

Health Insurance Rate Review Grant Program Cycle II Quarterly Report Template

July 30, 2013

Organization Information	
State	Arkansas
Project Title	Arkansas Health Insurance Rate Review Program Cycle II
Grant Project Director (Name and Title)	Lowell Nicholas Deputy Commissioner – Rate Review Director
Phone/Email	(501) 683-3638
Grant Authorizing Representative	(Same)
Phone/Email	(Same)

Grant Information	
Date Grant Awarded	September 20, 2011
Amount Granted	\$3,869,076.00
Project Year	2011-2014
Phase (Phase I or Phase II)	Phase II
Project Reporting Period (Example Quarter 1 10/1/2011-12/31/2011)	Quarter 3 (4/1/13-6/30/13)

The purpose of the Cycle II Quarterly Grant Reports are to:

- Provide the Rate Review Grant Program with a better understanding of the States' Department of Insurance Rate Review Program and the rate review initiatives funded through this grant program
- Provide the Rate Review Grant Program with Quarterly Rate Filing Data
- Provide the States participating in the Rate Review Grant Program with the opportunity to share information, highlight successes and reflect upon the progress of their programs

Health Insurance Rate Review Grant Program Cycle II Quarterly Report Template

Grant Performance Period-Cycle II: Date of award through September 30, 2014

Section 1003 of the Affordable Care Act requires the Secretary of the Department of Health and Human Services (HHS), in conjunction with the States, to establish a process for the annual review of health insurance premiums to protect consumers from unreasonable, unjustified and/or excessive rate increases. Section 2974 of the Public Health Service Act (PPACA Section 1003) provides for a program of grants that enable states to improve the health insurance rate review and reporting processes.

The goals of the Cycle II Rate Review Grant Program include:

- Establishing or enhancing a meaningful and comprehensive effective rate review program that is transparent to the public, enrollees, policyholders and to the Secretary, and under which rate filings are thoroughly evaluated and, to the extent permitted by applicable State law, approved or disapproved; as well as
- Developing an infrastructure to collect, analyze, and report to the Secretary critical information about rate review decisions and trends, including, to the extent permitted by applicable State law, the approval and disapproval of proposed rate increases.

States are required to submit quarterly progress reports to CCIIO's Rate Review Grant Program. The quarterly progress report describes significant advancements towards the State's goal of improving its current health insurance rate review and reporting process beginning from the time of approval through completion of the grant period.

Each quarterly report is due thirty days following the end of the Federal fiscal quarter. For example the first Cycle II quarterly report is due by January 31, 2012. All quarterly reports must be submitted electronically through the Health Insurance Oversight System (HIOS).

The following reporting guidelines are intended as a framework and can be modified when agreed upon by the CCIIO Rate Review Grant Program and the State. A complete quarterly progress report must detail how grants funds were utilized, describe program progress, barriers and provide an update on the measurable objectives of the grant program.

PART I: NARRATIVE REPORT FORMAT

Introduction:

The Arkansas Insurance Department (AID) has primary regulatory authority over commercial health insurance carriers within the State of Arkansas. The Medicaid program in Arkansas (26% of Arkansans) is administered through the state's Department of Human Services (DHS). Self-insured employer health plans (25% of Arkansans) and Medicare (18% of Arkansans) are regulated by the federal government. Although AID does not regulate self-funded employer health plans in Arkansas, it does regulate the stop-loss (excess loss) policies. Individual, small group plans, and Health Maintenance Organizations (HMOs) are all regulated by AID.

In 2012, there were only three health insurers in Arkansas with more than a 5-percent share in the individual insurance market as well as in the small group market. Based on enrollment figures (number of covered lives, including dependents), the share of the largest insurer in the individual market was 78.8 percent, while the share of the largest insurer in the small group market was 56 percent.

The stated HHS goals of the Cycle II Rate Review Grant Program include:

- Establishing or enhancing a meaningful and comprehensive effective rate review program that is transparent to the public, enrollees, policyholders and to the Secretary, and under which rate filings are thoroughly evaluated and, to the extent permitted by applicable State law, approved or disapproved; as well as
- Developing an infrastructure to collect, analyze, and report to the Secretary critical information about rate review decisions and trends, including, to the extent permitted by applicable State law, the approval and disapproval of proposed rate increases.

The Arkansas HIRRD (Health Insurance Rate Review Division) has not only met these HHS goals but has exceeded them in nearly every category. Additionally, to create an optimal rate review program, the Arkansas HIRRD has also added the following goals and objectives to its strategic planning.

1. To enhance a meaningful and comprehensive effective rate review program that is accurate, timely, and transparent to the public, enrollees, policyholders and to the Secretary, and under which rate filings are thoroughly evaluated and, to the extent permitted by applicable State law, approved or disapproved;
2. To develop an infrastructure to effectively collect, analyze, and report to the Secretary and the Arkansas Exchange (Federal Facilitated Marketplace) critical data/information about rate review decisions and trends, including, to the extent permitted by applicable State law, the approval and disapproval of proposed rate increases.

