

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

Report Date December 18, 2014

| Organization Information | |
|--|---|
| State | Arkansas |
| Project Title | Arkansas Health Insurance Rate Review Program Cycle III |
| Grant Project Director (Name and Title) | Lowell Nicholas Deputy Commissioner – Rate Review Director |
| Phone/Email | 501-683-3836 lowell.nicholas@arkansas.gov |
| Grant Authorizing Representative | Same |
| Phone/Email | Same |

| Grant Information | |
|---|----------------------------------|
| Date Grant Awarded | September 23, 2013 |
| Amount Granted | \$3,134,794.00 |
| Project Year | 2013-2015 |
| Project Reporting Period (Example: Annual Report 10/1/2013-9/30/2014) | Annual Report (10/01/13-9/30/14) |

The purpose of the Annual Grant Report is to:

- Summarize the Rate Review, Required Rate Reporting and Data Center initiatives funded through the grant program over the prior year
- Describe the establishment and enhancement of an Effective Rate Review Program over the prior year
- Describe new pricing transparency initiatives at the funded Data Center over the prior year
- Provide the States participating in Cycle III of the Rate Review and Pricing Transparency Grant with the opportunity to share information, highlight successes and reflect upon the progress of their programs

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Grant Performance Period-Cycle III: September 23, 2013 through September 30, 2015

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 health insurance rate review and increase pricing transparency.

The statute indicates that the program serves the following purposes:

- (1) Establish or enhance rate review programs, referred to in the Cycle III Funding Opportunity Announcement (FOA) as “Rate Review” activities;
- (2) Help states to provide data to the Secretary regarding trends in rate increases as well as recommendations regarding plan participation in the Exchange, denoted as “Required Rate Reporting” activities in the Cycle III FOA; and
- (3) Establish Data Centers that collect, analyze, and disseminate health care pricing data to the public, denoted as “Data Center” activities in the Cycle III FOA.

The goals of the Cycle III 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.
- Developing and enhancing Data Centers that provide pricing data in a transparent, user-friendly way to consumers, employers, researchers, entrepreneurs, non-profit organizations, and other government agencies in order to improve the value of care delivered in the state.

States are required to submit annual progress reports to CCIIO’s Rate Review Grant Program. The annual progress report describes significant advancements towards the State’s goal of improving its current health insurance rate review process and/or pricing transparency, over the prior twelve month period.

Each annual report is due sixty days following the end of the Federal fiscal year. The Cycle III

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annual report is due by November 30, 2014. All annual reports must be submitted electronically through the Health Insurance Oversight System (HIOS). For the final grant year, the Cycle III Final Report will replace the Cycle III Annual Report.

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 annual progress report must detail how grant 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 Arkansas Health Insurance Rate Review Division (HIRRD) applied for and received funding under Cycles I, II, III & IV. 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 1, 2011, Steve Larsen, CCIIO Director, officially notified Commissioner Jay Bradford that the AID had met the applicable criteria and had been designated an 'Effective Rate Review Program' in all markets. Due, in part, to Cycle II funding, that official designation has been successfully maintained throughout 2013 by constant vigilance and compliance to the applicable ACA rules and regulations.

On September 23, 2013, HIRRD was awarded \$3,134,794 (*Cycle III Grants to States to Support Health Insurance Rate Review and Increase Transparency In Health Care Pricing*). The Grant consisted of \$2,000,000 (baseline), \$400,000 (performance), and \$734,794 (workload). The FY14 budget is \$2,134,794 and FY15 budget is \$1,000,000. The two major projects, the All Payers Claims Database (APCD) & Insurance Rate Analysis and Tracking Engine (iRATE), take 75% of the total FY14 budget and 50% of the total FY15 budget.

The Arkansas Health Insurance Rate Review Department (HIRRD) designated 72% of the total Cycle III grant funds to two major data/transparency endeavors:

1. **iRATE** Final Development of the Insurance Rate Analysis & Tracking Engine
2. **APCD** Design and implementation of an All Payers Claims Database

Annual Program Implementation Status: Include an update on progress towards the following:

1. **iRATE** (Insurance Rate Analysis and Tracking Engine) is a groundbreaking application, developed by the Arkansas HIRRD, that 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 a 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.

