

**Addendum # 9**

**Revised Appendix KK**

**RFP# 305PUR-DHHRFP-BH-MCO-2014-MVA**

**LOUISIANA BAYOU HEALTH PROGRAM  
MCO PROPOSAL SUBMISSION AND EVALUATION REQUIREMENTS  
RFP #**

**PROPOSER NAME**

UnitedHealthcare Community Plan

**THE PROPOSER MUST COMPLETE THIS FORM AND SUBMIT WITH THEIR PROPOSAL.**

In responding to this RFP, the Proposer should adhere to the specifications outlined in Section §22 of the RFP. The proposal should address all requirements listed in this appendix and should provide, in sequence, the information and documentation as required.

The Proposer should complete only the first column of this form to provide an index referencing the location of your response to each item listed (page and section number). This completed form should be included as appendix A of your proposal. The DHH Proposal Review Team will review the proposer's response to the RFP as outlined in this evaluation tool. The review team will be comprised of state employees. DHH reserves the right, at its sole discretion, to conduct its own research and/or consult with contracted subject matter experts in order to verify and assess the information presented. **The review, including but not limited to, an assessment of the compliance with specifications and provisions of the RFP, the quality, feasibility, and reasonableness of the proposal, will be the basis for the scoring of the proposal.**

Any contract resulting from this RFP process shall incorporate by reference the respective proposal responses to all items as a part of said Contract (Refer to Section §22 of RFP).

**NOTICE: The department reserves the right to conduct its own research and/or consult with contracted subject matter experts in order to verify and assess the information presented.**

Page # of Response In Proposal	<b>PART II. FINANCIAL REQUIREMENTS</b> <b>Any proposal that does not earn 25 out of the 35 points will be disqualified from the evaluation process immediately.</b>	Total possible points	Score	DHH Comments
	<b>Section B: Financial Stability</b>	<b>30</b>		
1	<p><b>B.1</b> Provide the following as documentation of the Proposer's and parent corporation's sufficient financial strength and resources to provide the scope of services as required:</p> <ul style="list-style-type: none"> <li>• Three years of independently audited financial statements and associated enrollment figures from the Proposer. Compiled or reviewed financial statements will not be accepted. The audited financial statements must be: <ul style="list-style-type: none"> <li>○ Prepared with all monetary amounts detailed in U.S. currency;</li> <li>○ Prepared under U.S. generally accepted accounting principles; and</li> <li>○ Audited under U.S. generally accepted auditing standards. The audited financial statements must include the auditor's opinion letter, financial statements, and the notes to the financial statements.</li> </ul> </li> <li>• The Proposer's four (4) most recent internally prepared unaudited quarterly financial statements (and Year-to-Date), with preparation dates indicated. The statements must include documentation disclosing the amount of cash flows from operating activities. This documentation must indicate whether the cash flows are positive or negative, and if the cash flows are negative for the quarters, the documentation must include a detailed explanation of the factors contributing to the negative cash flows.</li> </ul> <p style="text-align: center;">(continued on next page)</p>	15		

	<ul style="list-style-type: none"> <li>• Verification of any contributions made to the Proposer to improve its financial position after its most recent audit (e.g., copies of bank statements and deposit slips), if applicable.</li> <li>• Proposer shall include the Proposer's parent organization.</li> </ul> <p>Provide the following information (in Excel format) based on each of the financial statements submitted: (1) Working capital; (2) Current ratio; (3) Quick ratio; (4) Net worth; and (5) Debt-to-worth ratio.</p> <p>If there are one (1) or more intermediate owners between your organization and the ultimate owner, this additional requirement is applicable only to the ultimate owner.</p>			
3	<b>B.2.</b> Provide your last three (3) statements containing your Risk Based Capital Ratio as prepared in accordance with instructions published by the National Association of Insurance Commissioners (NAIC). Include for both the proposing entity and the parent organization if applicable.	2		
4	<b>B.3</b> As applicable, provide (in table format) the Proposer's current ratings as well as ratings for each of the past three years from AM Best Company.	3		
4	<b>B.4</b> Provide a statement of whether or not, in the last ten (10) years, you or a predecessor company has filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors. If so, provide an explanation that includes relevant details, including the date in which the Proposer emerged from bankruptcy or expects to emerge. If still in bankruptcy, provide a summary of the court-approved reorganization plan. Include your organization's parent organization, affiliates, and subsidiaries in this response.	5		
4	<b>B.5</b> Provide the following as documentation of financial responsibility and stability: <ul style="list-style-type: none"> <li>• a current written bank reference, in the form of a letter, indicating that the Proposer's business relationship with the financial institution is in positive standing;</li> <li>• two current written, positive credit references, in the form of a letters, from vendors with which the Proposer has</li> </ul>	5		