The grant history of the Arkansas HIRRD as well as information on Cycle III:

- The Arkansas Health Insurance Rate Review Division (HIRRD) applied for and received funding under both Cycle I and Cycle II. On August 16, 2010, U.S. Department of Health and Human Services announced a one year Cycle I award of \$1 million to the Arkansas Insurance Department (AID) to enhance current processes for reviewing health insurance premium increases.
- The result of this award was the creation of the Health Insurance Rate Review Division (HIRRD), within AID. On September 20, 2011, a Cycle II grant award was made to AID HIRRD in the amount of \$3,874,098.

- On July 9, 2013, the Arkansas HIRRD formally submitted a Cycle III Rate Review grant application in the total amount of \$3,134,794. The funding request was for the two year period of 10.1.13 through 9.30.15. The \$3,134,794 consisted of Baseline (\$2,000,000), Performance (\$400,000) and Workload (\$734,794). The proposed ‘All Payers Claims Database’ (APCD) accounts for 55% of the total application.

OVERVIEW

Since 2010, the HIRRD has been able to establish and continually improve a meaningful and comprehensive effective rate review program that is transparent to the public, enrollees, policyholders and to the Secretary, and under which rate filings are thoroughly evaluated and, to the extent permitted by applicable State law, approved or disapproved;

This goal was substantially met on July 1, 2011. On that date, Steve Larsen, CCIIO Director, officially notified Commissioner Jay Bradford that the Arkansas Department of Insurance (AID) had met the applicable criteria and had been designated an ‘Effective Rate Review Program’ in all markets. That official CCIIO designation has been successfully maintained through the second quarter of 2013 by constant vigilance and compliance to the applicable ACA rules and regulations. HIRRD has reached effective transparency by:

- a) Complete renovation and updates of the HIRRD web site which is now readily available to the consumer in a user-friendly format.
- b) Actively utilizing the website and public meetings to inform the public about the AID rate review process and all pending and historical rate review requests

HIRRD has planned and implemented an aggressive and innovative effort to improve the infrastructure and accuracy of the AID rate review process. These include, but are not limited to HIRRD’s:

- a. Development & implementation of iRate (Insurance Rate Analysis Tracking Engine).
- b. Application for Cycle III funding in the amount of \$3,164,794 to ensure long term advancement of our effective rate review process.
- c. Production of a professional evaluation of the AID rate review process with comprehensive recommendations which will substantially upgrade the AID process.
- d. Production of an up to date and innovative and comprehensive department training manual, checklists, and job aids for use by AID personnel.
- e. Initiation and funding of numerous and significant actuarial services that could not be funded through the AID operating budget.
- f. Implementation of extensive onsite SERFF training of AID personnel.

Other proposed (or continued) rate review enhancements:

- a) Research and development of an ‘All Payers Claims Database’ (APCD)
- b) Expand legal authority for health rate review and approval or disapproval;
- c) Expand expertise for health rate reviews;
- d) Enhance technology and programmatic infrastructure to effectively collect, analyze, and report health insurance rate filings and outcomes to diverse stakeholders including the general public, health care insurers, health care providers, and policymakers including state legislators and the Department of Health and Human Services (DHHS) Secretary;

- e) Create a health insurance education, outreach, and training unit dedicated to information dissemination about health insurance rate approval processes and rate trends to diverse stakeholders including the general public and special consumer populations, policymakers, health insurers, health care providers, and the business community.
- f) Fully utilize the AID Insurance Rate Review Media Center for public and professional training, education, and information dissemination activities including, but not limited to, public hearings and media presentations. The AID Insurance Rate Review Media Center will serve as the “center” for rate review education and outreach efforts. Training methodologies will include classes, seminars, and interactive webinars or interactive video conferences augmented by PowerPoint presentations, course syllabi, video clips, and classes for healthcare professionals.
- g) Create a “state of the art” AID internal database which will collect, process, and produce optimal analytics of healthcare data, meeting or exceeding all applicable requirements contained within the ACA. Utilization of the proposed APCD would be very beneficial.

HIRRD goals continue to be to streamline, automate, simplify, and expedite the AID rate review process while providing accuracy, transparency, and “plain language” for the Arkansas consumer. These improvements would facilitate optimal delivery time and accuracy of critical information to the AID Commissioner. One of the most important goals would be to provide an optimal training system for current and future AID Life & Health ‘rate review’ employees.

Program Implementation Status:

1. *Quarterly Accomplishments to Date:*

- **iRATE (Insurance Rate Analysis and Tracking Engine).** The continued development of iRATE has created a phenomenal set of benefits both to the State of Arkansas as well as other states and territories.