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These capabilities and many others make iRATE the best application for submitting a fast, effective and accurate rate review. Ongoing enhancements are ongoing to include the URRT, QHP, and automation of website transfer.

iRATE BACKGROUND:

iRATE was conceived by the Arkansas HIRRD in 2011. The development of iRATE was initially funded by Cycle II Rate Review grant funds. iRATE is 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 June 2012, HIRRD contracted with the Arkansas Foundation for Medical Care (AFMC) to build a first stage Data Center for **Insurance Rate Review** that will combine health system data from Arkansas commercial sources to achieve the following objectives:

- Protect consumers from unreasonable, unjustified and/or excessive rate increases;
- To enhance existing systems to capture required data, aggregate data, report critical;
- To review trends and rating practices in the individual as well as the small and large group health insurance market to help develop policy initiative and make recommendations aimed at ensuring health insurance rates charged within the state are fair and reasonable;
- Gain insight into Arkansas’s health insurance systems by identifying variations in insurance rates;
- Promote transparency across health insurance providers and reimbursement systems,
- Guide development of new rate review models for considered implementation

After careful analysis and planning, the iRATE application was developed to meet the needs of the AID and the industry at large. Four phases of the project are complete thus far and enhancements will continue over the next year. As industry needs change, appropriate modifications will be made to iRATE. HIRRD must remain flexible to adjust to these changes.

For 2015, AFMC has planned a number of enhancements to add functionality and enhance the application for Rate Review. These modifications will improve the application and

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solidify iRATE as the market leading tool for Rate Review in the country. There is no other product that comes close to the features that it offers and the enhancements will improve its value to states and territories.

HIRRD plans to add the following enhancements to iRATE:

- URRT Redesign work
- Coding Crosswalk
- Transparency Upgrades
- Inclusion of financial data from iSITE
- Modifications to checklists for improved functionality
- Enhanced metrics to compare filings
- Inclusion of all SERFF Templates
- Incorporating HIOS data
- Tasks notification system

Improved Transparency is scheduled to begin toward the end of March and will improve the information provided to the public when viewing a rate filing. Improved financial data from iSITE will allow Rate Review personnel to make better informed decision based on the financial information of Insurance Companies. Incorporating additional iSITE data will begin in April.

Improving the interface through the Checklist feature is scheduled for June thru mid-July. Enhancements to the user interface are one of the focal points in 2014. A better experience for the user is important to adoption of key stakeholders in other states. Throughout each of these enhancements, improvements to the user interface will be implemented.

One of the biggest features of iRATE today is the ability to compare filings across a company or an industry. In mid-July thru late August, AFMC will work to expand on that information to provide additional metrics, so reviewers have more information for comparison purposes.

The Business Rules, Service Area, and Rates Templates were added as a part of Phase III. In August – October, AFMC will begin development to include the additional templates outlined at http://www.serff.com/plan_management_data_templates.htm. These templates will provide additional information to help state agencies perform rate review.

Plans are underway to incorporate HIOS data into iRATE. From the end of October through the beginning of December, AFMC plans to complete this development.

Starting in December and lasting into 2015, AFMC will build a Task Notification system into iRATE, to allow users to track tasks assigned to each individual working to review a filing.

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This system will streamline workflow allowing for more efficient processing of a Rate Review.

The 2015 calendar year proves to be a busy time for development of iRATE, but also a critical time to implement updates to improve the product. By incorporating the items noted above, iRATE will continue to add value to states and solidify it as the best product for Rate Review. We will enhance, modify, or change these plans as needed based on the direction of the Arkansas Insurance Department (AID). If the schedule needs to be modified, we will adjust based on the needs of our client. Working under the direction of the AID, AFMC will continue to build a product that is a leader in the industry.

2. **APCD** (All Payers Claims Database) is a large-scale database that systematically collects health care claims data from a variety of payer sources. APCD systems collect data from the existing transaction systems in place to pay health care claims, thus leveraging data from within the insurance claims and reimbursement system, including public payers such as Medicare and Medicaid. The resultant claims data is analyzed, in great detail, to obtain optimal results in better healthcare, lower costs, improved health policy, and consumer pricing transparency.

APCD BACKGROUND

All Payers Claims Database (APCD) design and implementation

On December 16, 2013, the Health Insurance Rate Review Division (HIRRD) of the Arkansas Insurance Department (AID) issued a “Request for Proposal for an Intergovernmental Technical Services Contract - RR-120142” which contracts for the design and implementation of an ‘All Payers Claims Database’ (APCD) for the State of Arkansas.

