

STATE OF VERMONT, CONTRACT FOR PERSONAL SERVICES
AGENCY OF ADMINISTRATION
JONATHAN GRUBER, CONSULTANT

Contract # 27277

1. **Parties.** This is a contract for services between the State of Vermont, Agency of Administration (hereafter called "State"), and Jonathan Gruber, consultant with a principal place of business in Lexington, MA, (hereafter called "Contractor"). The Contractor's local address is 83 Pleasant Street, Lexington, MA 02421. It is the contractor's responsibility to contact the Vermont Department of Taxes to determine if, by law, the contractor is required to have a Vermont Department of Taxes Business Account Number.

2. **Subject Matter.** This is a personal services contract for policy expertise, research, and economic modeling related to the implementation of Green Mountain Care as passed into law by Act 48 of 2011. Detailed services to be provided by the contractor are described in Attachment A.

3. **Maximum Amount.** In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed \$450,000.00.

4. **Contract Term.** The period of contractor's performance shall begin on July 21, 2014 and end on February 15, 2015. The State and the Contractor have the option of renewing this contract for up to one (1) one-year extension.

5. **Prior Approvals.** If approval by the Attorney General's Office or the Secretary of Administration is required, (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by either or both such persons.

- Approval by the Attorney General's Office is required.
- Approval by the Secretary of Administration is required.
- Approval by the CIO/Commissioner DII is not required.

6. **Amendment.** No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered and signed by the duly authorized representative of the State and Contractor.

7. **Cancellation.** This contract may be canceled by either party by giving written notice at least 30 days in advance. Notwithstanding this provision, in the event that federal funds supporting this contract become unavailable or are reduced, the State may cancel this contract with no obligation to pay the Contractor from State revenues.

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8. **Attachments.** This contract consists of 14 pages including the following attachments which are incorporated herein:

Attachment A - Specifications of Work to be Performed

Attachment B - Payment Provisions

Attachment C – “Standard State Provisions for Contracts and Grants” a preprinted form
(revision date 11/17/2012).

9. **Order of Precedence.** Any ambiguity, conflict or inconsistency in the Contract Documents shall be resolved according to the following order of precedence:

- (1) Standard Contract
- (2) Attachment C (Standard Contract Provisions for Contracts and Grants)
- (3) Attachment A
- (4) Attachment B

WE THE UNDERSIGNED PARTIES AGREE TO BE BOUND BY THIS CONTRACT.

By the State of Vermont:

Date: 7/16/14

Signature: Jeb Spaulding

Jeb Spaulding, Secretary
Agency of Administration

By the Contractor:

Date: _____

Signature: _____

Jonathan Gruber, Consultant
ADDRESS

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Signature: _____

Jeb Spaulding, Secretary
Agency of Administration

By the Contractor:

Date: 7/16/14

Signature: [Signature]

Jonathan Gruber, Consultant
ADDRESS

ATTACHMENT A

SPECIFICATIONS OF WORK TO BE PERFORMED

Goal

Overall, the goal of this engagement is to assist the State in analyzing finance and coverage proposals for Green Mountain Care to be presented to the Legislature by January 15, 2015. Specifically, the Agency of Administration is contracting for policy expertise and economic modeling to understand and assess the impact of moving from the current health care coverage and finance system to a publicly financed health care system in accordance with Act 48 of 2011.

