



**State of New Jersey**  
DEPARTMENT OF BANKING AND INSURANCE  
ADMINISTRATION  
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JON S. CORZINE  
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STEVEN M. GOLDMAN  
*Commissioner*

**Request for Proposal (RFP) for Accounting Services in Connection  
With the Review and Evaluation of Horizon Healthcare Services  
Inc. d/b/a Horizon Blue Cross Blue Shield of New Jersey's Plan of  
Conversion, Foundation Plan and Initial Public Offering**

The Commissioner of Banking & Insurance (Commissioner) and the Attorney General (AG) desire to contract with an accounting firm (Contractor) having expertise and experience in the areas of corporate valuation, corporate organization, and public offerings of stock and other securities for life and health insurers, particularly in relation to conversion of Blue Cross Blue Shield plans, to assist them in the review of an application filed by Horizon Healthcare Services Inc. d/b/a Horizon Blue Cross Blue Shield of New Jersey (Horizon) to convert to a for-profit health insurer pursuant to the provisions of N.J.S.A. 17:48E-49 et seq. (Conversion Act)

Horizon is a non-profit health service corporation organized under the laws of New Jersey pursuant to N.J.S.A. 17:48E-1 et seq. As permitted by the Conversion Act, Horizon has applied to convert to a for-profit health insurer. The Conversion Act contemplates that Horizon will file with the Commissioner a conversion plan which will transfer ownership of Horizon to a publicly traded stock holding company (Holding Company), and that 100% of the fair market value of the company will be contributed to one or more foundations (Foundations). The transfer may involve a reorganization of ownership of Horizon's subsidiaries and affiliates. As part of the filing of the Conversion plan a five year business plan is required. The contribution of value to the Foundations may be in the form of stock, cash or other assets. Stock contributed to the Foundations may be subject to restrictions. An IPO and secondary offerings of holding company stock are anticipated, and other capital raising transactions are possible. In addition to the conversion plan, Horizon must file with the AG a petition for review of a foundation plan, which must provide, inter alia, for the establishment of one or more foundations to receive the fair market value of Horizon after conversion.

The Conversion Act further provides that the cost of any advisors or Consultants engaged by the Commission or the AG are too paid by Horizon. See N.J.S.A. 17:48e-51g and N.J.S.A. 17:48E-64b.

## Project Scope of Work

The Contractor shall serve as consultant to the Commissioner and the AG, providing guidance, analysis and advice on the following issues. If requested by the Commissioner and the AG, the Contractor will provide to the requesting official formal opinions or reports to confirm the Contractor's findings on these issues:

1. The completeness and reasonableness of the pro forma business plan of the converted insurer and any parent corporation, including five-year financial projections and the number of shares of capital stock that the converted insurer and any parent corporation is authorized to issue, together with estimates of the capital which might be raised by the sales of capital stock or securities convertible into capital stock.
2. An evaluation of the current systems, practices, policies and procedures and any changes anticipated with conversion.
3. The pro forma business plan will be evaluated using the risk based approach adopted by the NAIC, i.e., Credit, Market, Pricing/Underwriting, Reserving, Liquidity, Operational, Legal, Strategic, and Reputational Risk.
4. A review of the lines of business and products including the geographic areas in which business will be written, including any plans to expand into other states, or reenter markets in which the Company previously withdrew. Also, the Contractor will assist the Commissioner and/or the AG in determining what types of insurance programs and services the converted insurer will seek to reduce or terminate.
5. A review of the present organization structure, and how it might change upon conversion.
6. A review of the Quality Management, Claims, Utilization Management, Members Services, Complaint And Appeal, Medical Records, and Financial Management systems to be used post conversion and if it differs from the current system(s).
7. A review of the impact on taxes resulting from Conversion.
8. An analysis of the Company's belief it is critical to have the ability to raise Capital in today's health care environment.
9. A review and analysis of financial statements, audit reports and other documents in order to assist the AG in determining whether Horizon's Board exercised due diligence in deciding to authorize the conversion, established appropriate criteria in deciding to pursue a conversion, and considered the proposed conversion as the only or best alternative in relation to carrying out Horizon's mission and purpose.

The contractor will also assist the Commissioner and/or the AG in determining the information that they should require the Company to furnish for purposes of its analysis of the transaction. This assistance may consist of meeting with the Commissioner, the AG, or their respective staffs, and the Company and their respective consultants as necessary

to discuss the pro forma business plan, attending or providing expert testimony at public information hearing(s) and Superior Court proceedings, review any other financial work performed by the Company or their consultants, provide public reports for inclusion in the public file, and perform any other analysis or responsibilities, as determined by the Commissioner and/or the AG.

It is understood that the above services are not all inclusive and that the Commissioner and/or AG may call upon the Contractor to render such other advisory services as may from time to time be agreed upon in writing by the Contractor and the Commissioner and/or the AG. It is also understood and agreed that the Commissioner and the AG is not required to use the Contractor for each of the services listed above, but may choose to use other entities for such services.

### Schedule

Horizon has filed its Conversion Plan and Petition to Review its Foundation Plan on August 15, 2008, and the Contractor will be expected to commence its engagement immediately upon the bid being accepted. The engagement will continue through the review and processing of the Plan and the Petition, including any court proceedings, until the Plan or Petition is approved, rejected, modified or withdrawn.

### Other Consultants

The Department and the AG intend to engage legal, actuarial, and investment banking consultants. The Contractor is expected to work in concert with these other consultants. It is not contemplated that the Contractor will need to separately engage such experts in connection with its work.

