State of Nevada
Purchasing Division
Response to Request for Proposal (RFP): 3509
for
Network Carrier Adequacy Analysis
Part IA-Technical Proposal

INS Regulatory Insurance Services, Inc.
419 South 2nd Street
New Market, Suite 206
Philadelphia, PA 19147
Contact Person: Michael B. Kogut, CPA
MKogut@insris.com
(215) 625-9877

Due Date: January 3, 2018

Opening Time: 2PM CT

INS Regulatory Insurance Services, Inc.
Regulatory Consultants

New Market
Suite 206
419 S. 2nd Street
Philadelphia, PA 19147
Phone: (215) 625-2927
Fax: (215) 625-8323

Rodney Building
2nd Floor
841 Silver Lake Blvd.
Dover, DE 19904
Phone: (302) 678-2444
Fax: (302) 678-4822

TO: Gail Burchett, Purchasing Officer II
State of Nevada, Purchasing Division
515 Musser Street, Suite 300
Carson City, NV 89701

FROM: Michael B. Kogut, CPA

DUE DATE: January 3, 2018

SUBJECT: RFP: 3509-Network Carrier Adequacy Analysis

Dear Ms. Burchett:

INS Regulatory Insurance Services, Inc. (InsRis) is pleased to provide the state of Nevada Purchasing Division, on behalf of the Nevada Division of Insurance (Division), with a proposal to provide examination services of Nevada licensed health insurance carriers to determine compliance with the adequacy standards developed by the Division. We have submitted three proposals for your review, Part IA-Technical Proposal, Part IB-Confidential Technical Proposal and Part II-Cost Proposal. Part IB-Confidentiality Technical Proposal has been submitted as confidential to honor the request of our regulatory partners to keep the identities of ongoing and current examinations private.

The accompanying response contains specific information which relates to our familiarity with the minimum requirements for network adequacy for qualified health plans (QHP) and the guidelines required by carriers for network adequacy certification for plans offered in the federally-facilitated marketplaces (FFM) as mandated by Centers for Medicare and Medicaid Services (CMS). InsRis has working relationships with over forty-five (45) state insurance departments and completes full-scope, target, multi-state market conduct reviews and Affordable Care Act (ACA) compliance reviews on behalf of our regulatory clients. InsRis has provided provider network adequacy reviews in conjunction with our ACA health compliance reviews for the states of Pennsylvania and Illinois and has provided health insurance assistance to regulators in the following areas:

- **Health Insurer Examinations**
  - *ACA compliance reviews*
  - *QHP reviews*
  - *Mental health parity reviews*
  - *Pharmacy formulary reviews*
  - *Full scope and target market conduct*
  - *Multi-state reviews*

- *Expert witness testimony*
- *Organizational mapping*

We appreciate the opportunity to present our qualifications, and are confident the Division will recognize the experience and capabilities of our professionals. InsRis values the opportunity to serve and we look forward to providing the Division with exceptional service and responsiveness. If you have any questions regarding our proposal submission during the selection process, please contact me at 215-625-9877.

Sincerely,

Michael B. Kogut
Chief Operating Officer

Section I: Title Page

Part IA – Technical Proposal	
RFP Title:	Network Carrier Adequacy Analysis
RFP:	3509
Vendor Name:	***INS Regulatory Insurance Services***
Address:	***419 S. 2nd Street, New Market, Suite 206 Philadelphia, Pa 19147***
Opening Date:	January 3, 2018
Opening Time:	2:00 PM

Section II: Table of Contents

Page

Section I - Title Page
Section II - Table of Contents
Section III - Vendor Information Sheet 1
Section IV - State Documents 2

Section V – Scope of Work 12
Project Overview 12
Data Collection
2.2.1.1 14
2.2.1.2 14

Analysis
2.2.2.1 14

Analysis Output and Reports
2.2.3.1 15
2.2.3.2 15

Network Adequacy Determination Timeline
2.2.4.1 15
2.2.4.2 15

Section VI - Company Background and References 16
3.1.1 16
3.1.2 16
3.1.3/3.1.4 17
3.1.5 17
3.1.6 17
3.1.7 18
3.1.8 18
3.1.9 18
3.1.10 21
3.1.11 21
3.2.1 21
3.3 21

Section VII – Proposed Staff Resumes 22

Section VIII – Other Informational Material 23

Section III: Vendor Information Sheet

VENDOR INFORMATION SHEET FOR RFP 3509

Vendor Shall:

A) Provide all requested information in the space provided next to each numbered question. The information provided in Sections V1 through V6 shall be used for development of the contract;

B) Type or print responses; and

C) Include this Vendor Information Sheet in Section III of the Technical Proposal.

V1	Company Name	***INS Regulatory Insurance Services, Inc.***

V2	Street Address	***419 S. 2nd Street, New Market, Suite 206***

V3	City, State, ZIP	***Philadelphia, PA 19147***

V4	Telephone Number		
	Area Code: ***215***	Number: ***625-9877***	Extension:

V5	Facsimile Number		
	Area Code: ***215***	Number: ***625-8323***	Extension:

V6	Toll Free Number		
	Area Code: ***NA***	Number:	Extension:

V7	***Contact Person for Questions / Contract Negotiations, including address if different than above***
	Name: ***Michael B. Kogut***
	Title: ***Chief Operating Officer***
	Address: ***same as above***
	Email Address: ***mkogut@insris.com***

V8	Telephone Number for Contact Person		
	Area Code: ***215***	Number: ***625-9877***	Extension:

V9	Facsimile Number for Contact Person		
	Area Code: ***215***	Number: ***625-8323***	Extension:

V10	***Name of Individual Authorized to Bind the Organization***	
	Name: ***Michael B. Kogut***	Title: ***Chief Operating Officer***

V11	Signature ***(Individual shall be legally authorized to bind the vendor per NRS 333.337)***	
	Signature: Michael B. Kogut, CPA	Date: ***01/03/2018***

Section IV-State Documents

ATTACHMENT A – CONFIDENTIALITY AND CERTIFICATION OF INDEMNIFICATION

Submitted proposals, which are marked "confidential" in their entirety, or those in which a significant portion of the submitted proposal is marked "confidential" **shall not** be accepted by the State of Nevada. Pursuant to NRS 333.333, only specific parts of the proposal may be labeled a "trade secret" as defined in NRS 600A.030(5). All proposals are confidential until the contract is awarded; at which time, both successful and unsuccessful vendors' technical and cost proposals become public information.

In accordance with the submittal instructions of this RFP, vendors are requested to submit confidential information in separate files marked "**Part IB Confidential Technical**" and "**Part III Confidential Financial**".

The State shall not be responsible for any information contained within the proposal. If vendors do not comply with the labeling and packing requirements, proposals shall be released as submitted. In the event a governing board acts as the final authority, there may be public discussion regarding the submitted proposals that shall be in an open meeting format, the proposals shall remain confidential.

By signing below, I understand it is my responsibility as the vendor to act in protection of the labeled information and agree to defend and indemnify the State of Nevada for honoring such designation. I duly realize failure to so act shall constitute a complete waiver and all submitted information shall become public information; additionally, failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by the release of the information.

