submitting a Proposal, the Respondent agrees that it will not bring any claim or cause of action against YHI based on: 1) any misunderstanding concerning the information provided herein; 2) concerning YHI's failure, negligent or otherwise, to provide the Respondent with pertinent information as intended by this RFP; or 3) YHI's decision to select a different party as the Investment Advisor Vendor.

### **Subcontractors**

In the event a Proposal is submitted that involves more than one organization, one organization shall be designated as the Respondent. All other participants shall be designated as subcontractors. All subcontractors shall be identified by name and for each proposed subcontractor, background information along with a description of the functions or tasks the subcontractor(s) would perform under this RFP must be included consistent with instructions found elsewhere in this RFP. The Respondent shall be wholly responsible for the entire performance whether or not subcontractors are used. The project leader (Project Manager) shall be an employee of the Respondent and meet all the relevant requirements.

The Respondent must acknowledge a binding agreement between the Respondent and any subcontractors has been executed. YHI reserves the right to review any subcontracting agreements.

### **Amendment to this RFP**

YHI reserves the right to amend this RFP at any time. Amendments prior to the deadline for Proposal submissions will be posted to YHI's website at [yourhealthidaho.org](http://yourhealthidaho.org). It is the responsibility of the Respondent to monitor the website for amendments and other communications from the Issuing Officer.

As part of the cover letter included with the Proposal, the Respondent shall acknowledge receipt of amendments, if any, to the RFP by identifying all amendment numbers and dates of posting.

### **Withdrawals**

Prior to the submission deadline for the Proposal, an already submitted Proposal may be withdrawn by the Respondent by submitting a written request for its withdrawal to YHI, signed by the Respondent. Transmission of the written request via email is acceptable.

A Respondent may submit an amended Proposal before the submission deadline for Proposals. Such amended Proposal must be a complete replacement for a previously submitted Proposal and must



be clearly identified as such in the Transmittal Letter of the amended Proposal. YHI will not merge, collate, or assemble Proposal materials.

Unless requested by YHI, no other amendments, revisions, or alterations to Proposals will be accepted after the submission deadline for Proposals, except as stated in this RFP or any amendment thereto.

### **Cancellation of the RFP**

The RFP may be cancelled and any or all Proposals may be rejected in whole or in part, when it is determined to be in the best interest of the YHI or the State of Idaho. YHI shall not be liable for any costs, expenses, loss of profits, or damages whatsoever incurred by the Respondent in the event this RFP is cancelled or a Proposal is rejected.

### **Additional Materials and Documentation**

Upon request from YHI, each Respondent shall submit any additional materials and documentation reasonably required by YHI in its evaluation of the Proposal.

### **Acceptance of Proposals**

All Proposals properly submitted will be reviewed by YHI. However, YHI reserves the right to request necessary amendments from a Respondent, reject any or all Proposals received, or cancel this RFP, according to the best interests of YHI and the residents of the state of Idaho.

YHI also reserves the right to waive minor irregularities in Proposals, providing such action is in the best interest of YHI. In the event YHI waives any minor irregularity in any Proposal, such waiver shall in no way modify the requirements of this RFP or excuse the Respondent from full compliance with the specifications of this RFP nor excuse the Investment Advisor Vendor from any contract requirement. In its sole discretion, YHI may contact the Respondent to clarify irregularities or provide missing requirements. The Respondent is required to submit clarifications or missing requirements with a turnaround time to be determined by YHI.

YHI reserves the right to exclude any and all non-responsive Proposals from any consideration under this RFP.

### **Proposal Opening and Inspection**

During the Proposal evaluation and award recommendation period, Proposals shall not be available for inspection. Proposals shall not be opened publicly, but shall be opened in the presence of two or more individuals selected by YHI. The register of Proposals and Proposals shall be open to public inspection after an Investment Advisor Vendor has been selected and YHI and the selected Vendor have entered into a contract.

### **Irregular Proposals**

Proposals may be considered irregular and rejected for the failure to comply with the instructions herein or demonstrating a failure to comply with applicable law.

### **Proposal Considerations**

Each Proposal shall remain a valid Proposal for 60 days from the Proposal due date.

Proposals that are submitted in a timely manner and meet the mandatory submittal requirements of this RFP will be reviewed and evaluated in accordance with this RFP.

By responding to this RFP, each Respondent acknowledges that YHI is working under significant time constraints and may or may not have the resources to provide a full and complete evaluation of every proposal received in response to this RFP. In that regard, YHI reserves the right, if deemed necessary and in its sole discretion, to conduct an initial review of all Proposals for the purpose of establishing a list of qualified semi-finalists. The initial review will be based on factors that are consistent with the evaluation criteria outlined in this RFP. In such an event, YHI will then move forward with a complete evaluation of those proposals. YHI will not be obligated to disclose the list of semi-finalists to any Respondent.

