

Health Insurance Rate Review Grant Program Cycle II Quarterly Report Template

Report Date	April 30, 2013
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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	501-683-3836
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 I
Project Reporting Period (Example Quarter 1 10/1/2011-12/31/2011)	Quarter 2 (1/1/13 – 3/31/13)

The purposes 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

According to the Paperwork Reduction Act of 1995, 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 **0938-1121**. The time required to complete the application associated with this information collection is estimated to **average 24 hours per response**, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

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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 30, 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.

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PART I: NARRATIVE REPORT FORMAT

Introduction:

The Health Insurance Rate Review Division (HIRRD) of the Arkansas Insurance Department (AID) has completed the second quarter of the second year of the Cycle II grant exceeding all of HIRRD's stated goals and objectives.

Overview:

The-HHS/ goals for the Cycle II Rate Review Grant Program:

- 1) 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;
 - 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 first quarter of 2013 by constant vigilance and compliance to the applicable ACA rules and regulations. HIRRD has pursued 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
- 2) 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.
 - 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:
 - a. HIRRD's development of **iRate** (Insurance Rate Analysis Tracking Engine).
 - b. HIRRD is currently applying for the Phase IV Cycle II Rate Review Grant to ensure long term advancement of our effective rate review process.
 - c. HIRRD produced a professional evaluation of the AID rate review process with comprehensive recommendations which will substantially upgrade the AID process.
 - d. HIRRD produced an innovative and comprehensive department training manual, checklists, and job aids for use by AID personnel.
 - e. HIRRD initiated and funded numerous and significant actuarial services that could not be funded through the AID operating budget.
 - f. HIRRD implemented extensive onsite SERFF Training of AID personnel.

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Program Implementation Status:

1. Quarterly Accomplishments to Date

- A. **iRate.** One of the original priorities for HIRRD was to simplify, automate, streamline, document, and enhance the rate review process for the Arkansas Insurance Department. Most all of these goals were accomplished with the development and implementation of iRate.

The original purpose of the iRate project was to build an innovative application to automate the Arkansas Insurance Department (AID) Rate Review process. Prior to iRate, the rate review process for the AID was time-consuming due to the necessity of AID staff reviewing multiple documents and data elements to develop a well-researched recommendation to approve, deny, or adjust a rate increase request. The documents and data elements were made up of separate documents from the System for Electronic Rate and Form Filing (SERFF) application, various templates provided by actuaries and consultants, and information from HIOS and Centers for Medicare and Medicaid Services (CMS).

iRate provides a streamlined and automated solution using data and spreadsheets from SERFF and standardized templates. A new spreadsheet was developed, with actuarial assistance, to aid in providing additional information to the application. Insurance companies will continue to enter rate filing information in SERFF along with Excel® spreadsheets required by the AID. iRate will use this data, along with data entered by AID staff, to assist the AID and actuarial consultant in approving, denying, or adjusting a rate increase/decrease while providing expedited reports to assist in this effort.

This remarkable system will not only profoundly benefit AID, but will also benefit numerous other Rate Review Grantee States. Because iRate was developed under a HHS grant, it will be offered, without cost, to all other Rate Review Grantee States. The other Rate Review Grantee States will be able to enhance their rate review processes by the automation and analysis capabilities of iRate. Phase II, currently underway, is incorporating the Unified Rate Review Template (URRT) into iRate. Phase III will incorporate “Plan Management.” As each update is launched, all Rate Review Grantee States will have access to the latest version of iRate.

B. Engaged outside actuaries to review:

- 1) 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. Also created a Summary Worksheet as well as a one-page “short form” actuarial checklist for all future rate requests.
- 2) AID existing 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.
- 3) 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.
- 4) Form filing procedures and make recommendations to our procedures so that the Department will be better positioned for implementation of the Affordable Care Act.
- 5) Produce a comprehensive training manual to be used to train AID staff for future form filing reviews.

C. Completion of the HIRRD Website

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

On July 1, 2011, the 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 first quarter of 2013 by constant vigilance and compliance to the applicable ACA rules and regulations.