Official proposals were submitted to HIRRD on or before February 3, 2014. HIRRD issued the “Notice of Award” on March 10, 2014. Federal grant funds in the amount of \$1.7 million have been allocated to the design and implementation of the APCD for the State of Arkansas. Bidders were limited, by specific federal grant guidelines, to academic institutions or non-profits.

An APCD is a large-scale database that systematically collects health care claims data from a variety of payer sources. APCD systems collect data from the existing transaction systems in place to pay health care claims, thus leveraging data from within the insurance claims and reimbursement system, including public payers such as Medicare and Medicaid. The resultant claims data is analyzed, in great detail, to obtain optimal results in better healthcare, lower costs, improved health policy, and consumer pricing transparency.

The State of Arkansas urgently needs the benefits of an All-Payer Claims Database (APCD). Healthcare data and pricing in Arkansas is fragmented and difficult to obtain in a usable format

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or in a timely manner. In recent surveys and reports, the State of Arkansas consistently receives low scores in comparison to other states. In the national report card on ‘State Price Transparency’ by Health Care Improvement Incentives Institute, Arkansas received a grade of “D”.

APCDs are an emerging data source for multiple stakeholders to better understand health care costs, utilization, access, and quality. When APCD data is overlaid with clinical outcome measures and unduplicated enrollment data, it can show statewide variation in care, including whether evidence-based guidelines and best practice clinical standards are being followed and how they affect cost and quality.

The data can also be analyzed to identify disparities in the coordination of health care between communities, counties, and regions.

Fortunately, valuable and historical information is available to the State of Arkansas in its design and implementation of an APCD. Twelve states have already implemented APCDs, and another eleven are in mid-implementation. The APCD experiences of these states have created a tremendous amount of invaluable information for the states that follow in their footsteps.

3. Challenges and Responses faced this year:

- With simultaneous activities in Cycle II, III, & IV, the quarterly and annual reports to HHS are additionally challenging to HIRRD.
- Another challenge is the continuing technical problems with HIOS.
- Maintaining compliance with the ACA mandates and regulations while simultaneously conducting an efficient rate review process within the State of Arkansas has been challenging.
- Gaining legislative approval for the “All Payers Claims Database” (APCD) contract, funded by the Cycle III Rate Review Grant, was a special challenge. The APCD contract was 60% of the entire Cycle III grant request and was dedicated to the formation and implementation of the APCD. Final legislative approval was attained on June 20, 2014.
- The Cycle III Rate Review Grant application submitted during the third quarter was a special challenge because 60% 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 “Request for Proposals” which was well documented and strategically sound.
- The Cycle IV grant application was researched and written during the third quarter (although formally submitted July 17, 2014). This grant application required enormous time and effort to reflect the meaningful integration of the “Medical Pricing/Transparency” component into the current implementation of the APCD funded by Cycle III.
- All proposed grant activities were either completed during the prior twelve months or are ahead of schedule.

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ACHI/HIRRD achieved several milestones during this year of the Cycle III Grant:

- Public Outreach
 - Planned APCD Advisory Committee and Workgroups
 - Researched Best Practice Report
 - Developed Best Practice Report
- File Management and Database Development
 - Data Intake
 - Data Integration
- Analytics, Reporting and Data Release
 - Data Release
 - Analytics and Reporting
- Project Support
 - Data Security and Privacy Plan
 - Data Submission Guide
 - Hardware/Software procurement
 - Data Management
 - Technical Support
 - Publish Data Submission Guide v1.0
 - Deploy Technical Support
- Project Management
 - HIRRD Weekly Status Reports
 - HIRRD Quarterly Status Reports
 - HIRRD Bimonthly Status Meetings
 - Project Execution, Monitoring and Control

Other items that have been achieved this year:

- Ordered the required hardware and software
- Held final validation meeting with applicable team
- APCD Website Development awarded to Justin Mauck
- Submitted Data Use Agreement to Medicaid
- Working on Medicare Data use Agreement
- Development of Project-level success criteria
- Reviewed Security Protocols with UAMS IT Security Officer
- Completed first draft of all scopes, deliverable definitions and schedules
- Began contacting potential Stakeholders
- Completed change management request form and template