A Proposal Review Team will be charged with evaluating proposals based on the criteria set forth below. During the evaluation process, YHI may contact a Respondent for the purpose of obtaining clarification of its Proposal. YHI may, at its discretion, select finalists to provide a presentation to the Proposal Review Team either in person or remotely.

### **Award**

Notification of intended contract award, if any, shall be provided to the selected Respondent on or about the date specified in this RFP. Such notification shall be subsequently confirmed in writing. The contract award is subject to availability of funding. Until YHI returns a countersigned Independent Contractor Agreement, there is no binding agreement and YHI retains the freedom to determine how to proceed, notwithstanding any notification of intended contract award it may have provided.

Neither YHI nor the State of Idaho are liable for any work, costs, expenses, loss of profits, or any damages whatsoever incurred by the Investment Advisor Vendor prior to the official starting date, and contract work prior to this date may result in no payment. YHI reserves the right to modify this policy; any modification will be made in a written statement and signed by both YHI and the Investment Advisor Vendor.

### **Contract Negotiation Process**

Upon completion of the evaluation process, YHI may select one Respondent to be the Investment Advisor Vendor, based on the evaluation findings and other criteria deemed relevant for ensuring that the decision is in the best interest of YHI. In the event that for any reason YHI does not complete

the contract with the selected Respondent within three (3) days of such selection, YHI reserves the option of negotiating with another Respondent.

### **Protest Policy and Procedures**

Upon award of the contract, YHI will provide a notice of non-award to the unsuccessful Respondents. Respondents who submit Proposals in response to this RFP may protest the award of the contract resulting from this RFP. A Notice of Intent to Protest must be made in writing to YHI, attention Executive Director, and must be received no later than two (2) working days from the notice of non-award. If no such Notice of Intent to Protest is timely filed, the Respondent forgoes its right to pursue a protest.

A Protest Notification must be made in writing to the Executive Director and must be received no later than five (5) working days from the notice of non-award. The Protest Notification must contain specific grounds for the protest. Supporting documentation must be included with the protest. A protest must state all grounds upon which the protesting party asserts that the solicitation or award was improper. Issues not raised by the protesting party in the protest are deemed waived. A protest that is incomplete or not submitted within the prescribed time limits will be summarily dismissed.

Only the following are acceptable grounds for protest:

- Failure to follow YHI procedures established in this RFP or YHI rules of procurement
- Errors in computing scores which contributed to the incorrect selection of a Respondent
- Bias, discrimination, or conflict of interest on the part of an evaluator

Disallowed grounds include:

- Evaluator qualifications to serve on the Proposal Review Team
- The professional judgment of the Proposal Review Team
- YHI's assessment of its own needs regarding the RFP

### **EVALUATION FACTORS FOR AWARD**

#### **REQUIREMENTS**

The following will be considered in determining the Respondent to be selected for this project, according to a standardized scoring methodology:

- Scope and completeness of Proposal
- Relevant experience
- Relevant skill level
- Proposed contractor rate(s) and charges
- Acceptance of terms of the independent contractor agreement set forth in Appendix A

The successful Respondent will provide a complete Proposal meeting the requirements of this RFP, which may also include additional Services appropriate for the scope and subject matter of the project. The successful Respondent will have demonstrated experience in managing investment portfolios for state governmental entities. The successful Respondent will demonstrate a clear understanding of the structure of YHI's Board of Directors and Sub-Committees and is willing and able to present information and educational reports to these governing bodies.

The successful Respondent will be required to pass a background check conducted by YHI, if requested. YHI also reserves the right to obtain and consider information from other sources concerning a Respondent, such as the Respondent's capability and performance under other contracts.

Each Proposal is required to include a signed independent contractor agreement attached as Appendix B. Each Proposal may propose changes to the independent contractor agreement by submitting a signed copy marking the changes made and including an editable and unlocked Word version also marking such changes. Respondents are encouraged to make few or no changes, as the extent of changes will be a significant factor in determining the successful Respondent.

Each Proposal must include a minimum of one reference with contact information for each reference. Reference contacts must be from a client who managed or supervised you or your firm's work or who had oversight responsibility for you or your firm's performance for that work experience. The reference contact must be available to validate the experience provided on the dates specified in the resume. Include the following information for each reference:

1. Engagement name
2. Brief description of the engagement
3. Contact name and title
4. Contact phone numbers and email address

The Services will comply with all applicable rules, standards and specifications of the State of Idaho, the federal government and other regulatory agencies. The successful Respondent to this RFP must be licensed, if applicable, qualified, and must have the demonstrated ability to provide similar services for other projects similar in size and complexity to the solutions project.

As much as is practical and to the extent allowed by Idaho and federal law, YHI requests that Respondents team with companies that have a significant presence in Idaho.

