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The Navajo Nation | Yideeskáądi Nitsáhákees

**THE NAVAJO NATION  
EMPLOYEE BENEFITS PROGRAM  
REQUEST FOR PROPOSAL  
FOR  
ACTUARIAL SERVICES**

Issuing Office: Navajo Nation Employee Benefits Program  
Insurance Services Department

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2559 Indian Route 100  
Window Rock, AZ 86515

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**Bid No. 24-09-3467LE**

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## **PART I – GENERAL INFORMATION FOR THE PROPOSER**

### **I-1. Purpose**

The Navajo Nation Employee Benefits Program hereinafter referred to as the “Program” is soliciting proposals from qualified firms to perform actuarial consulting services for its group life and health benefit insurance programs.

### **I-2. Objective**

The actuary shall provide the Program with professional actuarial consultation including but not limited to providing a reasonable projection of loss costs, cash flows, Incurred but Not Reported (IBNR) costs, and prioritized recommendations for compliance with the Governmental Accounting Standards. Further, recommendations regarding future budgeting and loss fund development shall be included to assist the Program in eliminating unexpected costs and to maximize cash flow and potential investment income. The firm selected will conduct a valuation study at the end of the Program plan year and a rate study mid-way through the plan year and provide other services, as requested.

### **I-3. Background**

The Navajo Nation Government is similar to the United States Government; the Navajo Nation has a three-branch system. The Executive Branch consists of a President and a Vice-President elected by the Navajo people every four (4) years with divisions, departments and programs. The Legislative Branch has a Navajo Nation Council that consists of twenty-four (24) council delegates who are elected by members of 110 local Chapters every four (4) years. The Judicial Branch consists of District Tribal Courts and a Supreme Court. The Navajo Nation is the largest American Indian reservation among the 275 reservations and 500 federally recognized tribal governments in the United States. The Navajo Nation extends into the states of Arizona, New Mexico and Utah and has a land base of approximately 25,352 square miles.

The Navajo Nation provides services to its members in the areas of Economic Development, Community Development, Human Resources, Environmental Protection, Natural Resources, Transportation, General Services, Public Safety (includes Law Enforcement, Emergency Medical Services and Fire Services), Health (does not include hospitals or clinics), Social Services, Finance, Veterans Administration, and Education (includes facilities for Head Start and Colleges/Universities).

The Navajo Nation Employee Benefit Plan is a tribal self-insured plan established in 1991 for employees of the Navajo Nation and its participating Enterprises and Chapters. The self-insured plan includes medical, dental, vision, prescription, and disability benefits. The group life insurance plan is a fully-insured plan.

Navajo Nation is the Plan Administrator and utilizes the services of a third-party administrator to process claims. The third-party administrator is Verdegard Administrators, LLC, whose headquarters is in Tempe, Arizona. Basic life insurance, accidental death and dismemberment insurance, and optional term life benefits are offered by Metropolitan Life Insurance Company, with additional supplemental benefits offered by Colonial Life Insurance and Teladoc Health.

Under the Indian Health Care Improvement Act, federally funded health care facilities are prohibited from receiving reimbursement from a tribal self-funded insurance program, such as the Navajo Nation Employee Benefits Plan, for health care services rendered to insured tribal member employees and their family dependents who are eligible to receive services through federal funds. Based on these provisions, the Navajo Nation Employee Benefit Plan is not liable for expenses or reimbursement for health services to which the member is entitled to receive from or through a federally funded health care facility; nor in any event is the Plan to be considered or understood to be an “alternate source” for payment of the expense of such services.

The Navajo Nation has approximately 6,500 employees, 12,000 total plan participants which includes dependents, that includes employees and dependents of participating Enterprises and Chapters. The Navajo Nation’s payment of premiums is contributory; employers and employees share payment of premiums through payroll deductions and fringe benefits; participating Enterprises maintain a similar contribution strategy. Employee premium collections differ with each Enterprise based on its contributory and non-contributory status.

#### **I-4. Scope of Services**

The selected actuarial consultant will be required to provide the Program with professional actuarial and risk financing advice on the matters listed below:

- **STUDY:** Study the financial stability of the Navajo Nation Employee Benefit Plan and its funding and organize the plan’s data collection process by measuring the intensity of its historic utilization by past plan participation. Derive meaningful statistics which describe the plan’s benefits profile and its past utilization, and then forecast the plan participants’ benefit utilization characteristics. Report information with recommendations to incorporate into the plan design and provide sophistication and objectivity during the review.
- **FORECASTING:** Forecast will include calculating expected claims, estimating frequency, estimating the value of expected payments, estimating severity, overall trending and insurance inflation, and estimating lag in reporting incurred claims and payments of claims. Produce probability tables that determine the likelihood of a catastrophic event will generate a claim.
- **FINANCIAL RISK MANAGEMENT:** Identify, measure, and estimate the overall cost of the benefit program including, internal and external administration of the plan, reinsurance or stop-loss premiums, losses excluded by the stop-loss insurance contract paid by the plan,

and independent accounting audit of the plan to determine the efficiency of claims administration and reasonableness of the stop-loss coverage pricing.