	<p>done business or, documentation of a credit rating determined by an accredited credit bureau within the last 6 months; and (continued on next page)</p> <ul style="list-style-type: none"> <li>a copy of a valid certificate of insurance indicating liability insurance in the amount of at least one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) in the aggregate.</li> </ul>			
	<p><b>Section C: Publicly Traded Organizations</b> <b>DO NOT ANSWER THIS SECTION IF YOUR ORGANIZATION IS PRIVATELY OWNED</b></p>	5 for publicly traded		
6	<p><b>C.1</b> Submit the most recent United States Securities and Exchange Commission (SEC) Form 10K Annual Report, and the most-recent 10-Q Quarterly report.</p> <p>Provide a statement whether there have been any Securities Exchange Commission (SEC) investigations, civil or criminal, involving your organization in the last ten (10) years. If there have been any such investigations, provide an explanation with relevant details and outcome. If the outcome is against the Proposer, provide the corrective action plan implemented to prevent such future offenses. Also provide a statement of whether there are any current or pending Securities Exchange Commission investigations, civil or criminal, involving the Proposer, and, if such investigations are pending or in progress, provide an explanation providing relevant details and provide an opinion of counsel as to whether the pending investigation(s) will impair the Proposer's performance in a contract/Agreement under this RFP. Include your organization's parent organization, affiliates, and subsidiaries in this response.</p>	3		
6	<p><b>C.2</b> Provide your organization's bond rating for the current year and each of the past three years. Include your organization's parent organization, affiliates, and subsidiaries in this response.</p>	2		
	<p><b>Section D: Privately Owned Organizations</b> <b>DO NOT ANSWER THIS SECTION IF YOUR ORGANIZATION IS PUBLICLY TRADED</b></p>	5 for privately owned		
8	<p><b>D.1</b> Provide your organization's credit rating for the current year and each of the past three years. Include your organization's</p>	5		

	parent organization, affiliates, and subsidiaries in this response.			
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## PART II: FINANCIAL REQUIREMENTS

### Section B: Financial Stability

B.1 Provide the following as documentation of the Proposer's and parent corporation's sufficient financial strength and resources to provide the scope of services as required:

- Three years of independently audited financial statements and associated enrollment figures from the Proposer. Compiled or reviewed financial statements will not be accepted. The audited financial statements must be:
  - Prepared with all monetary amounts detailed in U.S. currency;
  - Prepared under U.S. generally accepted accounting principles; and
  - Audited under U.S. generally accepted auditing standards. The audited financial statements must include the auditor's opinion letter, financial statements, and the notes to the financial statements.
- The Proposer's four (4) most recent internally prepared unaudited quarterly financial statements (and Year-to-Date), with preparation dates indicated. The statements must include documentation disclosing the amount of cash flows from operating activities. This documentation must indicate whether the cash flows are positive or negative, and if the cash flows are negative for the quarters, the documentation must include a detailed explanation of the factors contributing to the negative cash flows.
- Verification of any contributions made to the Proposer to improve its financial position after its most recent audit (e.g., copies of bank statements and deposit slips), if applicable.
- Proposer shall include the Proposer's parent organization.

Provide the following information (in Excel format) based on each of the financial statements submitted: (1) Working capital; (2) Current ratio; (3) Quick ratio; (4) Net worth; and (5) Debt-to-worth ratio.

If there are one (1) or more intermediate owners between your organization and the ultimate owner, this additional requirement is applicable only to the ultimate owner. (15 points)

### Demonstrating Financial Stability

UnitedHealthcare of Louisiana, Inc. (UnitedHealthcare of Louisiana) has demonstrated financial stability, brought resources and shown commitment to the state of Louisiana and its citizens with \$5,146,273 in earned revenues coordinating health care services for covered members in 2013.