To review, iRATE (Insurance Rate Analysis and Tracking Engine) was conceptually created by the Arkansas HIRRD in 2011. The development of iRATE was funded by Cycle II Rate Review grant funds and is therefore available, at no cost, for use by all states and territories. The Arkansas HIRRD produced an iRATE webinar on June 24, 2013 to demonstrate the use and capabilities of iRATE accompanied with a comprehensive user manual. Twenty five states and territories were registered for the webinar and fifteen states and territories have indicated their intent to utilize this “ground breaking” automated SERFF Data Extraction/Retrieval and analytics application. iRATE automates and streamlines the rate filing review process, making it easier and faster to provide an effective rate review. iRATE is a web-based tool that presents data from SERFF (System for Electronic Rate and Form Filing) in a simpler way that is easy to understand. iRATE ensures that the most important data needed to complete an accurate rate review is easily accessible at all times.

In addition, iRATE includes a robust reporting system that helps insurance departments better track reviews and file them for future use. These capabilities and many others make iRATE the best application for performing a fast, effective and accurate rate review. iRATE was released for initial distribution on June 1, 2013.

Further significant development of iRATE is underway. Automated transparency, Plan Management, and the Medical Loss Ratio (MLR) will be incorporated on or before January 1, 2014.

- HIRRD website upgrade has reached 90% of planned enhancements
- Research and development of an All Payers Claims Database (APCD)
- Continued development of detailed rate review manuals, job aids, and checklists.
- Comprehensive on-site training programs for HIRRD and the Life & Health Division regarding:
 - Rate Review Training & Rate Review reporting requirements
 - SERFF
 - HIOS
 - iRATE - Unified Rate Review Template, Medical loss ratio
 - Arkansas healthcare costs and marketplace
 - CMS/CCIIO rules & regulations
 - Health insurance market rules
- Revision of all department manuals to incorporate current ACA rules and regulations
- HIRRD contracted for the creation of a simplified Medical Loss Ratio (MLR) “tracker” which will enable AID to have ‘real time’ measurement (desk top audit) for this important ratio without the complexity or expense of a full blown audit.
- Increased utilization of the ‘Rate Review Media Center’
- Comprehensive program for healthcare premium education of Arkansas Consumers
- Production of an Arkansas health insurance “cost and market place study”
- Funded and initiated substantial actuarial services that could not be funded through the AID Life & Health operating budget.
 - Engaged Lewis & Ellis Actuaries and Consultants, Inc. (L&E) to review AID’s first two small group rate filings. AID had never reviewed a small group rate filing before and needed the review of filings for compliance with AID Bulletin 7-2011.
 - Engaged L&E to create a ‘Summary Worksheet’ as well as a one-page “short form” actuarial checklist for all future rate requests.
 - Engaged L&E to review existing AID bulletin on ‘Small Group’ Rate Filings and made necessary changes to the bulletin so that the Department’s review would meet all requirements of an ‘Effective Rate Review Program’.
 - Engaged L&E to review the two individual rate filings that covered the largest number of individuals. The review helped the Department in reducing the amount to the increases. These filings were the Blue Cross open block of business and the Blue Cross closed block of business.
 - Engaged INS Consultants, Inc. to review L&H’s form filing procedures and make recommendations to our procedures so that the Department will be better positioned for implementation of the Affordable Care Act.
 - Engaged INS to produce a comprehensive training manual that will be used to train our staff for future form filing reviews.
 - Engaged L&E to review first ACA filing product which will be sold off the exchange on or after October 1, 2013 for effective date of January 1, 2014

2. Quarterly Progress as, or toward, an Effective Rate Review Program:

During the quarter, the Department issued Bulletin 9-2013. The purpose of this bulletin was to bring the Department and more specifically its rate review processes into compliance with the revised federal rule, 45 CFR §154.215.

This revised bulletin added new requirements for state to maintain their “Effective Rate Review Program” status. The bulletin requires carriers to file the Rate Review Justifications with its rate filings. In addition, the bulletin added the new rate filing requirements as set forth in the revised Rule. After the Bulletin was issued, HIRRD contracted with an outside actuary to revise our rate review manual and the checklist used by our analysts. AID has maintained its 2011 HHS designation of ‘Effective Rate Review Program’ in all markets through the present quarter.

3. *Challenges and Responses faced this year:*

- The greatest challenge has been to meet the continuing ACA mandates and regulations evolving monthly over the last year while simultaneously conducting an efficient rate review process within the State of Arkansas.
- The Cycle III Rate Review Grant application submitted during the third quarter was a special challenge because 55% of the entire grant request was dedicated to the formation of an All Payers Claims Database (APCD). The research required for the APCD was extraordinary and very time consuming. However, the end result was a well documented strategic plan and budget.
- All proposed grant activities were either completed during the prior twelve months or are ahead of schedule.