This proposal contains Confidential Information, Trade Secrets and/or Proprietary information.

Please initial the appropriate response in the boxes below and provide the justification for confidential status.

Part IB – Confidential Technical Information			
YES	***MBK***	NO	
Justification for Confidential Status			
We have provided resumes of our proposed professionals under separate cover to honor the request of our regulatory partners to keep the identities of ongoing and current examinations private.			

Part III – Confidential Financial Information			
YES		NO	***MBK***
Justification for Confidential Status			

INS Regulatory Insurance Services, Inc.
Company Name

Michael B. Kogut, CPA
Signature

Michael B. Kogut **01/03/2018**
Print Name Date

This document shall be submitted in Section IV of vendor's technical proposal

ATTACHMENT B – VENDOR CERTIFICATIONS

Vendor agrees and shall comply with the following:

(1) Any and all prices that may be charged under the terms of the contract do not and shall not violate any existing federal, State or municipal laws or regulations concerning discrimination and/or price fixing. The vendor agrees to indemnify, exonerate and hold the State harmless from liability for any such violation now and throughout the term of the contract.

(2) All proposed capabilities can be demonstrated by the vendor.

(3) The price(s) and amount of this proposal have been arrived at independently and without consultation, communication, agreement or disclosure with or to any other contractor, vendor or potential vendor.

(4) All proposal terms, including prices, shall remain in effect for a minimum of 180 days after the proposal due date. In the case of the awarded vendor, all proposal terms, including prices, shall remain in effect throughout the contract negotiation process.

(5) No attempt has been made at any time to induce any firm or person to refrain from proposing or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal. All proposals shall be made in good faith and without collusion.

(6) All conditions and provisions of this RFP are deemed to be accepted by the vendor and incorporated by reference in the proposal, except such conditions and provisions that the vendor expressly excludes in the proposal. Any exclusion shall be in writing and included in the proposal at the time of submission.

(7) Each vendor shall disclose any existing or potential conflict of interest relative to the performance of the contractual services resulting from this RFP. Any such relationship that might be perceived or represented as a conflict shall be disclosed. By submitting a proposal in response to this RFP, vendors affirm that they have not given, nor intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement. Any attempt to intentionally or unintentionally conceal or obfuscate a conflict of interest shall automatically result in the disqualification of a vendor's proposal. An award shall not be made where a conflict of interest exists. The State shall determine whether a conflict of interest exists and whether it may reflect negatively on the State's selection of a vendor. The State reserves the right to disqualify any vendor on the grounds of actual or apparent conflict of interest.

(8) All employees assigned to the project are authorized to work in this country.

(9) The company has a written equal opportunity policy that does not discriminate in employment practices with regard to race, color, national origin, physical condition, creed, religion, age, sex, marital status, sexual orientation, developmental disability or handicap.

(10) The company has a written policy regarding compliance for maintaining a drug-free workplace.

(11) Vendor understands and acknowledges that the representations within their proposal are material and important, and shall be relied on by the State in evaluation of the proposal. Any vendor misrepresentations shall be treated as fraudulent concealment from the State of the true facts relating to the proposal.

(12) Vendor shall certify that any and all subcontractors comply with Sections 7, 8, 9, and 10, above.

(13) The proposal shall be signed by the individual(s) legally authorized to bind the vendor per NRS 333.337.

INS Regulatory Insurance Services, Inc.

Vendor Company Name

Michael B. Kogut, CPA

Vendor Signature

Michael B. Kogut **01/03/2018**

Print Name Date

This document shall be submitted in Section IV of vendor's technical proposal

State of Nevada
Department Administration
Purchasing Division
515 E. Musser Street, Suite 300
Carson City, NV 89701

Brian Sandoval
Governor

Jeffrey Haag
Administrator

SUBJECT:	Amendment 01 to Request for Proposal 3509
RFP TITLE:	Provider Network Adequacy Analysis
DATE OF AMENDMENT:	December 19, 2017
DATE OF RFP RELEASE:	November 29, 2017
OPENING DATE:	January 3, 2018
OPENING TIME:	2:00 PM
CONTACT:	Gail Burchett, Purchasing Officer

The following shall be a part of RFP ***3509.*** If a vendor has already returned a proposal and any of the information provided below changes that proposal, please submit the changes along with this amendment. You need not re-submit an entire proposal prior to the opening date and time.

---

1. Regarding Section 2.2.1.1, Will the vendor be granted access to download data from SERFF or will there be API's available to automate the collection of data?

   The vendor will be granted access to download data from SERFF. The Division does not currently work with API's for automating data collection; however, if the vendor is aware of a process for automating the data collection the Division would be willing to consider adding these efficiencies to the process moving forward.

2. Regarding Section 1.3.2 and 1.3.3, What has been the historical frequency of ad hoc examination requests outside of the annual review time?

   Ad hoc examination requests average about 2 a year.

3. Regarding Section 2.1.8.2, Will the vendor need to track when exceptions have been approved?

   The vendor will not be responsible for tracking the exceptions. The Division will be responsible for any exceptions made outside of Nevada's Network Adequacy standards.

4. Regarding Section 2.2.1.2 Can you please provide examples of submission errors? Are errors limited to formatting?

The CMS ECP/Network Adequacy template provides the framework for submitting the data; however, carriers have inadvertently omitted providers or facilities for a given service area or did not verify the address information to identify errors that may exist.

5. Regarding Section 2.2.1.2 Will the carriers be using the exact same format, including specialty descriptions when submitting data through SERFF?

   All of the carriers are required to submit the data using the uniform templates provided by CMS. A copy of the 2018 ECP/Network Adequacy Template can be found on the Division website.

   http://doi.nv.gov/uploadedFiles/doi.nv.gov/Content/Insurers/Life_and_Health/EcpNetworkAdequacyTemplatev7.3.xlsm

6. Regarding 2.1.9.4 Will the state supply the population file for the determination of 90% or will the vendor create a proxy population file for measuring adequacy?

   The vendor will be responsible for creating the population file.

7. Regarding Attachment G- Cost Schedule What are the current Dental standards by county classification?

   Currently Dental is not part of the network adequacy review conducted by the Division.

8. Regarding Attachment G- Cost Schedule, Is the current individual cost assigned per company or per network review?

   The invoices are normally generated by company with a breakdown for each network.

9. What is the current and desired communication flow and delivery of the analysis?

   The current communication flow occurs primarily through email and telephone. The analysis is uploaded to a secure file share website provided by the vendor.

10. Will the vendor be working directly with the companies on submission errors and network reviews or will the communication flow thru the State? Or a combination of both?

    The communication will flow through the State.

11. Will there be finalist presentations during the week of 01/04/2018 -01/18/2018?

    No.

12. Do we have to use the resume format?

Yes.

13. My we provided work related resume bios?

    Yes; however, they must be in the resume format.