3. Challenges and Responses faced this year

The greatest challenge has been the introduction of the Unified Rate Review Template (URRT) in November of 2012. The HIRRD response has been to sponsor numerous training sessions with expert trainers.

4. Describe any required variations from the original Rate Review work Plan and companion time line

NONE

Significant Activities: Undertaken and Planned

1. iRate

The most significant activity undertaken by the Health Insurance Rate Review Division (HIRRD) of the Arkansas Insurance Department (AID) in 2012 was the conception and implementation of a contract with Arkansas Foundation of Medical Care (AFMC) to create iRate, a revolutionary SERFF data extractor and analyzer. The prime objective of this proposal was to attain the greatest possible enhancement of the rate review process for the State of Arkansas.

Phase I of iRate was completed March 15, 2013. Phase II which incorporates the Unified Rate Review Template (URRT) should be completed by June 1, 2013. Phase II which incorporates Plan Management is scheduled for completion on or before October 15, 2013.

The primary goal of AID/HIRRD was to develop and deliver an innovative "turnkey" transformational program. The final product of this proposal will be a rate review process that is thorough, punctual, accurate, transparent, protective to the rate payer, compliant with all applicable laws, rules, regulations, and automated to the greatest extent possible.

The 'scope of services' for this contract was submitted to CMS /CCIIO, in advance, for review for suitability and regulatory compliance. The significance of this project is the immense value it is expected to bring to AID HIRRD as well as numerous other states which are expected to eagerly utilize the product upon completion.

Phase I is complete and has completed the 'User Acceptance Testing' period and is now in the "Go Live" period. Due to CMS policy, Phase II was delayed and totally redesigned to accommodate the introduction and mandated usage of the CMS Unified Rate Review Template (URRT) the announcement of which occurred in late November of 2012. This additional work requirement, which greatly impacted Phase II, was totally unforeseen by the AID/HIRRD.

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2. HIRRD Website

The upgrades for the second phase of our rate review went live this quarter. In an effort to continue providing consumers with basic and helpful information regarding rate review and health insurance costs, new sub-navigation drop-down menus and the following features were incorporated into the existing website:

- Video: Rate Review’s communications officer worked with our website developer to create a Rate Review 101 video which is posted on each page of the website. 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: To inform consumers about rate requests, Rate Review will send out notifications through an e-updates system. 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 new website section was created that contains easy to read charts and a database for current rates being reviewed and recent rates that have been approved or disapproved. For now, staff will manually extract data from the new AFMC developed application and insert the rate data into the charts. During this quarter, planning will begin to automate this process. 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 will allow 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. Planning also began on ways to update the Consumer Guide web page.

Steps were also taken this quarter to begin boosting the site’s search engine optimization. Our goal is to continue fortifying our online presence and provide consumers with important and useful information.

3. Legislative/Operational/Regulatory Enhancements

- a) Expanded legal authority for health rate review and approval or disapproval;
- b) Expanded expertise for health rate reviews;
- c) Enhanced 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;
- d) Created 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.
- e) Fully utilized 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.

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- f) Adopt 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) Created a “state of the art” AID internal database which will collect, process, and produce analyses of healthcare data, meeting or exceeding all applicable requirements contained within the ACA.

Operational/Policy Developments/Issues

The most significant developments, issues, and/or problems relate to Arkansas legislative activities. A summary of current legislative activities is listed below.

Arkansas Legislative Activity. The Arkansas General Assembly convened on January 14, 2013. During the quarter several bills had been introduced that if passed would affect the rate review process. By the end of the quarter, March 31, 2013, none of the bills had made their way through the Legislature. Below is a brief description of each bill.

- **HB1419.** This bill would allow the Commissioner to consider the surplus of a non-profit insurance company when reviewing proposed rates.
 - **HB2121.** A new mandate for cranial- facial surgery and all hearing and vision expenses related to the underlying condition. This would impact rates to a small degree.
 - **SB877.** This bill would allow carrier to offer policies without any benefits for out of network services. Such polices could reduce premiums and would need careful review by the Department.
 - **SB859.** This bill creates a state based exchange for Arkansas.
 - **HB1143.** This bill 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. If passed it will require additional premium reviews to insure that carriers have priced their products correctly for this block of new business.
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- ❖ 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

The biggest obstacle in reaching consumers is the lack of public knowledge regarding the Insurance Department as a whole and more specifically the health insurance rate review process. With social media platforms and continued development of the Rate Review and Department websites, the goal is to continue reaching consumers and having the information available when the consumer seeks it.