4. *Describe any required variations from the original Rate Review Work Plan and companion timeline.* **NONE**

Significant Activities: Undertaken and Planned

Three major HIRRD projects will have the greatest impact on comprehensive rate review for the State of Arkansas:

- 1. All Payers Claims Database (APCD)**
- 2. iRATE (Insurance Rate Analysis and Tracking Engine)**
- 3. Renovated HIRRD Website**

1. All Payers Claims Database (APCD)

Funding for an APCD was the main component of the HIRRD request in Cycle III funding. The grant request for the Arkansas APCD for FY14 was \$1,199,038 and for FY15 was \$500,000 for a total two year funding of \$1,699,038. HIRRD will measure its progress by completing the following key indicators:

- a) Solicit input and advice from applicable Arkansas stakeholders
- b) Define the purpose and mission of an Arkansas APCD
- c) Identify qualified APCD Vendors
- d) Develop and adopt a realistic governance model that aligns with state and stakeholder goals, capitalizes on available resources, and mitigates actual or apparent conflicts of interest.
- e) Prepare and submit a RFI (Request for Interest) to the qualified Vendors
- f) Determine:
 - Purposes of gathering data?
 - Who will be required to report data?
 - What data are required to be reported?

- How will the data be submitted and processed?
 - When will the data be required to be submitted?
 - Who will house and analyze the data?
 - Who will have authority to access the data?
 - The technology infrastructure to be utilized
- g) Prepare and submit a RFP (Request for Proposal) to all qualified vendors
- h) Assemble a competent team to evaluate the vendor proposals on a timely basis
- i) Write and issue final regulations.

2. iRATE (Insurance Rate Analysis and Tracking Engine)

With Phase I and II completed, Phase III of iRATE development has recently begun. This phase will include modifications to enhance transparency between the AID and consumers in the state of Arkansas. Currently, the AID hosts a website to provide consumers with easy to understand information about the reasons for significant rate increases and post justification for the increase. By doing this, the AID expects to bring greater transparency, accountability and help moderate premium increases. Phase III will integrate information from previous phases into this website to provide even more automated information to the consumer. Phase III will include information from the Rating Table Template, Rating Rules Template, Service Area Template, Business Rules Template, and Rates Template. Additionally, this phase will begin the research and analysis of Plan Management for future incorporation into iRATE. The Plan Management feature promises to be a significant addition to the application and the necessary research will begin during this phase.

3. Renovated HIRRD Website

Improvements and additions continue to be made to the website. In an effort to continue providing consumers with basic and helpful information regarding rate review and health insurance costs, the following features which were incorporated into the existing website last quarter continue to be updated.

- Video: The video explains in basic terms how the review process works and how the average premium dollar is spent in Arkansas.
- E-Alerts Sign up: Consumers who register for the updates will receive notifications when a carrier files a request. The registration information will be available on all pages of our site.
- Easy to view rate charts: A web page that contains easy to read charts and a database for current rates being reviewed and recent rates that have been approved or disapproved continues to be updated. For now, staff will manually extract data from the new AFMC developed application and insert the rate data into the charts and meetings were held this quarter to begin the process of automating the insertion of data. In this section of the site, consumers will also be allowed to submit comments. Users submitting comments will complete a form with their first/last name, city/state, and email address. Submitted comments will be saved to the website database and staff can review and post the comments.
- Content Management System (CMS): This feature allows staff to edit content, upload documents and photos, and add links to video files or embed YouTube videos on any page of the website at any time. This quarter, training took place on utilization of the CMS. The goal remains to fortify our online presence and provide consumers with important and useful information.

Operational/Policy Developments/Issues

Arkansas Legislative Activity.

The Arkansas General Assembly convened on January 14, 2013. During the quarter several bills passed that would affect the rate review process. Below is a brief description of each Act.

- **Act 1187 of 2013.** The Act expands the authority of the Insurance Commissioner over the approval of rates for individual health insurance products. Under prior law the Commissioner could only disapprove rates if the rates were unreasonable to the premium charged. Under Act 1187, the Commissioner may disapprove rates if they are not actuarial sound, excessive, inadequate or unfairly discriminatory. One new factor that the commissioner may take into consideration is the profit generated by the new rate. The Commissioner may disapprove a rate if it is likely to produce a profit that is unreasonably high. In addition the law requires the Commissioner to release to the carrier all of the information used in the rate review process if the rate is disapproved. Under prior law, the Commissioner was not required to release any information. The release will include any documents created by outside actuaries during the rate review process. The HIRRD is currently working on processes and procedures to bring the Department into compliance with this new law.
- **Act 1339 of 2013.** This Act allows the Commissioner to take into consideration the surplus of any non-profit health insurance company when determining if a rate is excessive.
- **Act 1500 of 2013.** This Act creates a state based exchange for Arkansas by July Of 2015. Currently Arkansas is a partnership exchange. During the transition process, HIRRD will work closely with the new Arkansas Health Insurance Marketplace Board and its staff in planning for and implementing this new law.
- **Act 1143 of 2013** This Act allows for the Medicaid expansion pursuant to the Affordable Care Act. New Medicaid enrollees would be enrolled in Silver plans in the Exchange and not in a separate Medicaid product.