14. Section 8.1.2, page 23 discusses submission requirements. If we chose not to include proprietary and/or confidential information in our response do we need to submit 8.1.2.2 Confidential Technical and 8.1.2.4 Confidential Financial responses?

    No.

15. Just to clarify the state only wants a CD or flash drive delivered via mail service. No hard copies.

    Yes, this is correct.

16. Will portions of the examination be permitted to be conducted remotely, when appropriate, in order to minimize travel expenses?

    Historically all of the examinations have been handled remotely.

17. What are the definitions for sufficient numbers of providers within the network for each region type (Metro, Micro, Rural, etc.)?

    The current standards require that 90% of the population have access to at least one provider within either the time or distance standards specified under 2.1.9.6 through 2.1.9.9 for the appropriate region designation.

18. What sizes are the companies being examined in terms of insured?

    The vendor will be responsible for the examination of all companies in the individual and small group market in Nevada which meet the requirements for annual network adequacy certification under NRS 687B.490. The number of insureds for each company varies from year to year but ranges from a few hundred to close to 50,000.

19. Will the analysis of websites and datasets (historical and current) containing provider information be included?

    Based on the current network adequacy standards, the analysis will center on the provider and facility data provided by the carrier through the CMS ECP/Network Adequacy Template.

20. In what formats may these datasets be presented to the vendor?

All of the carriers are required to submit the data using the same Excel template. The template is provided by CMS. A copy of the 2018 ECP/Network Adequacy Template is located on the Division website.

http://doi.nv.gov/uploadedFiles/doi.nv.gov/Content/Insurers/Life_and_Health/EcpNetworkAdequacyTemplatev7.3.xlsm

21. Will the vendor be able to review desensitized referral and reimbursement data in cases of insufficient providers?

The Division does not anticipate that it will be necessary to review this dat. To date none of the previous examinations conducted have required a review of this data.

22. 2.2.2 Section II – Analysis 2.2.2.1 The vendor must use the data collected in section 2.2.1 to analyze the adequacy of the network. The current standards outlined in section 2.1 use time and distance metrics however these metrics are subject to change and additional metrics could be added.

    a. How is the time metric calculated? (Online map sources, governmental data for transit times, etc.)

       The Division does not require a specific methodology for determining the time between a provider/facility and a population sample point. The only requirement is that the time be representative of how long it would take for someone to drive from the provider/facility to the population sample point.

    b. How are distance units determined (aeronautical or ground-speed)?

       The distance units are determined by ground-speed.

    c. Are there any current changes to the metrics outlined in the RFP?

       With the exception of the Essential Community Providers, there were no changes to the plan year 2019 network adequacy standards. The change was to 2.1.7.1 (A) which for plan year 2019 will require that a carrier must contract with at least 30% of available Essential Community Providers (ECP) in each plan's service area instead of the 20% for plan year 2018.

23. 2.2.3 Section III – Analysis Output and Reports 2.2.3.1 The vendor must be able to provide output of the network adequacy analysis breaking down the results by a specific region, such as: state, service area, county, or zip code. 2.2.3.2 The vendor may be required to provide additional reports, as well as, summary reports on an as needed basis based on the needs of the Division.

    a. How will the data used in the analysis be presented/given to the vendor?

All of the carriers are required to submit the data using the same template. The template is provided by CMS. A copy of the 2018 ECP/Network Adequacy Template is located on the Division website.

http://doi.nv.gov/uploadedFiles/doi.nv.gov/Content/Insurers/Life_and_Health/EcpNetworkAdequacyTemplatev7.3.xlsm

b. Is there an authoritative list of Zip Codes, Cities, Service areas, etc. that a vendor must use for the analysis report?

A list of counties is provided in the CMS ECP/Network Adequacy Template. The service area is defined by each network plan and will be provided by the carrier.

c. Will any historical mapping be required to notate change in network adequacy over X amount of time?

Historical mapping has not been employed to date; however, this may be something the Division explores in the future.

d. Will any data visualization be required?

Current examinations do not include any visualization; however, the Division has utilized maps illustrating the data in prior years.

24. For the Technical Proposal – Section V states 'Vendors shall place their written response(s) to ***Section 2, Scope of Work*** in ***bold/italics*** immediately following the applicable RFP question, statement and/or section'. Section 2 is made up of 2 subsections (1. Network Adequacy Standards, and 2. Network Adequacy Analysis). Section 2.1 (Network Adequacy Standards) appears to be mostly informational material. Should this section still be included in Section V of the Technical Proposal, or is section 2.2 adequate?

Vendors are required to respond to all questions in the RFP.

25. Cost Proposal - The form appears to be meant for a total cost by year – Can this be done on a per/carrier basis or do we just state that the cost is based ONLY on the currently approximated carriers.

Vendors shall respond to the cost as requested in the form. Vendors must use the State form to respond to the cost.

26. Will the State review or negotiate the Standard Terms and Conditions which were attached to the RFP?

No, the State will not negotiate terms and conditions.

27. How many carriers does the Division of Insurance expect will need to be reviewed for network adequacy in Calendar Year 2018?

The number of carriers and networks varies by year. There were 7 carriers in the individual market and 12 carriers in the small group for plan year 2018.

28. Will the network adequacy assessment occur for all carriers in the June to September timeframe?

    The annual certification for plan year 2018 began June of 2017 and was completed by September of 2017. In past years, the Division began the submission process the first part of May. Note, this timeline is subject to change depending on CMS; however, the Division anticipates the certification process to occur between May and September annually.

29. With a turnaround time requirement of 90 days for the Division, how much time will the Division need for its own purposes related to network adequacy? In other words, will the Contractor be required to conduct its assessment within 60 days of receiving information?

    Please see the sample timeline provided under 2.2.4.2. The Division will require a turnaround time of roughly a week to a week and a half to meet the two week turnaround time.

30. Does the Division collect any claim-level or enrollment-level information from each carrier related to assessing network adequacy?
    a. If yes, is a standard file layout available?
    b. If no, is it possible for the Division to request this information on behalf of the Contractor?

    This data is not currently collected for the purposes of network adequacy certification; the Division does not anticipate collecting this data.

31. With respect to proposal submission requirements, should Sections II and II be resubmitted in their entirety? If not, in Section III, should the respondent enclose the questions or grid information in a separate response and fill this in? For example, Section 3.1.1 or 3.1.5.

    Vendors are required to respond to all questions in the RFP. The responses should be in the State format as provided in the RFP document.

32. What is the page limit for responding to Section II Scope of Work?

    There is no page limit however vendors are requested to be clear and concise when responding.

33. May respondents include example work products in an Appendix?

    Per Section 8.1.11, Proposals are to be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this RFP.

Expensive color displays, promotional materials, etc., are not necessary or desired. Emphasis shall be concentrated on conformance to the RFP instructions, responsiveness to the RFP requirements, and on completeness and clarity of content.

34. How many corrective action plans were required from carriers in the previous year?

To date the Division has not required any corrective action plans from carriers.

ALL ELSE REMAINS THE SAME FOR RFP 3509.

Vendor must sign and return this amendment with proposal submitted.