- The Rate Review Media Center is used on a daily basis for meetings, webinars, and training for Arkansas consumers for both Rate Review and Exchange activities.

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- The on-going development of the rate review (HIRRD) website continues to be a platform to increase public awareness about the AID rate review program, knowledge of health insurance, and general health care costs. In addition to the development of more robust website copy and content, we've also included a video which explains the rate review process and how the premium dollar is spent.
- The distribution of HIRRD educational materials such as the FAQ (frequently asked question) brochure continued this quarter at flu clinics, health fairs, and other public events.

Collaborative efforts

HIRRD collaborates frequently and intensely. In the development of iRate, HIRRD has worked very closely and successfully with CMS, SERFF, Arkansas Foundation of Medical Care (AFMC), Life & Health Division of AID, and supporters from other grantee states. The entire process has been a team effort.

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. In addition, Rate Review has worked with various stakeholders and divisions within the Department to dispense information about the regulatory and communication strategy changes that continue to evolve regarding rate review enhancements.

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 changes in the first quarter of the ACA implementation have been fast and furious. The introduction of the mandated Unified Rate Review Template (URRT) has been very difficult to incorporate. HIRRD has continued to request the definitive requirements in its interactions with the Exchange without satisfactory result. The "Lesson Learned" is to be flexible.

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.

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

Category	Spent/ Projected	Budgeted	Variance
Salary	228,765.0	392,869.0	164,104.0
Fringe Benefits	69,692.0	98,217.0	28,525.0
Professional Services/Contracts	880,054.0	1,048,015.0	167,961.0
Supplies and Other Office Expenses	74,752.0	105,804.0	31,052.0
Travel	8,903.0	45,468.0	36,565.0
Rental	38,314.0	72,000.0	33,686.0
Capital	16,402.0	56,725.0	40,323.0
Other	-	55,000.0	55,000.0
Total	1,316,882	1,874,098	557,216

Updated Rate Review Work Plan and Timeline

HIRRD is on or ahead of schedule for the original Rate Review Work Plan and timeline.

Data Collection and Analysis

(ALSO SEE PART II: HEALTH INSURANCE RATE DATA COLLECTION)

During the quarter the number of filings was very low with only 8 rate filings processed during the quarter. Four of the filings were for small group plans and four were for individual products. Six of the filings covered 418 lives with the other two covering 5747 lives. Four of the filings had requested an increase of over 10%. However, these four requests only covered 53 lives. Three of these requests were denied and one was approved at 5%.

The request with the most covered lives, 3969, was for a small group product. The requested increase was 4.98% and this was approved. Another request for a small group product covering 1778 lives was denied. The rate increase requested was 9.9%. However, due to the low Medical Loss Ratio (MLR) projection the request was denied. There were a total of nine submissions that had the final disposition processed in this quarter. One of the filings that was submitted in this quarter was not finalized until the new quarter.

1. USLH-128774964 – Any Size Group – Originally Requested an average 16.2% increase. We negotiated down to 5%. 50 policyholders. This is a discretionary group trust.
2. USHG-128858799 – Ind. MM – Grandfathered - Requested a 14.380%. Disapproved. Low LR & past increases. 1 policyholder.
3. USHG-128854326 – Ind. MM – Grandfathered-Requested a 14.380%-Disapproved. Low LR. 1 policyholder.