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Overview of HIRRD Accomplishments

- A. Awarded and maintained an “Effective Rate Review Program” in all markets.
- B. Issued \$1.7 million RFP for design and implementation of an All Payers Claims Database.
- C. Applied for and received \$1,179,000 in Cycle IV grant funding.
- D. Implementation of a major contract to produce iRATE, a “revolutionary” “Automated SERFF Data Extraction, Retrieval & Analytic Application.”
- E. Created an interactive and comprehensive rate review training manual for AID
- F. Created a formal and comprehensive onsite “Rate Review” training program.
- G. Creation and launch of new HIRRD website within the AID website.
- H. Implemented user-friendly education platform for Arkansas Consumers.
- I. Created enhanced Rate Review System Evaluation.
- J. Direct and major support of AID Life & Health Division in Rate Review analysis.
- K. Production of a health insurance “cost and marketplace study”.
- L. Contracted for a comprehensive review and assessment of AID Rate Review by AON Hewitt.
- M. Full adoption of all-inclusive recommendations from AON Hewitt review and assessment.
- N. Creation and implementation of the “Rate Review Media Center”.
- O. Hosted Little Rock National Rate Review Meeting.
- P. Created National Rate Review Communications Platform (RR Listserv).

4. Describe any required variations from the original Work Plan and companion timeline. (None)

Significant Activities: Undertaken and Planned

1. **APCD**
2. **iRATE**
3. **Medical Pricing/Transparency**

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1. ALL-PAYERS CLAIM DATABASE (APCD)

AID/HIRRD completed a competitive procurement process for the Arkansas All-Payer Claims Databases (APCD) in June 2014 with the formal execution of a contract with the Arkansas Center for Health Information (ACHI), a research and analytics center at the University of Arkansas Medical Science. ACHI staff members have extensive experience in designing and executing sound study methodologies using health care data.

The implementation of an All Payer Claims Database (APCD) Data Center is underway, which will help consumers, businesses, and researchers to understand variation in health care pricing, utilization, and quality. This web based tool is being made available to all states. The Arkansas APCD Data Center will provide consumer-friendly, highly accessible information about the cost of specific medical services based on data collected under Cycle III funding.

ACHI manages the Arkansas Health Data Initiative (HDI), which includes data from all publicly funded health care services (Medicaid, state employees), registries (births, deaths, and vaccines), hospital discharge data, automobile crash data, and workers compensation. ACHI reports drawn from the HDI include school health, annual obesity tracking analysis, and effects of seat belt use.

The APCD Data Center will collect claims from private and public payers doing business in Arkansas. An APCD Stakeholder Advisory Group has already begun deliberations to develop data submission requirements, including submitter thresholds based on best practices from other APCD models. For example, some states set thresholds ranging from 1,000 to 5,000 covered lives for APCD submission; others use total in-state premium amounts as the minimum requirement.

The proposed APCD Data Center will roll out in two phases. The first phase will offer Arkansas residents aggregated information about average or median costs for price-sensitive medical services based on a geographic area or region. As the APCD Data Center vendor, Arkansas Center for Health Improvement (ACHI) will provide the information in an accessible, user-friendly tool, including web-based look-ups and a mobile app. In designing this tool, ACHI will consult with the APCD Advisory Group, conduct focus groups, and incorporate best practices from other APCD states and health literacy research. ACHI will test all tools for appropriate access for people with varying levels of health literacy. The APCD Data Center will achieve transparency by publishing detailed information about how prices are calculated, as well as the strength and credibility of the underlying data. ACHI will update pricing information every six months, in conjunction with the refresh of the APCD warehouse.

The second phase of APCD Data Center will build on the initial phase by adding provider specific information. Preparation for this phase includes leveraging the provider directory that ACHI is currently developing, evaluating the strength of the data and assessing the validity of the variation reported, and previewing the reports with the affected providers. In keeping with best practices, such as those demonstrated with the Colorado and Massachusetts APCD public reporting efforts and the Qualified Entity Program, Arkansas reporting projects should strive to maintain strong relationships with stakeholders throughout the development and delivery portions of the project.