Vendor Name: INS Regulatory Insurance Services, Inc.

Authorized Signature: Michael B. Kogut, CPA

Title: Chief Operating Officer Date: 01/03/2018

This document must be submitted in the "State Documents" section of vendors' technical proposal.

SilverFlume
NEVADA'S BUSINESS PORTAL

INS REGULATORY INSURANCE SERVICES, INC.

Business Entity Information			
Status:	**Active**	File Date:	**05/24/2010**
Type:	**Foreign Corporation**	Entity Number:	**E0259922010-7**
Qualifying State:	**DE**	List of Officers Due:	**05/31/2018**
Managed By:		Expiration Date:	
Foreign Name:		On Admin Hold:	**No**
NV Business ID:	**NV20101398765**	Business License Exp:	**05/31/2018**

Additional Information	
Central Index Key	**E025992202**

Registered Agent Information			
Name:	**GEOFFREY ROULLARD**	Address 1:	**321 N WALSH ST**
Address 2:		City:	**CARSON CITY**
State:	**NV**	Zip Code:	**89701**
Phone:		Fax:	
Mailing Address 1:		Mailing Address 2:	
Mailing City:		Mailing State:	**NV**
Mailing Zip Code:			
Agent Type:	**Commercial Registered Agent**		
View all business entities under this registered agent ()			

Financial Information			
No Par Share Count:	**1,500**	Capital Amount:	**$ .00**

Officers			☐ Include Inactive Officers
President - ALAN E SHAW			
Address 1:	**1 TANBARK COURT**	Address 2:	
City:	**VOORHEES**	State:	**NJ**
Zip Code:	**08043**	Country:	
Status:	**Active**	Email:	
Secretary - ALAN E SHAW			
Address 1:	**1 TANBARK COURT**	Address 2:	
City:	**VOORHEES**	State:	**NJ**
Zip Code:	**08043**	Country:	
Status:	**Active**	Email:	
Treasurer - JOHN TINSLEY III			
Address 1:	**630 RAVEN CIR**	Address 2:	
City:	**CAMDEN WYOMING**	State:	**DE**
Zip Code:	**19934**	Country:	
Status:	**Active**	Email:	
Director - JOHN TINSLEY III			
Address 1:	**630 RAVEN CIR**	Address 2:	
City:	**CAMDEN WYOMING**	State:	**DE**
Zip Code:	**19934**	Country:	

Section V – Scope of Work

Project Overview

The Division is seeking a qualified vendor to conduct an independent examination of Nevada licensed health insurance carriers to determine if their provider network(s) is/are compliant with adequacy standards developed by the Division.

InsRis will provide the required expertise to conduct the examination of Nevada licensed health insurance carrier's network adequacy compliance. Our technology experts are skilled in the implementation of various data analytic platforms such as ACL, Tableau and Qlick to provide our regulatory clients with an easy to understand analysis of data and reporting. The review process utilizes documented processes for repeatability and auditability of results for a greater level of assurance to the examination process. Our approach is unique and will be supported by our outstanding ACA and information technology professionals. Our work plan will be technology driven where our information technology specialists will use state of art auditing analysis tools to collect, organize and analyze data to determine compliance with the Division's established standards. Our experienced ACA compliance team will manually review and access the information and clearly identify any non-compliant areas.

Please be aware that planning such an engagement is a continuous process and the strategy and planned approach may change as new information comes to our attention during the course of the engagement. This response should ensure that expectations of all relevant parties are met and the examination strategy reflects any concerns brought forth by the Division during the review.

Goal:

To provide the Division with the appropriate analysis and summary reports for timely network adequacy decisions to be submitted to the carrier via System for Electronic Rate and Form Filing (SERFF).

Procedures:

The objective of the review process will be completed through the following procedures that ensure the completeness and validity of the data analysis and summary analysis.

Data Collection and Validation

- ***InsRis will utilize SERFF to obtain the appropriate in-scope data.***
    - ***Submission templates will be monitored for changes and data extraction will be modified as needed.***

  Additionally, we will determine the efficiency gain from the utilization of the SERFF API for data extraction.

- ***InsRis will review network data submission for errors and formatting which may include the following:***

- ***Perform a sample selection of submitted data for independent validation from another authoritative source.***
- ***Utilize ACL, Excel and Tableau to identify outliers or other anomalies which may indicate errors within submission data.***
- ***Perform source count and select subset of data to execute series of queries with known results for further validation.***
- ***Perform a sample selection review of provider specialties to ensure those specialties are available across the state, including rural areas. Any specialty gaps will be identified.***

Data Analysis Procedures:

- ***Verify source data metrics including time and distance and other accessibility standards.***
  - ***Monitor data sources for changes in metrics to be utilized.***

- ***Import data into data analytics applications (ACL, Tableau and Qlick).***

- ***Obtain and verify source zip code lists for data extraction.***
  - ***Extract data and categorize based on source.***

- ***Gather regulation information for provider density according to region specification and load into data analytics applications.***

- ***Analysis of data obtained via SERFF:***
  - ***Obtain carrier data within one business day of submission.***
  - ***Perform required analysis and provide breakdown representation by state, service area, county, zip code and other metrics requested by the Division.***
    - ***Analysis summaries will be provide in the format requested by the Division along with any additional representations that may assist the Division's determination.***
  - ***Review agreements and related policies and procedures to verify oversight and control and compliance with requirements for network adequacy.***
  - ***Re-perform required analysis on revised carrier data.***
    - ***Revised carrier data analysis should also provide analysis of each revised change.***

Network Adequacy Determination Reporting:

- ***Carrier detail analysis data and analysis summary provided to the Division via INS ShareFile or similar approved electronic work paper transmission.***
- ***Provide additional reports or summary analysis as requested by the Division.***

A written report will be developed to summarize the network data errors, deficiencies and testing results.

Reporting:

- ***Weekly status report.***
- ***Conference calls.***
- ***Final report as required on overall network adequacy work performed of results of network adequacy.***

Data Collection

2.2.1.1
The vendor must be able to collect the necessary data through SERFF. This data includes, but is not limited to, the CMS ECP/network adequacy template, service area template, plans and benefits template and network ID template. The data templates that carriers are required to submit for network adequacy analysis are subject to change based on the requirements of CMS and the Division.

InsRis will utilize the SERFF to obtain the appropriate in-scope data. Submission templates will be monitored for changes and data extraction modified as needed. Additionally, we will determine the efficiency gain from the utilization of the SERFF API for data extraction.

2.2.1.2
The Division will require carriers to review network data prior to submission for errors and proper formatting however the vendor may need to review and scrub the data to identify and remove.

InsRis will review network data submission for errors and formatting which may include the following.

- ***Perform a sample selection of submitted data for independent validation from another authoritative source.***
- ***Utilize ACL, Excel and Tableau to identify outliers or other anomalies which may indicate errors within submission data.***
- ***Perform source count and select subset of data to execute series of queries with known results for further validation.***

Analysis

2.2.2.1
The vendor must use the data collected in section 2.2.1 to analyze the adequacy of the network. The current standards outlined in section 2.1 use time and distance metrics however these metrics are subject to change and additional metrics could be added.