In 2013, UnitedHealthcare of Louisiana posted statutory revenue of \$5,146,273 with a net income of \$2,993,584 and ended the year capitalized at \$12,403,376 with \$15,439,242 in total assets – an increase of \$5,099,980 from 2012. Current net income and total assets substantiates our financial capacity to effectively provide Medicaid services to all members. We have extensive experience with full-risk arrangements and are a part of UnitedHealth Group, a publicly traded company and one of the 20 largest companies listed on the New York Stock Exchange. In September 2012, UnitedHealth Group became the second insurer in the Dow Jones Industrial Average (DJIA). Often referred to as “the Dow,” the DJIA is one of the oldest and single most watched indexes in the world. The DJIA is made up of 30 significant stocks traded on the New York Stock Exchange and NASDAQ and includes companies like General Electric, Disney, Exxon and Microsoft.

### Associated Enrollment Figures

UnitedHealthcare of Louisiana's Bayou Health membership totals are based upon internal reporting for years ending December 31:

Year	Total Membership
2013	256,538
2012	234,161
2011	Contract not yet awarded

### Independently Audited Financial Statements

To further demonstrate the financial solvency and capacity of UnitedHealthcare of Louisiana to comply with the scope of services required, we submit three years of independently audited financial statements. Audited financial statements include, but are not limited to, auditor’s opinion letter, financial statements and the notes to the financial statements. UnitedHealthcare of Louisiana’s audited financial statements for the past three years are provided in the following attachments:

- Attachment B.1-1\_UnitedHealthcare of Louisiana\_2010-2011 Audited Financial Statements
- Attachment B.1-2\_UnitedHealthcare of Louisiana\_2011-2012 Audited Financial Statements
- Attachment B.1-3\_UnitedHealthcare of Louisiana\_2012-2013 Audited Financial Statements

To further support our proven fiscal soundness, UnitedHealth Group’s audited annual statements for the past three years are provided in the following attachments:

- Attachment B.1-12\_UnitedHealth Group\_2011 10-K Annual Report
- Attachment B.1-13\_UnitedHealth Group\_2012 10-K Annual Report
- Attachment B.1-14\_UnitedHealth Group\_2013 10-K Annual Report

### Unaudited Quarterly Financial Statements

#### UnitedHealthcare of Louisiana

To further demonstrate our financial capacity, please refer to UnitedHealthcare of Louisiana’s most recent, internally prepared, unaudited quarterly financial statements including preparation dates in the following attachments:

- Attachment B.1-4\_UnitedHealthcare of Louisiana\_Q2 2013 Unaudited Financial Statement
- Attachment B.1-5\_UnitedHealthcare of Louisiana\_Q3 2013 Unaudited Financial Statement
- Attachment B.1-6\_UnitedHealthcare of Louisiana\_Q1 2014 Unaudited Financial Statement
- Attachment B.1-7\_UnitedHealthcare of Louisiana\_Q2 2014 Unaudited Financial Statement

#### UnitedHealth Group – Parent Organization

UnitedHealth Group’s most recent, internally prepared, unaudited quarterly financial statements are provided in the following attachments:

- Attachment B.1-8\_UnitedHealth Group\_Q2 2013 10-Q Quarterly Report

- Attachment B.1-9\_UnitedHealth Group\_Q3 2013 10-Q Quarterly Report
- Attachment B.1-10\_UnitedHealth Group\_Q1 2014 10-Q Quarterly Report
- Attachment B.1-11\_UnitedHealth Group\_Q2 2014 10-Q Quarterly Report

### **Verification of Contributions Made to Improve Financial Position**

There have been no capital infusions necessary since the 2013 annual financial statements were issued. Should capital infusions become necessary, our parent organization, UnitedHealth Group is able and committed to making those capital infusions to ensure adequate capitalization.

### **Financial Strength of UnitedHealth Group – Our Parent Organization**

UnitedHealthcare of Louisiana and UnitedHealth Group (our ultimate parent) bring diverse integrated companies together to effectively and efficiently serve the citizens of Louisiana. This interaction helps our members access quality care at an affordable cost while simplifying health care administration and delivery, and strengthening the physician/patient relationship. The expertise associated with our expansive operations—our ability to offer a variety of managed care programs and products—is difficult to match within the managed care industry. Our operations are designed to bring innovation in processes, consistency within the delivery of health care administration and overall value to our customers. Most importantly, our financial strength makes us a dependable partner to the State, serving Louisiana’s most vulnerable citizens.