General Conditions

- This Contract is funded in part by federal funds. All terms of this Contract are subject to any requirements necessary to obtain and maintain such funding.
- Robin Lunge and Michael Costa shall serve as the State's primary contacts for this Contract. Jonathan Gruber shall serve as the Contractor's primary contact for this Contract. Such contacts may be changed by written notice to the other party.
- The State and the Contractor shall meet weekly, in person or by conference call, to review progress on contract work, the status of specific project activities, identify and discuss outstanding issues, and identify any additional areas for research, modeling, or follow-up. The frequency of the meetings may be changed upon agreement of the parties.
- Contractor and the State acknowledge that some of the work performed under this Contract is interrelated with other work being performed by the State and other contractors simultaneously. The Contractor and its subcontractors will coordinate with other State contractors to ensure that their work is consistent with other research and work being completed.
- Contractor, and any of his staff that he deems necessary, shall attend a kickoff meeting on July 21, 2014 in Boston at the University of Massachusetts Medical School Center for Health Law and Economics. The kickoff will include participation from the State, Consultant, staff from the University of Massachusetts Medical School, and Wakely Consulting. The kickoff will focus on project goals, background, policy assumptions, data, expected output, development of a timeline, and project management expectations.
- The Contractor may advise the Governor on policy matters related to the project to assist the Governor in deliberations and decision-making related to the project. The Contractor's advice may include recommendations to contribute to the Governor's deliberations as part of the decision-making process.

Professional Services to be Rendered

A. Modeling and Analysis

- Use the Gruber Microsimulation Model (GMSIM) to simulate the implementation of Green Mountain Care and related tax changes and assess the impacts on the economy. This shall include but not be limited to the following:
 - Calibration of the GMSIM with Vermont data and assumptions to the extent possible.
 - Determining incidence for the current Vermont health care system.
 - Simulation of each individual in the population based on various coverage and financing alternatives.
 - Simulation of each Vermont employer based on various coverage and financing alternatives.
 - Utilization of various federal and state tax provisions.
 - Assessing options for an orderly transition from the current system to Green Mountain Care.
 - Estimation of the impact on state and local government spending.
- Contractor may subcontract with Moody's Analytics for macroeconomic modeling that analyzes the impacts of Green Mountain Care coverage and financing proposals on Vermont's economy.
- The Contractor and his subcontractor shall assist the State in analyzing the triggers set forth in Act 48 for future consideration by the Green Mountain Care Board:
 - When implemented, Green Mountain Care will not have a negative aggregate impact on Vermont's economy.
 - The financing for Green Mountain Care is sustainable.
- Additionally, the consultant will assist the Administration in the creation of a three year budget for Green Mountain Care and five year health care cost and revenue forecast.

B. Describing the Impact of Green Mountain Care

- The Contractor shall provide proper documentation of data sources, assumptions, and methodology.
- In describing the impact on individuals, the Contractor shall describe the following impacts by age, employment, gender, race, education, and geography within the State:
 - Impact on insurance generosity
 - Impact on health care utilization

- Impact on out of pocket medical spending
 - Impact on income
- In describing the impact on businesses, the Contractor shall describe the following impacts:
 - Industry
 - Firm size
 - Mix of full time and part time employment
 - Ex-ante insurance offering
 - Revenues
 - Wages of employees
 - Ex-ante actuarial value of insurance offered
 - Ex-ante insurance take up
 - Current employer premium contribution share
- In describing the impact on the federal government, the Contractor shall describe the following impacts:
 - Impacts on expenditures of those on public insurance
 - Impact on expenditures and penalties under the ACA
 - Impact on deductibility of federal taxes by Vermonters
 - Impact on income taxation for individuals and businesses
 - Impact of changes in payment of federal payroll taxation
- In describing the impact on the state budget, the Contractor shall describe the following impacts:
 - Impact on state spending on public insurance
 - Impact on public health programs other than green Mountain Care
 - Impacts on state unemployment insurance
 - Impact on state tax collections
- In describing the impact on Vermont's economy, the Contractor or his subcontractor shall describe the following impacts:
 - Impacts on total state employment and GDP
 - Impacts on employment and GDP by industry within the State
 - Impacts on population changes, including migration
 - Impacts on aggregate and sectoral wages paid to employees
 - Impacts on aggregate and sectoral profits of business
 - Impacts on aggregate and sectoral prices from shifting costs to consumer prices
- Set forth a three year budget for Green Mountain Care and a five year health care cost and revenue forecast.