Medicaid would pay the premiums using federal funds. Putting Medicaid recipients into the exchange may impact rates for these plans. This Act complicates the rate review process since this new block of business could greatly impact rates. The Department has no experience in rating Medicaid recipients. Also, some benefits must be altered to meet Medicaid requirements. The HIRRD has been working with the State's Medicaid office on the waiver need to implement this new law.

- ❖ HIRRD continues to utilize outside actuarial services in the rate review process. As an example, expert actuary staff members are being used to train AID staff members on incorporating the Unified Rate Review Template (URRT) into the AID rate review process. Additionally, HIRRD is using the same resources to incorporate the URRT into iRate.
- ❖ AID has target dates for all rate filings and approval dates. Within the Arkansas Insurance Department, the Life and Health Division, the Exchange Planning Division and the Health Insurance Rate Review Division have had lengthy discussions on the actions each Division must undertake to meet these deadlines.

Public Access Activities

This quarter, focus has remained on the development of the website. The goals are to increase public awareness regarding the rate review program, offer a way for consumers to comment on proposed rates and educate consumers about health care costs. SEO updates were made this quarter and planning has started on automating the process of uploading data to the rate tables from iRate. Additionally, content continued to be updated and included during this quarter. The distribution of educational materials such as the FAQ (frequently asked question) brochure continued this quarter at various outreach events.

Collaborative efforts

HIRRD collaborative efforts were intense and successful during the third quarter. Collaborative categories were iRATE (Insurance Rate Analysis and Tracking Engine), All Payers Claims Database (APCD), HIRRD Website, state legislation and bulletins, staff training, comprehensive upgrades to rate review manuals and checklists, and interface with the Arkansas Health Connector (Exchange).

The collaborative partners for these categories were CMS, CCIIO, SERFF, Arkansas Foundation of Medical Care (AFMC), Life & Health Division of AID, Arkansas Center for Health Improvement (ACHI), L&E Actuaries, APCD Council, and multiple state RR directors.

iRATE was released for initial distribution to all states and territories on June 1, 2013. The Arkansas HIRRD produced an iRATE webinar on June 24, 2013 to demonstrate the use and capabilities of iRATE. A comprehensive iRATE user manual was provided for all webinar attendees. Twenty five states and territories were registered for the webinar and fifteen states and territories have indicated their intent to utilize this “ground breaking” automated SERFF Data Extraction/Retrieval and analytics application.

Continued development of iRATE is underway. Automated transparency, Plan Management, and the Medical Loss Ratio (MLR) will be incorporated on or before January 1, 2014. HIRRD has worked closely with the Information Systems staff at AID in developing the AFMC application as well as lending expertise and help in the development and launch of the website.

HIRRD shares adjoining rental space with the Exchange Planning Division (EPD) within the Arkansas Insurance Department (AID). HIRRD has worked closely with the EPD on all matters involving rate review. The two divisions are currently discussing the systems that will be used to transfer rate review information to the Federally Facilitated Exchange for Arkansas. Though the rate review information will be generated by HIRRD, it will be transferred to the FFE by EPD. HIRRD makes its Rate Review Media Center available to EPD, as needed, for meetings and webinars.

Lessons Learned

The looming ACA deadline of October 1st to begin enrollment has placed a great deal of pressure on the HIRRD staff. The HIRRD has learned to maintain maximum flexibility in order to comply.

There continues to be an enormous lack of information in the state related to knowledge in both rate review and general health insurance. Opportunities to impact issues on a positive basis, in both categories by using the HIRRD resources wisely, continue to exist. HIRRD will endeavor to educate, inform, and involve critical constituent groups such as state leaders, legislators, and active affinity stakeholder groups. HIRRD will use the Media Center to its fullest capacity to accomplish these tasks.

Updated Budget

HIRRD is well within its operating budget and projected budget for Cycle II. All budgets have been prepared and reviewed by an outside accounting firm specializing in health care finance. (See Exhibit 2 & 3)

RATE REVIEW GRANT BUDGET FIFTEEN MONTHS ACTUAL (MARCH 2013) CYCLE II

Category	Spent/ Projected	Budgeted	Variance
Salary	314,694	392,869	78,175
Fringe Benefits	94,452	98,217	3,765
Professional Services/Contracts	904,016	1,048,015	143,999
Supplies and Other Office Expenses	114,821	105,804	(9,017)
Travel	14,541	45,468	30,927
Rental	42,801	72,000	29,199
Capital	16,402	56,725	40,323
Other	-	55,000	55,000
Total	1,501,727	1,874,098	372,371

Updated Rate Review Work Plan and Timeline

HIRRD is on schedule for all segments of the original Rate Review Work Plan and Timeline (See Exhibit 1).