InsRis will utilize authoritative sources for metrics including time and distance and other accessibility standards identified in section 2.1.9. Ongoing monitoring of the metrics will be completed for changes.

Analysis Output and Reports

2.2.3.1
The vendor must be able to provide output of the network adequacy analysis breaking down the results by a specific region, such as: state, service area, county, or zip code.

Our specialists will provide the Division with an analysis break down of results in any format requested by the Division. Output formats can be provided in numbers, charts, such as bar, line and pie along with more advanced visual representation such as maps or bubble charts. We will provide suggestions on which method provides the best representation of the data.

2.2.3.2

The vendor may be required to provide additional reports, as well as, summary reports on an as needed basis based on the needs of the Division.

InsRis will provide additional summary reports in the format as requested by the Division.

Network Adequacy Determination Timeline

2.2.4.1
As stated in the introduction to section 2.2 the commissioner has 90 days from application to determine the adequacy of a network plan. Network adequacy determination is currently done during the rate review process which typically begins between May and July of each year.

Our team of professionals will perform an analysis of the carrier's provider network data to determine the adequacy of the network plan based on the standards outlined in section 2.1 and provide the required summary of the analysis in the timeline defined by NRS 687B.490.

2.2.4.2
The following is an example of the network adequacy timeline for plan year 2018. The timeline is a representation of the process and may vary on a case by case basis. The Division normally allows a two week period for carriers to respond to objections and two weeks for the Division to provide a response to carriers.

InsRis will be prepared with appropriate staff to begin extracting carrier data upon submission. Analysis of submitted data will commence immediately and analysis results will be provided to the Division in a mutually agreed upon time frame that facilitates an appropriate review time for the Division to provide objection letters in SERFF.

Section VI – Company Background and References

3.1.1

Company name:	***INS Regulatory Insurance Services, Inc.***
Ownership (sole proprietor, partnership, etc.):	***S-Corporation***
State of incorporation:	***Delaware***
Date of incorporation:	***April 28, 1999***
# of years in business:	***18 years***
List of top officers:	***Alan Shaw, Principal*** ***John Tinsley, Principal*** ***Michael Kogut, Chief Operating Officer***
Location of company headquarters, to include City and State:	***419 S. 2nd Street*** ***New Market*** ***Suite 206*** ***Philadelphia, PA 19147***
Location(s) of the office that shall provide the services described in this RFP:	***InsRis provides services through a large, highly qualified and mobile national network of regulatory professionals throughout the United States.***
Number of employees locally with the expertise to support the requirements identified in this RFP:	***We have one team member who lives in Arizona.***
Number of employees nationally with the expertise to support the requirements in this RFP:	***InsRis provides services through a large, highly qualified and mobile national network of regulatory professionals throughout the United States.***
Location(s) from which employees shall be assigned for this project:	***Throughout the United States***

3.1.2
A Nevada-based business may apply for a five percent (5%) preference on its proposal.

InsRis is not claiming Nevada business preference.

3.1.3/3.1.4
Nevada Business License

Nevada Business License Number:	***NV20101398765***
Legal Entity Name:	***INS Regulatory Insurance Services, Inc.***

We have provided certification of our active Nevada business license in section IV: State Documents.

Is "Legal Entity Name" the same name as vendor is doing business as?

Yes	***X***	No	

3.1.5
Has the vendor ever been engaged under contract by any state of Nevada agency?

Yes	***X***	No	

Name of State agency:	***The Nevada Department of Business and Industry***
State agency contact name:	***The Nevada Department of Business and Industry: Division of Insurance*** ***Stephanie McGee***
Dates when services were performed:	***InsRis has been under contract with the Nevada Business of Insurance since December of 2010.***
Type of duties performed:	***InsRis provides market conduct, financial, actuarial and information technology examination resource services. InsRis also performs captive application reviews and title company examinations.***
Total dollar value of the contract:	***Maximum contract amount for these services is $3,000,000***

3.1.6
Are you now or have you been within the last two (2) years an employee of the state of Nevada, or any of its agencies, departments, or divisions?

Yes		No	***X***

3.1.7
Disclosure of any significant prior or ongoing contract failures, contract breaches, civil or criminal litigation in which the vendor has been alleged to be liable or held liable in a matter involving a contract with the state of Nevada or any other governmental entity. Any pending claim or litigation occurring within the past six (6) years which may adversely affect the vendor's ability to perform or fulfill its obligations if a contract is awarded as a result of this RFP shall also be disclosed. Does any of the above apply to your company?

Yes		No	***X***

3.1.8
Vendors shall review and provide if awarded a contract the insurance requirements as specified in attachment D, insurance schedule for RFP 3509.

InsRis will provide a certificate of insurance according to the requirements specified in attachment D at the request of the Division.

3.1.9
Company background/history and why vendor is qualified to provide the services described in this RFP.

The sole purpose of InsRis is to assist insurance regulators in fulfilling their responsibilities in the most efficient and cost-effective manner possible. There are significant benefits derived from selecting InsRis to provide the services requested in this RFP, and which distinguish us from all other service providers:

- ***Our personnel are devoted exclusively to assisting insurance regulators.***
- ***Since our clients consist exclusively of insurance regulatory agencies, there are no potential conflicts of interest with the insurance industry regarding any assignment undertaken or service provided.***
- ***The majority of our professionals are former insurance regulators who possess numerous designations which include: CFE/AFE, CISA/AES, CPA, CIA, CFE (Fraud), CFSA, ARe, CPCU, CLU, FLMI, MCM, AMCM, FSA/ASA, FCAS/ACAS and CRP.***
- ***The Division benefits from having all of the classes of services available from one professional organization. Decisions and recommendations are based on extensive knowledge, intensive research and years of hands-on experience without the need to sub-contract. The entire InsRis team is dedicated to providing the highest level of professional skill in every aspect of our assistance to the Division.***
- ***We commit to ongoing support and communication, and provide unlimited access to InsRis' executive team. Our entire team will be accessible, responsive, and committed to ensuring that the Division's projects run smoothly and that issues are addressed to your satisfaction in a timely manner. Most importantly, we will work to ensure that projects are completed on time and within budget.***

InsRis provides health compliance review services to insurance departments with an exceptional level of expertise and professional staffing. InsRis provides all aspects of services, including expert witness testimony. These services are available anywhere in the United States and its territories through our large, mobile national network of highly qualified professionals. InsRis' health compliance review experts possess experience in the reviews of all types of insurance companies including health, life, property/casualty, HMO's and non-profit health service plans.