C. Development of a Final Work Product

- The Contractor shall assist the Administration and other consultants in the development of final policy recommendations that form the basis of a comprehensive report to the state legislature. The Administration will submit its report with findings and recommendations to the state legislature on or before January 15, 2015. The report should include a comparison of the baseline to the proposed future state using the following categories:

- Household
 - by AGI
 - family size
 - premiums, including average by family income and size;
 - out of pocket expenses, including average by family income and size;
 - indirect payment of health care through taxes (federal, state, and municipal),
- Employers
 - Size: by number of employees and size of payroll
 - Type of business: NAICs code, industry, or other category
 - Business by current health insurance offered
- Health Care
 - Household by health status
 - Insurance coverage
 - Employment relationship
 - Age

D. Other Deliverables

- The Contractor will produce ad hoc reports as needed.
- The Contractor should expect to travel to Montpelier for several days in December 2014 and/or January 2015 to present the report to key administrative officials, legislative committees, and stakeholder groups.
 - Other travel may be required and will be authorized via mutual consent of the State and Contractor.

**ATTACHMENT B
PAYMENT PROVISIONS**

The maximum dollar amount payable under this agreement is not intended as any form of a guaranteed amount. The Contractor will be paid for services specified in Attachment A, for services actually performed, up to the maximum allowable amount specified in this agreement. State of Vermont payment terms are net 30 days from date of invoice; payments against this contract will comply with the State's payment terms. The payment schedule for delivery products, or rates for services performed, and any additional reimbursements, are included in this attachment. The following provisions specifying payments are:

1. Payment Schedule: Contractor shall submit monthly invoices describing the work performed and the amounts associated with such work. The hourly rates and total costs shall not exceed the amounts listed in the table below, except that addition travel for meetings in Vermont may be billed in an amount not to exceed \$2,500 per day per visit. From each invoice the State shall withhold 20% of the billed amount until the final deliverable has been delivered and accepted by the State. After acceptance of the final deliverable, the State shall pay the retained amounts to the Contractor.

Cost Schedule

Resource	Hourly Rate	Total
Jonathan Gruber	\$500	\$400,000
Programmers	Not more than \$100	
Moody's Analytics		\$50,000
TOTAL		\$450,000

2. Invoices shall be submitted on the Contractor's official letterhead, signed by an authorized representative of the Contractors organization, reference this contract's number and be submitted to:

Robin Lunge, Director of Health Care Reform
Agency of Administration
109 State Street, 5th floor
Montpelier, VT 05609

3. Total maximum payable under this contract is \$450,000. Total maximum payable under this Contract for Contractor's services shall not exceed \$400,000. The Contractor may subcontract for macroeconomic modeling and analysis with Moody's Analytics for not more than \$50,000 as described above in Attachment A.

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4. Payments by State to Contractor will be made in the name of Jonathan Gruber and will be sent to: Jonathan Gruber, 83 Pleasant Street, Lexington, MA 02421.

ATTACHMENT C:
STANDARD STATE PROVISIONS FOR CONTRACTS AND GRANTS
11/7/2012

1. **Entire Agreement:** This Agreement, whether in the form of a Contract, State Funded Grant, or Federally Funded Grant, represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. **Applicable Law:** This Agreement will be governed by the laws of the State of Vermont.
3. **Definitions:** For purposes of this Attachment, "Party" shall mean the Contractor, Grantee or Subrecipient, with whom the State of Vermont is executing this Agreement and consistent with the form of the Agreement.
4. **Appropriations:** If this Agreement extends into more than one fiscal year of the State (July 1 to June 30), and if appropriations are insufficient to support this Agreement, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority. In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and in the event federal funds become unavailable or reduced, the State may suspend or cancel this Grant immediately, and the State shall have no obligation to pay Subrecipient from State revenues.
5. **No Employee Benefits For Party:** The Party understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation or sick leave, workers compensation or other benefits or services available to State employees, nor will the state withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Agreement. The Party understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Party, and information as to Agreement income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
6. **Independence, Liability:** The Party will act in an independent capacity and not as officers or employees of the State.

