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February 7, 2019

Gino Tenace  
Chief Executive Officer  
Tenegrity Health  
420 Main Street  
Franklin, TN 37064

**RE: PROPOSAL FOR ACTUARIAL SERVICES**

Dear Gino:

This letter summarizes the proposed terms of engagement between Milliman, Inc. (Milliman) and Tenegrity Health (Tenegrity). The engagement relates to the provision of analytic services to summarize the Accountable Care Organization Public Use Files.

**BACKGROUND**

Tenegrity is developing estimates to support raising capital to start an Accountable Care Organization (ACO) reinsurance business. As part of that process, Milliman has been asked to assist with summarizing results from the Public Use Files to be used as an input to that analysis.

**SCOPE OF ENGAGEMENT**

Milliman will provide a distribution of the loss rates experienced by Medicare ACOs. The loss distribution will be scaled to show how it would impact ACOs under each of the two-sided risk tracks created under the Center for Medicare and Medicaid Services (CMS) Final Rule published on December 21<sup>st</sup>, 2018.

**STAFFING/PERSONNEL**

The services under this engagement will be provided by Sarah Moore, ASA, MAAA of the PRM Analytics office of Milliman.

**BUDGET**

There will be a one-time fee of \$10,000 to be invoiced following delivery.



Mr. Gino Tenace  
February 7, 2019  
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### **DATA REQUIREMENTS**

We will rely upon data from the Center for Medicare and Medicaid Services (CMS) in completing this project. The data to be obtained from CMS includes, but is not necessarily limited to, the Public Use Files for Medicare Accountable Care Organizations.

Milliman will utilize this data to perform the duties described herein. Milliman will review the data for reasonableness but will not independently audit or validate the data we are provided. CMS will solely be responsible for the quality of the data accessed by Milliman. As such, Milliman makes no representations that the results of its analysis will be relevant or useful to Tenegrity.

### **CONSULTING SERVICES AGREEMENT**

The services provided for this engagement will be performed under a Consulting Services Agreement between Milliman and Tenegrity. A copy of the CSA is provided in a separate document for your review and signature.

### **ACKNOWLEDGMENT**

If the terms of this engagement are acceptable, please acknowledge such with a signature on the attached acknowledgement (Enclosure 1) of a representative with authorization to engage Milliman with this assignment.



Please do not hesitate to contact me if you have any further questions regarding this engagement proposal.

Sincerely,

Jason Altieri, ASA, MAAA  
Senior Data Science Team Lead, PRM Analytics  
Enclosure



## **ENCLOSURE 1**

**Tenegrity Health**  
**Actuarial Analysis of CMS Two-Sided Risk**



**ACKNOWLEDGEMENT**

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I acknowledge the receipt of this engagement letter and agree with the scope and terms of the proposed engagement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

A large, stylized handwritten signature in blue ink, written over the signature line.

The date '2/14/19' handwritten in blue ink, written over the date line.