UnitedHealth Group manages our cash, investments and capital structure, allowing us to meet the short- and long-term obligations of our business, while maintaining financial flexibility and liquidity. We forecast, analyze and monitor our cash flows to enable prudent investment management and financing within the confines of our financial strategy. The consolidated strength associated with all of UnitedHealth Group’s operations is available to individual health plans, if net worth is insufficient. On December 31, 2013, UnitedHealth Group had total cash and cash equivalents of \$7.3 billion, \$82 billion in assets and \$32 billion in shareholder’s equity.

As part of the UnitedHealth Group family, we continue to experience financial stability and long-term staying power in the health care industry in spite of the current market turbulence:

- Our \$21.5 billion investment portfolio continues to be of very high quality and remains highly liquid (consolidated AA rating).
- In addition to high cash balances on December 31, 2013, UnitedHealth Group had a \$4.0 billion revolving credit facility, providing liquidity for our \$4.0 billion commercial paper program. At the end of 2011, we had no commercial paper outstanding.
- At December 31, 2013, UnitedHealth Group’s debt-to-capital ratio was at 34.4 percent.

Also refer to Attachment B.1-15\_Ratios for the requested financial information in Excel format for UnitedHealthcare of Louisiana, Inc. and our ultimate parent organization, UnitedHealth Group.

B.2. Provide your last three (3) statements containing your Risk Based Capital Ratio as prepared in accordance with instructions published by the National Association of Insurance Commissioners (NAIC). Include for both the proposing entity and the parent organization if applicable. (2 points)

Risk Based Capital is a regulatory tool for measuring the minimum amount of capital appropriate to support overall business operations in consideration of an organization’s size and risk profile.

As of December 31, 2013, UnitedHealthcare of Louisiana was in compliance with the required amount.

Three statements containing our Risk Based Capital Ratios prepared in accordance with requirements published by the National Association of Insurance Commissioners (NAIC) are provided in the following attachments:

- Attachment B.2-1\_UnitedHealthcare of Louisiana\_2011 Annual RBC
- Attachment B.2-2\_UnitedHealthcare of Louisiana\_2012 Annual RBC
- Attachment B.2-3\_UnitedHealthcare of Louisiana\_2013 Annual RBC

Please note that Risk Based Capital Ratios are not applicable to our parent organization.

B.3 As applicable, provide (in table format) the Proposer's current ratings as well as ratings for each of the past three years from AM Best Company. (3 points)

**UnitedHealthcare of Louisiana, Inc. – A.M. Best Rating**

The following chart depicts our ratings from A.M. Best for the current year and past three years.

A.M. Best			
2014	2013	2012	2011
A	A	A	A

B.4 Provide a statement of whether or not, in the last ten (10) years, you or a predecessor company has filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors. If so, provide an explanation that includes relevant details, including the date in which the Proposer emerged from bankruptcy or expects to emerge. If still in bankruptcy, provide a summary of the court-approved reorganization plan. Include your organization's parent organization, affiliates, and subsidiaries in this response. (5 points)

Neither UnitedHealthcare of Louisiana, Inc. nor its parent, affiliates and subsidiaries, have ever filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee or assignee for the benefit of creditors in the last 10 years.

B.5 Provide the following as documentation of financial responsibility and stability:

- a current written bank reference, in the form of a letter, indicating that the Proposer's business relationship with the financial institution is in positive standing;
- two current written, positive credit references, in the form of a letters, from vendors with which the Proposer has done business or, documentation of a credit rating determined by an accredited credit bureau within the last 6 months; and
- a copy of a valid certificate of insurance indicating liability insurance in the amount of at least one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) in the aggregate. (5 points)

**Bank Reference**

A current bank reference indicating positive standing with JPMorgan Chase Bank is provided in Attachment B.5-1\_Bank Reference Letter.

**Documentation from Credit Rating Agency**

We maintain strong investment grade credit ratings from major credit rating agencies. The following attachment contains the most recent review received from Moody's affirming UnitedHealth Group's current ratings: Attachment B.5-2\_Moody's Credit Opinion.