### Project Overview

Provide a description of your approach and plans for accomplishing the work outlined in the scope of work. You should demonstrate and describe the effort, skills and understanding of the project necessary to satisfactorily complete the project. This description should include an overview of the tasks to be performed, a time line for these tasks, the staffing levels for each task, and a description of the report or other work product for each task. The approach and plans should also discuss contingencies that may affect the time line.

### Organization and Personnel

#### Contact Person

Please provide the name, address, telephone number, fax number and e-mail address of the individual to contact for all matters concerning this project.

#### Experience of Firm

Provide a comprehensive listing of projects of a similar size and (on a 2007 statutory basis,

premium revenue of \$4.8 billion, admitted assets of \$3.0 billion, and surplus of \$1.5 billion.) that have been successfully completed by the firm. Include the name, address and telephone number of the reference together with a person to contact for reference.

### Staffing and Personnel

Please provide information that documents the staffing with which the project will be conducted. Include project organizational chart, with names, showing the individuals to be assigned to the project. The chart should include the labor category and title of each individual.

It is requested that resumes of all management, supervising and other personnel to be involved in the project be provided. Each resume should include:

Full name and contact information

Qualification and employment history

Experience in a similar role in relation to conversion of Blue Cross Blue Shield plans

Specific indication of what role the individual will have in this project

Whether the individual owns or is covered by a contract issued by Horizon or any of its affiliates

### Conflict of Interest

Your firm and each of the employees assigned to this project must have no conflict of interest with regard to this project and is required to confirm that in writing to the Commissioner and the AG. All current relationships with Horizon and its affiliates should be disclosed in the proposal. While the existence of a relationship will not automatically be considered a conflict, it is critical that all relationships, regardless of apparent materiality, be reviewed by the Commissioner and the AG. The Commissioner and the AG will determine if any relationship constitutes a conflict with regard to this project, and such a conflict, if it cannot be cured, will be considered disqualifying.

All Horizon contracts, including contracts with Horizon affiliates, with the bidder or any personnel proposed for this project must be disclosed in the proposal.

### Required Form

The forms listed below must be completed and submitted with the bid proposal. They can be downloaded from the Department of Treasury website:

<http://www.state.nj.us/treasury/purchase/forms.htm>

- \_ State of NJ Waivered Standard Terms & Conditions for Service Contracts
- \_ Source Disclosure Certification Form E.O. #129

- \_ Ownership Disclosure\*\*
- \_ Affirmative Action Form AA302 and Affirmative Action Supplemental Form\*\*
- \_ MacBride Principles and Northern Ireland Act of 1989\*\*
- \_ P.L. 2005, Chapter 51, Political Contributions (DPPc51-C&D)
- \_ P.L. 2005, Chapter 271, Political contributions (DPPc271-C&D)

\*\*These Forms are grouped together on the Purchase Bureau Site under the heading "Vendor Forms" - Standard RFP Forms.

Note: A copy of a valid New Jersey Business Registration must be submitted. If not already registered with the New Jersey Division of Revenue, registration can be completed on line at the Division of Revenue website: <http://www.state.nj.us/treasury/revenue/index.htm> or by calling 609-292-1730.

Fees

Segregate your fee schedule as follows:

A.	Accounting Support	Proposed Hours	Proposed Rate Per Hour	Total Estimate
	Supervision Senior Associate Staff			
	Examination Sub-Total			
	IT Support	Proposed Hours	Proposed Rate Per Hour	Total Estimate
	Supervision Senior Associate Staff			
	IT Sub-Total			

Additional Work

Should additional work beyond the scope described in this request be deemed appropriate by the Commissioner or the AG, the Contractor must present to the requesting official a written proposal to perform the additional work. The written proposal must be based on the hourly or per diem rates submitted with the accounting firm=s original proposal. The Contractor shall not begin performing any additional work prior to obtaining written approval from the Commissioner or the AG.

## Confidentiality Agreement

The accounting firm will be required to sign a confidentiality agreement that is acceptable to the Commissioner, the AG, and Horizon.

## Procedures for Accounting Firm Questions

The accounting firm should submit to the Commissioner, in writing, any questions regarding the RFQ within one week of receipt of this request. If the Commissioner or the AG considers a question and its answer to be substantive, the Commissioner or the AG will send a copy of the question and or reply to the other Accounting Firms. If found necessary by the Commissioner or the AG, the due date for response will be changed to allow the proposal to reflect this additional information.

Questions may be submitted in writing at the address for submission of bids, by email to [ellen.nerbak@dobi.state.nj.us](mailto:ellen.nerbak@dobi.state.nj.us) or by telefax to 609-633-3601, Attention: Horizon Questions.

## Evaluation Criteria

All proposals will be reviewed to determine responsiveness. The Attorney General or the Commissioner may reject non-responsive proposals without evaluation, but may waive minor non-compliance. An Evaluation Committee will evaluate responsive proposals. Proposals will be evaluated on the basis of the capacity of the bidder to perform the proposed tasks within the time frame and at the level of expertise required, and on the basis of cost. The evaluation of firm's capacity will include consideration of the firm's experience and proposed personnel in the field of Blue Cross Blue Shield conversions and the quality of the project overview.

## Deadline for Proposal

The accounting firm's response must be received in hard copy at the Commissioner and the AG by 4:00 p.m. on September 12, 2008. Proposals provided by fax or e-mail will not be considered. Please provide ten (10) copies along with a signed original. Proposals should not exceed forty (40) pages excluding the required forms..

Bids should be submitted to:

New Jersey Department of Banking and Insurance  
Attn: Ellen Nerbak, Assistant Supervisor  
Administration  
20 West State Street, 10th Floor  
P.O. Box 325  
Trenton, NJ 08625-0325

Mailing Instructions: U.S. Mail must be sent to the P.O. Box325. Mail sent to the street

address may not be delivered. The street address is given for use by express or courier services.