Data Collection and Analysis

During the quarter, the Department received 20 new filings. Eleven of these were for new products to be sold on and off the exchange. All of these products were sent to our outside actuary for review and the review process has not been completed. Seven of the remaining filings were by United Healthcare which will not offer any products on the exchange. Five of the seven United filings included a rate increase. Five of the filings were for small group products, with two products having a decrease and three with an increase.

The only increase over the 10% threshold was made by QCA on its grandfathered individual block of business. QCA is an Arkansas HMO with only 3980 policyholders. The 17% increase was approved mainly due to the financial condition of the company.

Since most of the filings were made at the end of the quarter, most of the review process will fall into next quarter. Our filing deadline for exchange products was Jun30, 2013, the last day of the quarter. (See Exhibit 4)

Updated Evaluation Plan

In the original evaluation plan described in the Cycle II Rate Review Grant application, measurable objectives, key indicators, and methods to monitor progress were outlined. The applicable updates to those components are described below, beginning with some notable accomplishments.

Overview of HIRRD Accomplishments (2011-13)

- a. Contracted for comprehensive review and assessment of AID Rate Review by AON Hewitt
- b. Full adoption of all-inclusive recommendations from AON Hewitt review and assessment
- c. Direct and major support of AID Life & Health Division in Rate Review analysis
- d. Awarded and maintained an “Effective Rate Review Program” in all markets
- e. Created enhanced Rate Review System Evaluation
- f. Creation and implementation of the ‘Rate Review Media Center’
- g. Creation and launch of new HIRRD website within the AID website
- h. Hosted Little Rock National Rate Review Meeting
- i. Created National Rate Review Communications Platform (RR Listserv)
- j. Implemented user-friendly education platform for Arkansas Consumers
- k. Created a formal onsite ‘Rate Review’ training program
- l. Production of a health insurance “cost and market place study”
- m. Implementation of a major contract to produce iRATE, a “revolutionary” “Automated SERFF Data Extraction, Retrieval & Analytic Application.”

Progress on meeting HHS Grant Goals

HIRRD has planned and implemented an aggressive and innovative effort to improve the infrastructure and accuracy of the AID rate review process, including but not limited to:

- Initiated a ground-breaking and pioneering contract to automate and analyze the healthcare data extracted from SERFF and applicable federal databases.
- The automatic retrieval and analysis will be used by HIRRD and the AID Life & Health Division (L&H) in compliance and rate review of healthcare information. This has the potential to revolutionize the entire AID rate review process.
- Scheduled and funded extensive onsite SERFF Training of L&H rate review personnel.
- Produced a professional evaluation of the L&H rate review process with recommendations which will substantially upgrade the L&H process.
- Produced an innovative and comprehensive department training manual, checklists, and job aids for use by L&H personnel.

Funded numerous and significant actuarial services that were not fundable through the L&H/AID operating budget.

- a. Engaged Lewis & Ellis (L&E) to review AID’s first two small group rate filings. AID had never reviewed a small group rate filing before and needed the review of filings for compliance with AID Bulletin 7-2011.
- b. Engaged L&E to create a ‘Summary Worksheet’ as well as a one-page “short form” actuarial checklist for all future rate requests.

- c. Engaged L&E to review existing AID bulletin on ‘Small Group’ Rate Filings and made necessary changes to the bulletin so that the Department’s review would meet all requirements of an ‘Effective Rate Review Program’.
- d. Engaged L&E to review the two individual rate filings that covered the largest number of individuals. The review helped the Department in reducing the amount to the increases. These filings were the Blue Cross open block of business and the Blue Cross closed block of business.
- e. Engaged INS to review L&H’s form filing procedures and make recommendations to our procedures so that the Department will be better positioned for implementation of the Affordable Care Act.
- f. Engaged INS to produce a comprehensive training manual that will be used to train our staff for future form filing reviews.

HIRRD’s continued evaluation shall include, but not be limited to, formal weekly staff meetings in which key indicators, identified in the grant application work plan are discussed and assessed. Each HIRRD staff member has specific areas of responsibilities and will be held accountable for appropriate progress. HIRRD will follow the same successful methodology that it utilized during its Cycle I activities.

Additionally, the HIRRD staff will continue to engage Commissioner Bradford, and the Exchange Planning Director on coordination and planning for Exchange Operations, especially the state responsibilities of AID Rate Review as specified in the ACA.

Finally, the AID HIRRD will meet or exceed all of the CFDA 93.511 “Evaluation” criteria. Additionally, the expertise of competent and credible professional third parties will be fully utilized in the evaluation. HIRRD will fully implement and monitor the very specific assessments, recommendations, and timelines contained in the excellent and comprehensive AON Hewitt reports.