- **DETERMINE RESERVES:** Review and determine the plan’s contingency funds to support a pre-funded strategy, case reserves for reported claims for which not all services have been performed, review Incurred but Not Reported (IBNR) reserves, and determine reserves for approved claims which have not yet been paid.
- **ESTIMATE CONTRIBUTION LEVELS:** Estimate the cost of expected benefit payments in the upcoming plan year, the attachment points for specific and reinsurance, if any, the expected plan administration costs, and the expected total cost of the Program from employee and employer contributions, deductibles, co-insurance, co-payments, out-of-pocket maximums as well as in-network and out-of-network medical provider reductions in fee schedules.
- **OTHER SERVICES:** Develop rate tables, set retention levels, calculate insurance inflation and certify reserves, review the plan deductible limits and make recommendations to plan design, review recordkeeping practices of the third-party administrator and Plan Administrator and make recommendations where necessary.

**I-5. Schedule**

Estimated Timetable

Solicit Proposals / Advertisements:	September 16, 2024, through September 20, 2024
Proposals Due:	September 27, 2024, at 5:00 p.m. MDST
Award of Contract:	October 11, 2024
Effective Date of Contract (3-Year term)	January 1, 2025 – December 31, 2027

**I-6. Amendment of the Request for Proposal**

If it becomes necessary to revise any part of this proposal, an amendment will be issued to all potential proposers who received the initial Request for Proposal.

**I-7. Award of Contract**

The Program reserves the right to reject any and all proposals submitted. Award of the contract will be made to the consultant, which in the sole opinion of the Navajo Nation (its agents, employees, and elected officials), who produces the actuarial evaluation that best meets the needs of the Navajo Nation.

Proposals shall be firm and not subject to change or withdrawal for a period of forty-five (45) days following the date specified for final receipt by the Program.

Final contract form and compensation options will be determined in negotiations between the Program and the selected actuarial consultant. The final contract will incorporate, in full or by reference, this request for proposals and the proposal submitted by the selected consultant. The working papers shall be retained by the actuary for two (2) years. At that time, the working papers shall be made available to the Navajo Nation for disposal. The working papers shall be available for review by the Navajo Nation Insurance Commission and other representative or participating members designated by the Program.

The Navajo Nation reserves the right to withdraw the invitation at any time, waive formalities in the bidding process, and while pre-qualification/bid information may be used in negotiation, contract award will not be based exclusively on scoring.

## **PART II – INFORMATION REQUIRED FROM PROPOSER**

### **II-1. Claim Information**

The selected actuarial consultant will be charged with the responsibility for requesting needed loss information from third party administrator, Verdegard Administrators, LLC.

### **II-2. Request for Proposal Requirements**

- The selected consultant will be a firm of national reputation with at least two (2) employees who are fellows of the American Academy of Actuaries or other professional organizations of actuaries.
- Identification of the personnel to be involved in the project, including the professional qualifications and experience, and a statement indicating what tasks each personnel will be assigned to perform during the study. The proposal shall include a description of the firm's local (New Mexico, Arizona, Colorado, or Utah) presence including offices, personnel, client, etc.
- A list of five (5) to eight (8) clients for whom similar projects have been performed. Please indicate whether the personnel to be involved in the Navajo Nation evaluation have had a major role in providing these professional services.
- Ten (10) hard copies of the proposal shall be delivered to:

Navajo Nation Employee Benefits Program

Post Office Box 1360  
Window Rock, AZ 86515

**OR**

Administration Building One, Second Floor  
2559 Indian Route 100  
Window Rock, AZ 86515

- Questions should be directed to:

Eulanda Ciccarello, Program Supervisor II, [eulandaciccarello@navajo-nsn.gov](mailto:eulandaciccarello@navajo-nsn.gov)

- All proposals are due at the above address no later than 5:00 p.m. MDST on Friday, September 27, 2024. LATE PROPOSALS WILL NOT BE CONSIDERED.
- All proposals, whether selected or rejected, shall become the property of the Navajo Nation.
- A restatement of the scope of work to be performed, including your understanding of the tasks required by the Program, a work plan, specific techniques that will be used, specific administrative and operational management expertise, principles and standards that will be employed and any additional related capabilities of the firm.
- Explain how the firm's work will lay foundation for any actuarial audits in the future, whether by your firm or another.
- Provide a list of materials needed by the actuary. Include any informational requirements from the Navajo Nation that are necessary to complete the study.
- All costs associated with proposal preparation shall be borne by the responding actuarial consultant.
- Provide at least three (3) references of Employee Benefits actuarial services provided for within the last three (3) years.

### **II-3. Fees**

The cost of the project shall be presented in three (3) total cost formats as follow:

1. Total Cost – Maximum actuarial studies of forecasting, financial risk management, claims reserves and administration only.
2. Total Cost – Maximum actuarial studies of determining the reserves, estimating contributions and premium rating only.
3. Total Cost – Maximum overall services combined.

**Please NOTE: Time and expense or other quotes not included above are optional and should be quoted separately.**