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4. USHG-128835295-Ind. MM (PPO)-Grandfathered-Requested a 14.380%-disapproved. Low LR & past increases. 38 policy holders.
5. UHLC-128913393-Small Group-Non-Grandfathered & Grandfathered-Requested a 4.980% increase. Approved. 416 policyholders & 3,969 covered lives.
6. TRST-128945872-Any size group-Non-Grandfathered & Grandfathered-Requested a 7.4%-Negotiated down to 5%. 28 policy holders and 326 covered lives.
7. GRTT-128890270-Ind. MM-High Deductible-Grandfathered-Requested a 9.900%-Approved. 2 policyholders & 2 covered lives.
8. CEUL-128941735-Ind. Hospital/Surgical/Medical Expense-Requested 9% and approved 5%. 24 policyholders. Should not have been reported to HHS. I sent an e-mail to SERFF asking for assistance in correcting the filing showing that it should not have been reported to HHS.
9. AMMS-128800060-Association Group-Non-Grandfathered & Grandfathered-Requested 9.900%. Disapproved request based on low loss ration and possibility of issuing rebate. 1042 policy holders and 1,778 covered lives

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.

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- 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 to include activities new this quarter and occurring to date with Rate Review Grant Funds:

- Total Funds Expended to date: **(\$1,316,882)**
- Total Staff Hired (new this quarter and hired to date with grant funds): **1/5**
- Total Contracts in Place (new this quarter and established to date): **1/9**
- Introduced Legislation: **Yes**
- Enhanced IT for Rate Review: **Yes**
- Submitted Rate Filing Data to HHS **Yes**
- Enhanced Consumer Protections: **Yes**
 - o Consumer-Friendly Website: **Yes**
 - o Rate Filings on Website: **Yes**

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Enclosures/Attachments

PART II: HEALTH INSURANCE RATE DATA COLLECTION

Exhibit 1: Timeline

Exhibit 2: Budget

Exhibit 3: SF-425

Exhibit 4: C2Q2-AR-ARLH-20130423-124608 1 .xlsb

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PART II: HEALTH INSURANCE RATE DATA COLLECTION

The data for Tables A-E (provided below) and the Rate Filing Detailed Data Elements will be submitted through the Health Insurance Oversight System (HIOS). The rate filing data can either be downloaded through the SERFF system or uploaded directly by the States (for states not employing SERFF) into the HIOS system. States *do not need* to also input the data into the programmatic narrative report template displayed here.

Tables A-E: Rate Volume Tables

If using SERFF to import your data into the HIOS System, please discuss any discrepancies between the imported data and State records.

Table A. Rate Review Volume

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
Number of submitted rate filings	12	10			22
Number of policy rate filings requesting increase in premiums	10	10			20
Number of filings reviewed for approval, denial, acceptance etc.	10	9			19
Number of filings approved	5	5			10
Number of filings denied	5	4			9
Number of filings deferred	0	0			0

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Table B. Number and Percentage of Rate Filings Reviewed – Individual Group

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
Product Type (PPO, HMO, etc.)	ALL	ALL			ALL
Number of Policy Holders	5,071	1,069			6,140
Number of covered lives affected	8,614	1,806			10,420

Table C. Number and Percentage of Rate Filings Reviewed – Small Group

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
Product Type (PPO, HMO, etc.)	ALL	ALL			ALL
Number of Policy Holders	34	466			500
Number of covered lives affected	270	4,060			4,330

Table D. Number and Percentage of Rate Filings Reviewed – Large Group

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
Product Type (PPO, HMO, etc.)	N/A	PPO			
Number of Policy Holders	N/A	39			39
Number of covered lives affected	N/A	52			52

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Table E. (SERFF Users): Number and Percentage of Rate Filings Reviewed –Combined

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
Product Type (PPO, HMO, etc.)	N/A	ALL			ALL
Number of Policy Holders	N/A	28			28
Number of covered lives affected	N/A	326			326

Rate Filing Detailed Data Elements: Please refer to the Enclosure for the updated **Rate Filing Detailed Data Elements**. Please note all the data collected for the Rate Filing Detailed Data Elements will be collected at the level of the *rate filing*.