InsRis understands that QHP compliance reviews are necessary to ensure that QHPs offered through the FFM comply with ACA market reforms and the regulatory changes that support its implementation. We also understand that the compliance reviews serve a critical function within CMS' larger integrated oversight program charged with ensuring overall FFM operational integrity and effectiveness. While the QHP certification process evaluates how a carrier/plan intends to comply, compliance reviews are needed to verify that those carriers and their QHPs do, indeed, comply. With a focus on ensuring regulatory compliance, data integrity and consumer protection as guiding principles, InsRis possess the tools, knowledge and experience necessary to meet the Division's requirements as described in the RFP. Our ACA compliance reviews have included:

- ***Provider adequacy review***
- ***Underwriting and rating***
- ***FFM compliance review***
- ***Claims administration with a specialized focus of ACA essential health benefits***
- ***Grievances and appeals***
- ***Prescription drug formulary review***
- ***Behavioral and mental health provider rate review***

<u>ACA compliance experience:</u>

The Pennsylvania Insurance Department:

InsRis is currently performing several health reviews for Pennsylvania. These engagements include ACA compliance for network adequacy, essential health benefits for prescription drugs and mental health parity. In addition to our health reviews for the state, InsRis has provided web seminars and on-site training. Subject matter included:

- ***ACA compliance guidelines***
- ***Process and procedures for ACA and parity reviews***

The Florida Office of Insurance Regulation:

On behalf of the Florida Office of Insurance Regulation, InsRis completed a targeted market conduct examination of four FFM health issuers to test compliance with the placement of HIV/AIDS drugs on the issuer's drug formulary. Our examiners reviewed company policies and procedures, researched specialty drug qualifications and requirements, and completed forensic data reviews on company emails and data extract files. In addition, we used geo-mapping software in Florida for a targeted review focused on persons who were diagnosed and who had received treatments for HIV/AIDS. The geo-mapping software allowed us to

compare and analyze adverse discrimination within pharmacy benefit tiers in 500 zip codes.

The Illinois Department of Insurance

On behalf of the Illinois Department of Insurance, InsRis is currently providing ACA compliance reviews as part of the market conduct reviews of on several health companies. We have also recently reviewed health company policy filings in SERFF for ACA and essential health benefit benchmark plans.

The Minnesota Department of Commerce

- ***Health insurance policy form filings***
- ***Reviewed company policy filings in SERFF for ACA and essential health benefit benchmark plans***

The Nebraska Department of Insurance

InsRis provided webinar and on-site training seminars on ACA requirements, mental health parity, market analysis and unfair trade and claim practices.

The Oregon Insurance Division

InsRis completed a targeted market conduct examination on six FFM health issuers to test compliance with the filed individual and small group plans compared to the actual health rates issued to consumers in the marketplace.

<u>Additional information technology capabilities which may be utilized on this project:</u>

INS ShareFile Systems

We have established the INS ShareFile environment, a secure, web-accessible file sharing environment to facilitate the exchange of examination files between insurance companies and examiners. Via a secure website, this environment allows for the upload, download, viewing, editing, and sharing of examination documents. This new technology facilitates the transfer of company data to the examination team timely, efficiently and securely. Examination team members receive instant email notification when insurance companies upload data to the shared environment.

Examination Hosting Solution in the Cloud

Our hosting solution facilitates access to applications and data whenever and wherever needed. Client information resides on our managed servers, which are load-balanced (to distribute workload evenly to maximize utilization) and installed with our proprietary configurations to provide maximum security, performance, and stability. Division employees and contractors can access examination applications, work papers, and other data securely through the web, including virtual desktops and virtualized content, such as manuals, real time. Regulators have access to any and all applications required to perform the full scope of a review.

3.1.10
Provide a brief description of the length of time vendor has been providing services described in this RFP to the public and/or private sector.

Since the inception of ACA in 2014 we have developed and initiated a work plan focused on regulatory compliance, data integrity and consumer protection. The intent of this work plan is to ensure: (1) the equitable treatment of health plans sold to individual, small group and large group policyholders; (2) compliance with various statutes, regulations and bulletins; and (3) management controls are such to allow the company to operate safely. This work plan can also serve as a preventive measure by identifying areas where the company/group can make improvements to guarantee compliance with the law. With nearly 20 years of industry experience and a unique "hands-on" approach, InsRis has worked with numerous state Departments of Insurance across the United States achieving desired outcomes by performing various types of examinations and analyses in core components of the health insurance market. InsRis' health compliance reviews have included ACA compliance review priorities such as drug formulary review, policy and procedure review and specific health rate testing for individual and small group health plan.

3.1.11
Financial information and documentation:

We have provided the required financial information for your review in section VIII – Other Informational Material.

3.2.1
Does this proposal include the use of subcontractors?

Yes		No	***X***

3.3
As required we have requested the reference questionnaire to be completed and returned directly to the Division.

Left blank intentionally

Section VII- Proposed Staff Resumes

Project leadership will come from Ms. Shelly Schuman and Mrs. Heather Harley. These individuals each offer oversight and unique experience for this highly important project. Ms. Schuman is deputy director of our market regulation division and will be responsible for oversight and management, including monitoring the project to ensure that quality control standards are being maintained and the needs and expectations of the Division are being met or exceeded. Ms. Schuman brings extensive ACA and compliance review experience and offers seasoned leadership to complex market conduct initiatives. Mrs. Harley, deputy director of market regulation, has over 20 years of experience in the insurance industry, with a majority of those years as an insurance regulator. Considered a leading expert on ACA, Mrs. Harley has lead numerous key oversight reviews for regulatory state agencies on the implementation considerations of ACA. She has presented on multiple occasions to various groups regarding the requirements of ACA and other federal health guidelines and has recently provided ACA training seminars for the states of Pennsylvania and Nebraska.

Examination Staff

Our approach to any assignment is to provide experienced staff that meets the requirements of the assignment. InsRis fully comprehends the sensitive nature and tight time constraints of this project that requires a firm with an extensive and flexible resource base. As such, we have available the appropriate mix of staff and resources for successful completion. InsRis has provided a pool of qualified professionals based on their ACA experience, their utilization of SERFF and their technical proficiencies in analyzing data.

We have provided resumes of our proposed professionals under separate cover, Part IB-Confidentiality Technical Proposal, to honor the request of our regulatory partners to keep the identities of ongoing and current examinations private.

Left blank intentionally

Section VIII - Other Informational Material

INS REGULATORY INSURANCE SERVICES, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2016 AND 2015

INS REGULATORY INSURANCE SERVICES, INC.
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Table of Contents

	Page
Independent Accountant's Compilation Report	1
Financial Statements	
Balance sheets	2
Statements of operations and retained earnings	3
Statements of cash flows	4
Notes to financial statements	5 - 9
Supplementary Information	
Schedules of operating expenses	10

CITRINCOOPERMAN®
Accountants and Advisors

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Shareholders
INS Regulatory Insurance Services, Inc.

Management is responsible for the accompanying financial statements of INS Regulatory Insurance Services, Inc. (the "Company") which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

As disclosed in Note 1 to the financial statements, accounting principles generally accepted in the United States of America require that property and equipment be depreciated over their estimated useful lives. The Company has computed depreciation on several fixed assets using accelerated methods over statutory lives, including the first year expense allowance, permitted for federal income tax purposes, which does not allocate depreciation over the estimated useful lives of assets. The effect of this departure on the financial statements has not been determined.