## GENERAL INFORMATION

### GENERAL TERMS

This RFP does not commit YHI to enter into an agreement, to pay any costs incurred in the preparation of this proposal or in subsequent negotiations, or to procure or contract for any Services. Each Proposal is submitted as an offer to contract with YHI that may be accepted by YHI by countersignature of the Contract Confirmation and the Independent Contractor Agreement, in the discretion of YHI, or YHI reserves the right to respond to any or all Respondents for their best and final offer, including guidance by YHI on those portions of the Proposal that it suggests be revised, and reserves the right to further negotiate with Respondents to achieve the best result for YHI.

### **RESERVATION OF RIGHTS BY YHI**

The issuance of this RFP does not constitute an assurance by YHI that any contract will actually be entered into by YHI and YHI expressly reserves the right to:

- Waive any immaterial defect or informality in any Proposal or Proposal procedure.
- Reject any and all Proposals.
- Request additional information and data from any or all Respondents.
- Supplement, amend, or otherwise modify the RFP or cancel this request with or without the substitution of another RFP.
- Disqualify any Respondent who fails to provide information or data requested herein or who provides inaccurate or misleading information or data.
- Disqualify any Respondent on the basis of any real or apparent collusion or conflict of interest.
- Disqualify any Respondent on the basis of past performance on other projects, or being in arrears on existing contracts with the State of Idaho or having defaulted on a previous contract with the State of Idaho.
- Prior to the response time, YHI may meet with and consult with some or all of the potential Respondents to this request.
- YHI may negotiate with any Respondent to this RFP and shall have the sole discretion to choose the best combination of qualifications and price for the Project and Services.
- YHI shall have the sole discretion to select one, none or several different Respondents to provide the Services, or portions thereof, as described in this RFP.

By responding to this RFP, each Respondent agrees that any finding by YHI regarding any fact in dispute as to this RFP or the Proposals shall be final and conclusive except as provided herein.

### **EVALUATION**

A Proposal Evaluation Team will evaluate and determine the individual and comparative merits of each of the Proposals received. It is the responsibility of the Respondent to ensure that its Proposal complies with this RFP, demonstrates qualifications, and provides the information requested. If the Respondent fails to provide any information requested in this RFP, such failure may result in either non-qualification of a particular category of service or rejection of the Proposal. The Proposal Evaluation Team may choose to interview some, none or all Respondents.

## **PROPRIETARY MATERIAL**

YHI assumes no liability for disclosure of proprietary material submitted by Respondents. Proposal submittals may be considered public documents under applicable Idaho law except to the extent portions of the submittals are otherwise protected under applicable Idaho law. Any specific items of information that constitute trade secrets and which are included in a response to this RFP shall be segregated by Respondent from the other portions of the RFP response and labeled as such. Respondent shall not label an entire document as a “trade secret,” merely because a portion of that document is or may be a trade secret. If any trade secret information becomes the subject of a public records or other such request for production, YHI will notify the Respondent and, upon the execution of an agreement to defend and indemnify YHI, will allow the Respondent to address the public records or other request on behalf of YHI in the appropriate forum.

## **AGREEMENTS**

Each Proposal must include signed copies of the following:

- The YHI independent contractor agreement attached as Appendix A, with any changes proposed by the Respondent marked clearly in the document and signed (and Respondent must also submit an editable version in the form provided by Respondent).

## **PRICE PROPOSAL**

The Proposal must include all fees and charges for the provision of Services. Respondents should provide a detailed breakdown of all fees and costs. At a minimum, respondents should include hourly rates for the performance of the Services that are commercially competitive for the level of skill and experience of each category of personnel proposed to provide Services. YHI encourages fixed price Proposals, setting a single price for all or portions of the Services.

## **QUESTIONS AND RESPONSE TIME**

Questions or requests for clarification must be submitted by 5:00 PM Mountain Time, March 27, 2015. Questions and requests for clarification must be sent to [RFP@YourHealthIdaho.org](mailto:RFP@YourHealthIdaho.org). No questions will be answered orally. Relevant questions and the corresponding answers will be made available to all proposers at the following event:

Answers to questions will be posted to YHI website by Tuesday, March 31, 2015.

Responses to this RFP must be received by 5:00pm, Mountain Time, April 6, 2015 and should be sent to [RFP@YourHealthIdaho.org](mailto:RFP@YourHealthIdaho.org) APPENDIX A: Contract Confirmation

## **APPENDIX A: INDEPENDENT CONTRACTOR AGREEMENT**

Respondent is required to submit a signed copy of the attached independent contractor agreement, with any changes proposed by the Respondent marked in the copy it signs and submits.

Respondents are encouraged not to make changes to this agreement, and changes to the agreement will be evaluated as set forth above.