Exhibit 1 Timeline

- 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).
- HIRRD was requested to present a demonstration of iRate at the ‘Plan Management’ meeting in Reston, VA on April 30th.
- 03.15.13 Phase I of the iRate development was formally completed.
- HIRRD and AFMC finalized an iRate 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 seminar on the URRT at AID
- 02.07.13 Phase I iRate project closeout
- 02.01.13 AFMC media center presentation with demo/discussion about AID application of iRate
- 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 and AFMC, a 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 [FIFTEEN MONTHS ACTUAL]
(MARCH 2013) CYCLE II**

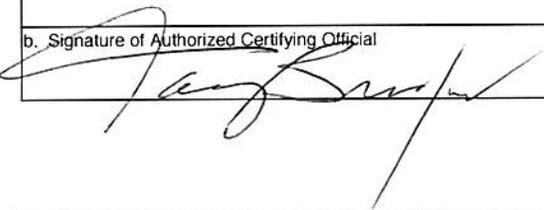
Category	Spent/ Projected	Budgeted	Variance
Salary	228,765.0	392,869.0	164,104.0
Fringe Benefits	69,692.0	98,217.0	28,525.0
Professional Services /Contracts	880,054.0	1,048,015.0	167,961.0
Supplies and Other Office Expenses	74,752.0	105,804.0	31,052.0
Travel	8,903.0	45,468.0	36,565.0
Rental	38,314.0	72,000.0	33,686.0
Capital	16,402.0	56,725.0	40,323.0
Other	-	55,000.0	55,000.0
Total	1,316,882	1,874,098	557,216

ACTUAL

	January 2013	February 2013	March 2013	Dec 2011 to Dec 2013	Budgeted Amount	Remaining Balance
Monthly Totals	226,724	164,092	301,695	1,316,882	1,874,098	557,216
Regular Salary	20,152	20,152	20,152	228,765	392,869	164,104
Total Fringe Benefits	6,488	6,478	6,361	69,692	98,217	28,525
Total Professional/Contract	179,061	133,424	266,687	880,054	1,048,015	167,961
Total Office Supplies and Other	17,993	1,009	3,173	74,752	105,804	38,873
Total Travel	-	-	-2,293	8,903	45,468	36,565
Total Rental	3,031	3,031	3,031	38,314	72,000	33,686
Capital	-	-	-	-16,402	56,725	40,323

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 810501558	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) 03/31/2013	
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					1,336,951.84		
b. Cash Disbursements					1,332,574.90		
c. Cash on Hand (line a minus b)					4,376.94		
<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					1,332,574.90		
f. Federal share of unliquidated obligations							
g. Total Federal share (sum of lines e and f)					1,332,574.90		
h. Unobligated balance of Federal funds (line d minus g)					2,541,523.10		
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				c. Telephone (Area code, number and extension) 501-371-2621			
b. Signature of Authorized Certifying Official 				d. Email address jay.bradford@arkansas.gov			
				e. Date Report Submitted (Month, Day, Year) 4/24/2013			
14. Agency use only:							

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.

If changes are needed on this report, please have the appropriate changes made on the actual subject filings not be sent to HHS when the report is submitted.

Cycle 2 Period Q2

01/01/2013-03/31/2013

State: Arkansas

Generated: 04/23/2013 12:46:08

Submitted

HIPR Table A - Summary

Rate Filings For This Period (A1)	9
Rate Increases For This Period (A2)	9
Reviewed (A3)	8
Approved (A4)	4
Denied (A5)	4
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	2
POS	0	0
PPO	1044	1780

HIPR Table C (Small Group) - Summary

Product Type	Policy Holders	Covered Lives
EPO	0	0
FFS	1	2
HDHP	30	54
HMO	0	0
HSA	6	12
OTH	0	0
POS	0	0
PPO	429	3992

HIPR Table D (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	39	52

If changes are needed on this report, please have the appropriate changes made on the actual subject filings not be sent to HHS when the report is submitted.