**Commercial Liability Insurance**

A valid certificate of insurance indicating appropriate liability insurance is provided in Attachment B.5-3\_Certificate of Insurance for General Liability.

## Section C: Publicly Traded Organizations

C.1 Submit the most recent United States Securities and Exchange Commission (SEC) Form 10K Annual Report, and the most-recent 10-Q Quarterly report.

Provide a statement whether there have been any Securities Exchange Commission (SEC) investigations, civil or criminal, involving your organization in the last ten (10) years. If there have been any such investigations, provide an explanation with relevant details and outcome. If the outcome is against the Proposer, provide the corrective action plan implemented to prevent such future offenses. Also provide a statement of whether there are any current or pending Securities Exchange Commission investigations, civil or criminal, involving the Proposer, and, if such investigations are pending or in progress, provide an explanation providing relevant details and provide an opinion of counsel as to whether the pending investigation(s) will impair the Proposer's performance in a contract/Agreement under this RFP. Include your organization's parent organization, affiliates, and subsidiaries in this response. (3 points)

We have provided our most recent U.S. Securities and Exchange Commission (SEC) Form 10-K Annual Report and the most recent 10-Q Quarterly Report in the following attachments:

- Attachment B.1-14\_UnitedHealth Group\_2013 10-K Annual Report
- Attachment B.1-11\_UnitedHealth Group\_Q2 2014 10-Q Quarterly Report

To the best of our knowledge and belief, there are no current or pending investigations being conducted by the SEC which pertain to UnitedHealth Group, its affiliates or subsidiaries, including UnitedHealthcare of Louisiana.

On December 22, 2008, UnitedHealth Group, the ultimate parent of UnitedHealthcare of Louisiana, entered into a settlement agreement to resolve a SEC investigation into the company's historical stock option practices. Without admitting or denying the allegations, UnitedHealth Group agreed to a permanent injunction against any future violations of certain reporting, books and records and internal accounting control provisions of the federal securities laws. The Commission declined to charge UnitedHealth Group with fraud or seek a monetary penalty, based upon UnitedHealth Group's extraordinary cooperation in the Commission's investigation, as well as its extensive remedial measures.

C.2 Provide your organization's bond rating for the current year and each of the past three years. Include your organization's parent organization, affiliates, and subsidiaries in this response. (2 points)

According to the state of Louisiana's clarification in question number 122 of Addendum 8, bond ratings for affiliates and subsidiaries are not required for this response. Therefore, we have provided bond ratings for UnitedHealth Group Incorporated for the current year and past three years. UnitedHealthcare of Louisiana, Inc. has not been rated.

### UnitedHealth Group Ratings

As part of the UnitedHealth Group family, we continue to experience financial stability and long-term staying power in the health care industry in spite of the current market turbulence. Our investment portfolio continues to be of very high quality (consolidated AA rating).

A.M. Best				
	2014	2013	2012	2011
UnitedHealth Group Senior Unsecured Debt	bbb+	bbb+	bbb+	bbb+

<b>A.M. Best</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
UnitedHealth Group Commercial Paper	AMB-2	AMB-2	AMB-2	AMB-2
Outlook	Stable	Stable	Stable	Stable

<b>Standard &amp; Poor's</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
UnitedHealth Group Senior Unsecured Debt	A	A	A	A-
UnitedHealth Group Commercial Paper	A-1	A-1	A-1	A-2
Outlook	Positive	Positive	Stable	Stable

<b>Moody's</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
UnitedHealth Group Senior Unsecured Debt	A3	A3	A3	A3
UnitedHealth Group Commercial Paper	P-2	P-2	P-2	P-2
Outlook	Stable	Stable	Stable	Stable

<b>Fitch</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
UnitedHealth Group Senior Unsecured Debt	A-	A-	A-	A-
UnitedHealth Group Commercial Paper	F-1	F-1	F-1	F-1
Outlook	Stable	Stable	Stable	Stable

## Section D: Privately Owned Organizations

D.1 Provide your organization's credit rating for the current year and each of the past three years. Include your organization's parent organization, affiliates, and subsidiaries in this response. (5 points)

Not applicable