The Party shall defend the State and its officers and employees against all claims or suits arising in whole or in part from any act or omission of the Party or of any agent of the Party. The State shall notify the Party in the event of any such claim or suit, and the Party shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit.

After a final judgment or settlement the Party may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment.

The Party shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party.

The Party shall indemnify the State and its officers and employees in the event that the State, its officers or employees become legally obligated to pay any damages or losses arising from any act or omission of the Party.

7. **Insurance:** Before commencing work on this Agreement the Party must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Party to maintain current certificates of insurance on file with the state through the term of the Agreement. No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Party for the Party's operations. These are solely minimums that have been established to protect the interests of the State.

Workers Compensation: With respect to all operations performed, the Party shall carry workers' compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the contract, the Party shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations
Products and Completed Operations
Personal Injury Liability
Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 per Occurrence
\$1,000,000 General Aggregate
\$1,000,000 Products/Completed Operations Aggregate
\$ 50,000 Fire/ Legal/Liability

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

Automotive Liability: The Party shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the Agreement. Limits of coverage shall not be less than: \$1,000,000 combined single limit.

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

8. **Reliance by the State on Representations:** All payments by the State under this Agreement will be made in reliance upon the accuracy of all prior representations by the

Party, including but not limited to bills, invoices, progress reports and other proofs of work.

- 9. Requirement to Have a Single Audit:** In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, the Subrecipient will complete the Subrecipient Annual Report annually within 45 days after its fiscal year end, informing the State of Vermont whether or not a single audit is required for the prior fiscal year. If a single audit is required, the Subrecipient will submit a copy of the audit report to the granting Party within 9 months. If a single audit is not required, only the Subrecipient Annual Report is required.

A single audit is required if the subrecipient expends \$500,000 or more in federal assistance during its fiscal year and must be conducted in accordance with OMB Circular A-133. The Subrecipient Annual Report is required to be submitted within 45 days, whether or not a single audit is required.

- 10. Records Available for Audit:** The Party will maintain all books, documents, payroll papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the Agreement and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this Agreement
- 11. Fair Employment Practices and Americans with Disabilities Act:** Party agrees to comply with the requirement of Title 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Party shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, as amended, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Party under this Agreement. Party further agrees to include this provision in all subcontracts.

- 12. Set Off:** The State may set off any sums which the Party owes the State against any sums due the Party under this Agreement; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

13. Taxes Due to the State:

- a. Party understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.

- b. Party certifies under the pains and penalties of perjury that, as of the date the Agreement is signed, the Party is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
- c. Party understands that final payment under this Agreement may be withheld if the Commissioner of Taxes determines that the Party is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.
- d. Party also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Party has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Party has no further legal recourse to contest the amounts due.

14. Child Support: (Applicable if the Party is a natural person, not a corporation or partnership.) Party states that, as of the date the Agreement is signed, he/she:

- a. is not under any obligation to pay child support; or
- b. is under such an obligation and is in good standing with respect to that obligation; or
- c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Party makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Party is a resident of Vermont, Party makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

15. Sub-Agreements: Party shall not assign, subcontract or subgrant the performance of this Agreement or any portion thereof to any other Party without the prior written approval of the State. Party also agrees to include in all subcontract or subgrant agreements a tax certification in accordance with paragraph 13 above.

16. No Gifts or Gratuities: Party shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this Agreement.

17. Copies: All written reports prepared under this Agreement will be printed using both sides of the paper.

18. Certification Regarding Debarment: Party certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, neither Party nor Party's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs, or programs supported in whole or in part by federal funds.

Party further certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, Party is not presently debarred, suspended, nor named on the State's debarment list at: <http://bgs.vermont.gov/purchasing/debarment>

- 19. Certification Regarding Use of State Funds:** In the case that Party is an employer and this Agreement is a State-Funded Grant in excess of \$1,001, Party certifies that none of these State funds will be used to interfere with or restrain the exercise of Party's employee's rights with respect to unionization.

(End of Standard Provisions)