Cycle 2 Period Q2

01/01/2013-03/31/2013

State: Arkansas

Generated: 04/23/2013 12:46:08

Submitted

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	7	78
OTH	0	0
POS	0	0
PPO	21	248

HIPR Rate Review Detail

SERFF Tracking #	Submitted Date	HIPR Table A						Disposition				Change Type	% Change Requested		
		A1	A2	A3	A4	A5	A6	Date	SERFF Disp	HHS Disp	State Review		Min	Max	Avg
USLH-128774964	12/7/2012	N	N	Y	Y	N	N	1/17/2013	APPROVED	HHS Approved	Reviewed-No Actuary	Increase	5	5	5
USHG-128858799	1/31/2013	Y	Y	Y	N	Y	N	2/27/2013	DISAPPROVED	HHS Denied	Reviewed by Actuary	Increase	14.38	14.38	14.38
USHG-128854326	1/31/2013	Y	Y	Y	N	Y	N	2/27/2013	DISAPPROVED	HHS Denied	Reviewed by Actuary	Increase	14.38	14.38	14.38
USHG-12885295	1/31/2013	Y	Y	Y	N	Y	N	2/27/2013	DISAPPROVED	HHS Denied	Reviewed by Actuary	Increase	14.38	14.38	14.38
UHLC-128961515	3/28/2013	Y	Y	N	N	N	N	4/9/2013	APPROVED-CLOSED	HHS Approved	Reviewed by Actuary	Increase	9	9	9
UHLC-128913393	2/27/2013	Y	Y	Y	Y	N	N	3/25/2013	APPROVED-CLOSED	HHS Approved	Reviewed by Actuary	Increase	4.98	4.98	4.98
UHLC-128913378	2/27/2013	Y	Y	N	N	N	N	4/16/2013	APPROVED	HHS Approved	Reviewed by Actuary	Increase	7.19	7.19	7.19
UHLC-128913342	2/27/2013	Y	Y	N	N	N	N	4/16/2013	APPROVED	HHS Approved	Reviewed by Actuary	Increase	7.19	7.19	7.19
TRST-128945872	3/18/2013	Y	Y	Y	Y	N	N	3/27/2013	APPROVED-CLOSED	HHS Approved	Reviewed by Actuary	Increase	5	5	5
GRIT-128890270	2/12/2013	Y	Y	Y	Y	N	N	3/25/2013	APPROVED-CLOSED	HHS Approved	Reviewed by Actuary	Increase	9.9	9.9	9.9
AMMS-128800060	12/7/2012	N	N	Y	N	Y	N	1/8/2013	DISAPPROVED	HHS Denied	Reviewed by Actuary	Increase	9.9	9.9	9.9

Detail data for filings in this color will not be sent to HHS. Only filings with HHS Status of Approved or Denied that were disposed within the period are sent.

% Change Approved			Implementation Date		Filing Mode	Company		
Min	Max	Avg	Requested	Approved		Issuer ID	Name	CoCode
5	5	5	2/1/2013	1/17/2013	Review & Approval	72217	United Security Life and Health Insurance Company	81108
			3/1/2013		Review & Approval	44722	National Foundation Life Insurance Company	98205
			3/1/2013		Review & Approval	44722	National Foundation Life Insurance Company	98205
			3/1/2013		Review & Approval	61273	Freedom Life Insurance Company of America	62324
9	9	9	8/1/2013	8/1/2013	Review & Approval	0	UnitedHealthcare Insurance Company	79413
-5	4.98	4.98	4/1/2013	5/1/2013	Review & Approval	22732	UnitedHealthcare Insurance Company of the River	12231
7.19	7.19	7.19	4/1/2013	4/16/2013	Review & Approval	81392	UnitedHealthcare Insurance Company	79413
7.19	7.19	7.19	4/1/2013	4/16/2013	Review & Approval	65817	UnitedHealthcare of Arkansas, Inc.	95446
5	5	5	6/1/2013	6/1/2013	Review & Approval	24512	Trustmark Life Insurance Company	62863
9.9	9.9	9.9	3/25/2013	5/1/2013	Review & Approval	69891	Guarantee Trust Life Insurance Company	64211
			4/15/2013		Informational	62722	Golden Rule Insurance Company	62286