Supplementary Information

The accompanying supplementary information contained in the schedules on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagements. We have not audited or reviewed the supplementary information, and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Philadelphia, Pennsylvania
February 22, 2017

INS REGULATORY INSURANCE SERVICES, INC.
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current assets:		
Cash	$ 479,701	$ 1,744,569
Accounts receivable, net of allowance for doubtful accounts of $25,000 at December 31, 2016 and 2015	5,559,939	4,096,015
Accounts receivable, related party	139,000	-
Prepaid expenses	25,793	35,647
Other receivable	26,056	5,441
Due from related parties	41,920	-
Total current assets	6,272,409	5,881,672
Property and equipment, net	-	-
TOTAL ASSETS	$ 6,272,409	$ 5,881,672
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Line of credit	$ 200,000	$ -
Accounts payable and accrued expenses	264,201	173,228
Accounts payable, related parties	1,102,000	671,000
Taxes payable	18,772	21,475
Due to shareholders	550,000	1,500,000
Due to related party	80,000	-
Total current liabilities	2,214,973	2,365,703
Commitments and contingencies (Note 4)		
Shareholders' equity:		
Common stock - no par value; 1,500 shares authorized, 1,000 shares issued and outstanding	5	5
Retained earnings	4,057,431	3,515,964
Total shareholders' equity	4,057,436	3,515,969
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 6,272,409	$ 5,881,672

INS REGULATORY INSURANCE SERVICES, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Revenues	$ 16,711,584	$ 15,501,176
Cost of revenues:		
Contract professionals	11,474,222	10,195,612
Gross profit	5,237,362	5,305,564
Operating expenses	4,692,970	6,588,819
Income (loss) from operations	544,392	(1,283,255)
Other income (expense):		
Interest expense	(2,928)	(614)
Interest income	3	3
Other expense, net	(2,925)	(611)
Net income (loss)	541,467	(1,283,866)
Retained earnings - beginning	3,515,964	4,799,830
RETAINED EARNINGS - ENDING	$ 4,057,431	$ 3,515,964

INS REGULATORY INSURANCE SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Net income (loss)	$ 541,467	$ (1,283,866)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(1,463,924)	462,351
Accounts receivable, related party	(139,000)	-
Prepaid expenses	9,854	120,850
Other receivable	(20,615)	-
Due from related parties	(41,920)	-
Accounts payable and accrued expenses	90,973	134,295
Accounts payable, related parties	431,000	276,000
Due to related party	80,000	-
Taxes payable	(2,703)	9,714
Net cash used in operating activities	(514,868)	(280,656)
Cash flows from financing activities:		
Proceeds from line of credit, net	200,000	-
Due to shareholders	(950,000)	1,500,000
Net cash provided by (used in) financing activities	(750,000)	1,500,000
Net increase (decrease) in cash	(1,264,868)	1,219,344
Cash - beginning	1,744,569	525,225
CASH - ENDING	$ 479,701	$ 1,744,569
Supplemental disclosure of cash flow information:		
Interest paid	$ 2,928	$ 614

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

INS Regulatory Insurance Services, Inc. (the "Company") was incorporated on April 28, 1999, under the laws of the state of Delaware. The Company is engaged in providing professional services to state and federal government agencies responsible for the regulation of insurance throughout the United States. The Company contracts through the state, but is paid either by the state or by the insurance company directly for services rendered.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable

Trade accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectibility of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. If the financial conditions of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At both December 31, 2016 and 2015, the allowance for doubtful accounts amounted to $25,000.

Income taxes

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code and Pennsylvania tax law to be taxed as an S corporation. In lieu of corporate income taxes, the shareholders of an S corporation are taxed on their proportionate share of the company's taxable income. Therefore, no provision or liability for federal or Pennsylvania income tax has been included in the accompanying financial statements. However, the Company remits some state income taxes on behalf of its shareholders, as well as minimum filing fees imposed by some states.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uncertain tax positions

The Company follows accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not that the positions will be sustained upon examination by taxing authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

As of December 31, 2016 and 2015, the Company had no uncertain tax positions that qualified for either recognition or disclosure in the financial statements. Additionally, the Company had no interest and penalties related to income taxes.

The Company files income tax returns in the U.S. federal jurisdiction, and in various state and local jurisdictions.

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized.

The Company has computed depreciation on several fixed assets using accelerated methods over statutory lives, including the first year expense allowance, permitted for federal income tax purposes, which does not allocate depreciation over the estimated useful lives of assets. The effect of this departure from accounting principles generally accepted in the United States of America on the accompanying financial statements has not been determined.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company evaluated subsequent events through February 22, 2017, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2. CONCENTRATION OF CREDIT RISK

The Company places its cash, which is at times in excess of the Federal Deposit Insurance Corporation's insurance limits, with a major financial institution.

Concentrations of credit risk with respect to accounts receivable are limited because a large number of geographically diverse customers make up the Company's customer base, thus spreading the trade credit risk. As part of its ongoing control procedures, the Company monitors the creditworthiness of its customers. The Company's policies do not require collateral to support accounts receivable.

At December 31, 2016, two customers accounted for 26% of the Company's accounts receivable. At December 31, 2015, one customer accounted for 25% of the Company's accounts receivable. During the year ended December 31, 2016, one customer accounted for over 19% of the Company's revenues. During the year ended December 31, 2015, no customer accounted for over 10% of the Company's revenues.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2016 and 2015:

	2016	2015
Office equipment	$ 309,922	$ 309,922
Less: accumulated depreciation	(309,922)	(309,922)
Property and equipment, net	$ -	$ -

There was no depreciation expense during the years ended December 31, 2016 and 2015.

NOTE 4. LINE OF CREDIT

The Company maintains a $1,000,000 line of credit facility used for working capital purposes. Interest is charged on the outstanding balance at the bank's prime rate, which was 3.75% and 3.25% at December 31, 2016 and 2015, respectively. The line of credit is collateralized by substantially all of the Company's assets. The outstanding balance due on the line was $200,000 and $0, as of December 31, 2016 and 2015, respectively. The credit line is renewable annually and expires on July 31, 2017.

NOTE 5. RELATED-PARTY TRANSACTIONS

INS Consultants, Inc. ("Consultants"), is a related company because a shareholder of the Company has an ownership interest in Consultants. There are certain transactions that take place between the Company and Consultants, which are listed below:

- The Company provided services by contract professionals to Consultants totaling approximately $231,000 and $84,000 during 2016 and 2015, respectively. Such fees are included in "Revenues" in the accompanying statements of operations and retained earnings. The Company was owed approximately $139,000 and $0 from Consultants as of December 31, 2016 and 2015, respectively, which are included in "Accounts receivable, related party" in the accompanying balance sheets.
- The Company received services by contract professionals from Consultants totaling approximately $731,000 and $425,000 during 2016 and 2015, respectively, which are included in "Contract professionals" in the accompanying statements of operations and retained earnings. The Company owed Consultants approximately $259,000 and $148,000 as of December 31, 2016 and 2015, respectively, which are included in "Accounts payable, related parties" in the accompanying balance sheets.
- The Company received administrative services from Consultants totaling approximately $144,000 and $165,000 for the years ended December 31, 2016 and 2015, respectively, which are included in "Operating expenses" in the accompanying statements of operations and retained earnings. The Company owed Consultants approximately $31,000 and $24,000 as of December 31, 2016 and 2015, respectively, which are included in "Accounts payable, related parties" in the accompanying balance sheets.
- The Company leases office space from Consultants. The monthly lease cost is $3,675. There is no written lease agreement between Companies. Rent expense was $44,100 for both years ended December 31, 2016 and 2015.