Quarterly Report Summary Statistics:

Please provide the data as available below include activities new this quarter and occurring to date with Rate Review Grant Funds:

- Total Funds Expended to date: **(\$1,501,727)**
- Total Staff Hired (new this quarter and hired to date with grant funds): **(0/5)**
- Total Contracts in Place (new this quarter and established to date): **(0/9)**
- Introduced Legislation: **(No)**
- Enhanced IT for Rate Review: **(Yes)**
- Submitted Rate Filing Data to HHS: **(Yes)**
- Enhanced Consumer Protections: **(Yes)**
- Consumer-Friendly Website: **(Yes)**
- Rate Filings on Website: **(Yes)**

EXHIBITS

- Exhibit 1 - Timeline
- Exhibit 2 – Operating Budget
- Exhibit 3 – SF-425
- Exhibit 4 - Cycle 2 Period Q3 (04/01/2013 – 06/30/2013)

EXHIBIT 1

Timeline

- 07.09.13 Cycle III Grant application submitted. (Grants to States to Support Health Insurance Rate Review and Increase Transparency in Healthcare Pricing, Cycle III) .
- 06.30.13 Deadline for rate and form submission. July 31st final deadline for all CMS/CCIIO/HIOS submissions.
- 06.24.13 HIRRD produced national webinar for iRATE (Insurance Rate Analysis & Tracking Engine).
- 06.20.13 iRATE webinar invitation pre-packet sent out contents (operating manual, screen shots, power point items) as an e-email attachment.
- 06.03.13 Letter of Intent to Apply for Grants to States to Support Health Insurance Rate Review and Increase Transparency in Health Care Pricing Cycle III – Submitted.
- 06.01.13 All states and territories notified that the iRATE (Insurance Rate Analysis & Tracking Engine) has been released for distribution.
- 05.08.13 New (FOA) Funding Opportunity Announcement for Grants to States to Support Health Insurance Rate Review and Increase Transparency in Health Care Pricing”, Cycle III of the Rate Review Grant Program.
- 05.03.13 iRATE demo ready: afmc.org/I-Rate from AFMC.
- 04.30.13 iRATE presented to ‘Plan Management’ meeting in Reston, VA.
- 04.09.13 iRATE presented to Plan Management’ seminar at the NAIC meeting in Houston, TX
- 03.25.13 HIRRD was placed on the agenda of the ‘Plan Management’ seminar at the NAIC meeting in Houston, TX April 9, to present I-Rate (URRT).
- 03.15.13 Phase I of the I-Rate development was formally completed. HIRRD and AFMC finalized an I-Rate video which was distributed to other Rate Review Grantee states.
- 03.13.13 Arkansas State Agency Leaders Meeting.
- 03.12.13 Sandra McGrew presented two Rate Review Webinar sessions to AID
- 03.12.13 Health Insurance Exchange – SERFF Plan Management Training
- 03.11.13 Final day to file Legislation / shell bills. AID did not file any bills this session.

- 03.07.13 Dave Dillon of L&E Actuaries conducted a two day training seminar on the URRT at AID
- 02.07.13 Phase 1 I-Rate project closeout
- 02.01.13 AFMC media center presentation with demo/discussion about AID application of I-Rate
- 01.28.13 Launch of the “New” HIRRD web site
- 01.09.13 Sandra McGrew presented Aristotle web design for review
- 01.07.13 Purchased domain name: www.arhealthpremiums.gov.
- 01.03.13 Final AFMC Rate Review application demo and reporting discussion
- 12.18.12 Budget reallocation received and accepted by CCIIO
- 12.11.12 4th quarter report call with CCIIO Rate Review staff
- 12.10.12 Commissioner Bradford’s AID meeting to discuss legislation
- 12.06.12 AFMC Rate Review Application Demo and Reporting Discussion
- 12.03.12 CMS/CCIIO joint decision was officially made to continue the HIRRD data contract with AFMC as presently constituted with the sole exception being the “scope of service” for Phase II. Phase II will start on or before the completion of Phase I (3.1.13).

EXHIBIT 2

RATE REVIEW GRANT

Eighteen Months Actual (JUNE 2013) Cycle II

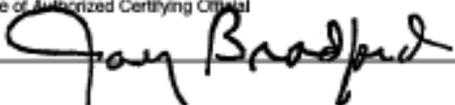
Category	Spent/ Projected	Budgeted	Variance
Salary	314,694	392,869	78,175
Fringe Benefits	94,452	98,217	3,765
Professional Services/Contracts	904,016	1,048,015	143,999
Supplies and Other Office Expenses	114,821	105,804	(9,017)
Travel	14,541	45,468	30,927
Rental	42,801	72,000	29,199
Capital	16,402	56,725	40,323
Other	-	55,000	55,000
Total	1,501,727	1,874,098	372,371