Trend Factors	Affected Forms		
	Block Status	New Policy Forms	Closed Block Forms
Annual Trend Utilization: 24.6% Cost: 9.4%	Open		
Our current trend assumption is 14.38% annually.	Closed		BK-CHOICE-06-C-AR-NFL
Our current trend assumption is 14.38% annually.	Closed		MM-89 AR
Our current trend assumption is 14.38% annually	Closed		HDHP-06-C-AR-FLIC, GMS-06-C-AR-FLIC, MMS-05/03-C-AR-FLIC, USHG-2009-C-AR-FLIC, USHG-2007-C-AR-FLIC, MM2000-C-AR-FLIC, HSAP-05/04-C-AR-FLIC, WAIVER-C-OR-FLIC, GOPTRC-OR-FLIC
10.50%	Mixed	n/a	n/a
The annual pricing trend is 10.5%	Open		
The annual pricing trend is 10.5%	Open		
The annual pricing trend is 10.5%	Open		
13% annually	Open		
	Open	HDIP-2003	
	Open		

Other Affected Forms	Benefit Change	Change Period	Member Months	New Rate Annual \$			New Rate Projected			Prior	
				Min	Max	Avg	Earned Prem	Incurred Clms	Min	Max	
ABC-2008APXAR, ABC-2008PRPAR, PROHDHP-2008, ABC-2008ADCAR, ABC-90, PROPLUS-98	None	Annual	1080	54	570	181	195384	95566		51	
	None	Annual	60	63.53	63.53	63.53	3812	2550		55.54	
	Increase	Annual	24	1611.9	1611.9	1611.9	38686	25881		1409.25	
n/a	None	Annual	792	338.58	338.58	338.58	268152	179394		296.01	
UHC AR Plus Schedule of Benefits 04/10, et al,	Increase	Annual	44900	110.12	198.95	133.47	3574860	6044613		101.03	
UHC AR Heritage Plus Rev 8/12	None	Other	45553	124.16	1575.58	311.52	14190745	11349012		118.27	
POLICY.01.AR et al; POL.I.07.AR et al; POL.I.09.AR et al; POL.I.09.AR et al; MHPAMD.I.01.AR; MHPAMD.I.07.AR; MHPAMD.I.09.AR	None	Other	200659	152.97	1444.43	385.68	77390029	56922298		142.71	
AR2001HMO POLICY; POL.H.07.AR et al; POL.H.09.AR et al; MHPAMD.H.01.AR; MHPAMD.H.07.AR; MHPAMD.H.09.AR	None	Other	9449	318.93	1566.04	594.89	5621118	3996702		297.54	
S989C	Increase	Annual	3933	185.47	1565.79	437.9	1722251.56	1240021.12		176.66	
G258102009, G25HS12009, G25SVR2009 and G25CPY2009	None	Annual	53	116.17	172.62	144.4	3465.5	3014.98		105.71	
	None	Annual	23696	22	1667	181	2553270	1914893		20	

Rate Annual \$		Prior Rate Total		Type of Insurance (TOI)	Sub-Type of Insurance (SubTOI)
Max	Avg	Earned Prem	Incurred Clms		
543	172	169209	42680	H16G Group Health - Major Medical	H16G.001C Any Size Group - Other
55.54	55.54	3332	2109	H16I Individual Health - Major Medical	H16I.005A Individual - Preferred Provider (PPO)
1409.25	1409.25	33822	21409	H16I Individual Health - Major Medical	H16I.005C Individual - Other
296.01	296.01	234440	148400	H16I Individual Health - Major Medical	H16I.005A Individual - Preferred Provider (PPO)
182.52	122.45	3279700	5470364	H21 Health - Other	H21.000 Health - Other
1500.84	296.74	13517570	10270599	H16G Group Health - Major Medical	H16G.003G Small Group Only - Other
1347.54	359.81	72198926	51513392	H16G Group Health - Major Medical	H16G.003G Small Group Only - Other
1461	554.99	5244069	3616925	H0rg02G Group Health Organizations - Health Mai	H0rg02G.004E Small Group Only - Other
1491.42	417.1	1640448.82	825030.16	H16G Group Health - Major Medical	H16G.001A Any Size Group - PPO
157.07	131.39	5925	2622	H16I Individual Health - Major Medical	H16I.005C Individual - Other
1667	164	3147567	2087921	H16G Group Health - Major Medical	H16G.001C Any Size Group - Other