INS Services, Inc. ("Services") is a related company because a shareholder of the Company has an ownership interest in Services. There are certain transactions that take place between the Company and Services, which are listed below:

- The Company received services by contract professionals from Services totaling approximately $2,245,000 and $1,587,000 for the years ended December 31, 2016 and 2015, respectively, which are included in "Contract professionals" in the accompanying statements of operations and retained earnings. The Company owed Services approximately $812,000 and $499,000 as of December 31, 2016 and 2015, respectively, which are included in "Accounts payable, related parties" in the accompanying balance sheets.

NOTE 5. RELATED-PARTY TRANSACTIONS (CONTINUED)

INSRIS - PR, LLC ("INSRIS - PR") is a related company because the shareholders of the Company have ownership interests in INSRIS - PR. There are certain transactions that take place between the Company and INSRIS - PR, which are listed below:

- The Company provided administrative services to INSRIS - PR totaling approximately $10,000 and $0 for the years ended December 31, 2016 and 2015, respectively. Such fees are included in "Revenues" in the accompanying statements of operations and retained earnings. The Company was not owed any money from INSRIS - PR for these services as of both December 31, 2016, and 2015.

From time to time, the Company loans and receives funds, and pays expenses on behalf of the related party's described above. These transactions are in the normal course of business, and are included in "Due from related parties" and "Due to related party" in the accompanying balance sheets. These balances which do not bear interest and have no stated repayment terms, are expected to be repaid within one year.

NOTE 6. RETIREMENT PLAN

The Company maintains a Simple IRA Pension Plan (the "Plan"). The Plan covers all employees who satisfy the minimum eligibility requirements as defined in the Plan. Contributions to the Plan are discretionary. Plan expense was $56,350 and $48,150 for the years ended December 31, 2016 and 2015, respectively.

SUPPLEMENTARY INFORMATION

INS REGULATORY INSURANCE SERVICES, INC.
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Advertising and marketing	$ 108,591	$ 3,817
Bank charges	591	561
Contributions	1,950	750
Dues and subscriptions	26,956	26,002
Education	20,064	4,645
IT support services	260,123	237,218
Insurance	157,125	144,814
Meals and entertainment	57,679	104,150
Meetings and conventions	76,203	84,056
Office expense	23,036	27,891
Outside services	1,126,246	778,186
Professional fees	89,314	89,433
Rent	44,100	44,100
Software	14,430	-
Software licenses	181,325	-
Retirement plan expense	56,350	48,150
Salaries and wages:		
Staff	1,957,010	2,051,480
Officers	300,000	2,542,966
Shipping and postage	10,231	9,697
Taxes:		
Payroll	100,280	99,133
Other	3,605	50,558
Telephone	20,386	22,234
Travel	57,375	218,978
TOTAL OPERATING EXPENSES	$ 4,692,970	$ 6,588,819

INS REGULATORY INSURANCE SERVICES, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2015 AND 2014

INS REGULATORY INSURANCE SERVICES, INC.
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Current assets:		
Cash	$ 1,744,569	$ 525,225
Accounts receivable, net of allowance for doubtful accounts of $25,000 at December 31, 2015 and 2014	4,096,015	4,563,808
Prepaid expenses	35,647	156,497
Other receivable	5,441	-
Total current assets	5,881,672	5,245,530
Property and equipment, net	-	-
TOTAL ASSETS	$ 5,881,672	$ 5,245,530
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 173,228	$ 38,934
Accounts payable, related parties	671,000	395,000
Taxes payable	21,475	11,761
Due to shareholders	1,500,000	-
Total current liabilities	2,365,703	445,695
Commitments and contingencies (Note 4)		
Shareholders' equity:		
Common stock - no par value; 1,500 shares authorized, 1,000 shares issued and outstanding	5	5
Retained earnings	3,515,964	4,799,830
Total shareholders' equity	3,515,969	4,799,835
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,881,672	$ 5,245,530

INS REGULATORY INSURANCE SERVICES, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Revenues	$ 15,501,176	$ 17,266,695
Cost of revenues:		
Contract professionals	10,195,612	11,236,950
Gross profit	5,305,564	6,029,745
Operating expenses	6,588,819	4,531,877
Income (loss) from operations	(1,283,255)	1,497,868
Other income (expense):		
Interest expense	(614)	(6,022)
Interest income	3	3
Other expense, net	(611)	(6,019)
Net income (loss)	(1,283,866)	1,491,849
Retained earnings - beginning	4,799,830	3,307,981
RETAINED EARNINGS - ENDING	$ 3,515,964	$ 4,799,830

INS REGULATORY INSURANCE SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash flows from operating activities:		
Net income (loss)	$ (1,283,866)	$ 1,491,849
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Accounts receivable	462,351	(415,826)
Prepaid expenses	120,850	(131,725)
Accounts payable and accrued expenses	134,295	(232,894)
Accounts payable, related parties	276,000	(201,000)
Due to affiliate	-	(5,623)
Taxes payable	9,714	6,763
Net cash provided by (used in) operating activities	(280,656)	511,544
Cash flows from financing activities:		
Repayments on line of credit	-	(600,000)
Due to shareholders	1,500,000	-
Net cash provided by (used in) financing activities	1,500,000	(600,000)
Net increase (decrease) in cash	1,219,344	(88,456)
Cash - beginning	525,225	613,681
CASH - ENDING	$ 1,744,569	$ 525,225
Supplemental disclosures of cash flow information:		
Interest paid	$ 614	$ 6,022

SUPPLEMENTARY INFORMATION

INS REGULATORY INSURANCE SERVICES, INC.
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Advertising and promotion	$ 2,887	$ -
Bank charges	561	1,136
Contributions	750	50
Dues and subscriptions	26,002	27,516
Education	4,645	765
IT support services	237,218	217,040
Insurance	144,814	119,689
Meals and entertainment	104,150	116,072
Meetings and conventions	84,056	74,367
Office expense	27,891	21,372
Outside services	778,186	484,702
Professional fees	90,363	94,096
Rent	44,100	43,025
Retirement plan expense	48,150	46,687
Salaries and wages:		
Staff	2,051,480	1,986,750
Officers	2,542,966	921,000
Shipping and postage	9,697	7,655
Taxes:		
Payroll	99,133	95,600
Other	50,558	5,994
Telephone	22,234	27,418
Travel	218,978	240,943
TOTAL OPERATING EXPENSES	$ 6,588,819	$ 4,531,877