	ACTUAL						Dec 2011 to Dec 2013	Budgeted Amount	Remaining Balance
	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013			
Monthly Totals	226,724	164,092	301,695	52,443	49,364	83,038	1,501,727	1,874,098	372,371
Regular Salary	20,152	20,152	20,152	20,152	32,381	33,396	314,694	392,869	78,175
Total Fringe Benefits	6,488	6,478	6,361	6,466	9,035	9,258	94,452	98,217	3,765
Total Professional/Contract Services	179,061	133,424	266,687	17,815	2,663	3,485	904,016	1,048,015	143,999
Total Office Supplies and Other	17,993	1,009	3,173	1,081	2,289	36,699	114,821	105,804	32,982
Total Travel	-	-	2,293	3,899	1,541	199	14,541	45,468	30,927
Total Rental	3,031	3,031	3,031	3,031	1,456	-	42,801	72,000	29,199
Capital			-				16,402	56,725	40,323
Total Other							-	55,000	55,000

EXHIBIT 3

FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted DHHS-CC110		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) 6PRPPR120006-01-01			Page 1	of pages	
3. Recipient Organization (Name and complete address including Zip code) ARKANSAS INSURANCE DEPARTMENT 1200 WEST THIRD STREET, LITTLE ROCK ARKANSAS 72201							
4a. DUNS Number 810001058	4b. EIN 71-0847443	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)		6. Report Type <input checked="" type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input type="checkbox"/> Final	7. Basis of Accounting <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual		
8. Project/Grant Period From: (Month, Day, Year) 10/01/2011			To: (Month, Day, Year) 09/30/2014		9. Reporting Period End Date (Month, Day, Year) 09/30/2013		
10. Transactions					Cumulative		
<i>(Use lines a-c for single or multiple grant reporting)</i>							
Federal Cash (To report multiple grants, also use FFR Attachment):							
a. Cash Receipts				1,483,493.56			
b. Cash Disbursements				1,483,674.17			
c. Cash on Hand (line a minus b)				-180.62			
<i>(Use lines d-o for single grant reporting)</i>							
Federal Expenditures and Unobligated Balance:							
d. Total Federal funds authorized				3,874,098.00			
e. Federal share of expenditures				1,483,674.17			
f. Federal share of unliquidated obligations							
g. Total Federal share (sum of lines e and f)				1,483,674.17			
h. Unobligated balance of Federal funds (line d minus g)				2,390,423.83			
Recipient Share:							
i. Total recipient share required							
j. Recipient share of expenditures							
k. Remaining recipient share to be provided (line i minus j)							
Program Income:							
l. Total Federal program income earned							
m. Program income expended in accordance with the deduction alternative							
n. Program income expended in accordance with the addition alternative							
o. Unexpended program income (line l minus line m or line n)							
11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
				g. Totals:			
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:							
13. Certification: By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and intent set forth in the award documents. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)							
a. Typed or Printed Name and Title of Authorized Certifying Official Jay Bradford, State Insurance Commissioner				c. Telephone (Area code, number and extension) 501-371-2623			
				d. Email address jay.bradford@arkansas.gov			
b. Signature of Authorized Certifying Official 				e. Date Report Submitted (Month, Day, Year) 07/26/2013			

Standard Form 425 - Revised 6/28/2010
OMB Approval Number: 0348-0061
Expiration Date: 10/31/2011

Paperwork Burden Statement

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0061), Washington, DC 20503.

EXHIBIT 4
Cycle 2 Period Q3
4/01/2013 – 06/30/2013

State: Arkansas
 Generated: 7/11/2013
 Submitted

HIPR TABLE A: SUMMARY

Number of Submitted Rate Fillings	20
Rate Increases For This Period	4
Reviewed (A3)	7
Approved (A4)	7
Denied (A5)	0
Deferred (A6)	0

HIPR Table B (Individual) – Summary

Product Type	Policy Holders	Covered Lives
EPO	0	0
FFS	0	0
HDHP	0	0
HMO	0	0
HSA	0	0
OTH	1	1
POS	0	0
PPO	11	2232

HIPR Table C (Small Group) – Summary

Product Type	Policy Holders	Covered Lives
EPO	0	0
FFS	0	0
HDHP	0	0
HMO	48	651
HSA	0	0
OTH	2	14
POS	912	16131
PPO	1	7

HIPR Table D (Large Group) – Summary

Product Type	Policy Holders	Covered Lives
EPO	0	0
FFS	0	0
HDHP	0	0
HMO	3	1484
HSA	0	0
OTH	2	14
POS	0	0
PPO	0	0

HIPR Table E (Small and Large Group) – Summary

Product Type	Policy Holders	Covered Lives
EPO	0	0
FFS	0	0
HDHP	0	0
HMO	0	0
HSA	0	0
OTH	0	0
POS	0	0
PPO	0	0