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2. **INSURANCE RATE ANALYSIS AND TRACKING ENGINE (iRATE)**

iRATE is a new application that 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 a rate review is easily accessible at all times. In addition, iRATE includes a robust reporting system that helps insurance departments better track rate filings, review past request and file them for future use. These and many other capabilities make iRATE the best application for performing a fast, effective and accurate rate review.

Background

In 2012, AID approached Arkansas Foundation for Medical Care (AFMC) to build a comprehensive Data Center for Insurance Rate Review that combines health-system data from Arkansas commercial sources to achieve several objectives:

- Protect consumers from unreasonable, unjustified, or excessive rate increases
- Enhance existing systems to enable the capture of required data, aggregate data, and report critical information
- Review trends and rating practices in the individual and small- and large-group health-insurance markets to help develop policy initiatives and make recommendations aimed at ensuring health-insurance rates charged within the State are fair and reasonable
- Gain insight into Arkansas's health-insurance systems by identifying variations in insurance rates
- Promote transparency across health-insurance providers and reimbursement systems
- Guide development of new rate review models for considered implementation

After careful analysis and planning, AFMC developed the iRATE application to meet the needs for AID and the industry-at-large. This project, funded by a U.S. Department of Health and Human Services (HHS) grant (PHS 2794 of ACA), originally restricted eligible bidders to a qualified academic institution or a qualified non-profit for this particular contract. After lengthy due diligence, HHS determined that only AFMC could meet the required qualifications, and they were awarded the contract on a "Sole Source" basis.

Three phases of the project are complete and include the following accomplishments:

- **Phase I** – AFMC created an application using data from the System of Electronic Rate and Form Filing (SERFF) to more easily compare filings from across a company or the industry as a whole. Data was extracted from SERFF and displayed in an easier format for users. Data and color highlighting were displayed in such a way as to emphasize important information for rate reviewers. Search capabilities were added, and standardized reporting was included. Finally, checklists were included so states and territories could customize the application to capture data specific to requirements and regulations of each individual state or territory. This phase began on August 28, 2012 and was completed February 6, 2013.
- **Phase II** - The main focus of Phase II was for AFMC to include data from the Unified Rate Review Template (URRT), which was originally designed to "seek out all relevant and applicable healthcare data regardless of source" and incorporate this data into iRATE.

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On November 20, 2012, AFMC was notified of the new URRT that was to be included in all Rate Filing Reviews, and Phase II was amended to solely incorporate the URRT into the application. Phase II development began on February 12, 2013 and was completed May 31, 2013.

- Phase III** - The purpose of Phase III was to include three templates from SERFF: the Rate Table Template, Rating Rules Template, and Service Area Template. Phase III also included an enhancement to the AID website (<http://www.arhealthpremiums.com>), a site devoted to protecting Arkansas health insurance consumers from unreasonable premium rate increases. This enhancement added key information about each filing, so that Arkansas consumers would have access to more detailed data. Phase III was finalized in December 2013.

As the industry changes, the need for modifications to the iRATE application expand, and AID and AFMC must remain flexible to make adjustments when changes arise. AFMC wants to continue to work closely with AID to identify any and all necessary modifications that must take place to accommodate these industry changes.

- Phase IV** - Due to the success of the previous three phases of iRATE and a proven track record, AFMC submitted the following proposal for Phase IV development for June 2014 to August 2015.

Scope of Work for Enhancements

Based on AID’s changing needs, AFMC offers targeted improvements to the iRATE application to add functionality and enhance it for Rate Review. No other product comes close to the features built into iRATE, and the upcoming improvements will enrich its value to Arkansas and its consumers with planned enhancements, which we explain further in the subsequent text. Working under AID’s direction, AFMC will continue to build a product that serves AID by saving time and expense for rate reviews.

Beginning and completion dates for the described enhancements are estimates based on AID’s needs. AFMC will enhance, modify, or change dates and plans as needed, based on AID’s direction. If the schedule or order of plans should need modification, we will adjust accordingly.

| iRATE Enhancement Task | Start Date | Finish Date |
|---|--------------|--------------|
| A. Data Template Inclusion | Jun 2, 2014 | Jun 17, 2014 |
| B. Inclusion of Financial Data from I-SITE | Jun 6, 2014 | Jul 28, 2014 |
| C. Modifications to User Interface for Improved Functionality | Jul 29, 2014 | Sep 29, 2014 |
| D. Transparency Upgrade | Sep 30, 2014 | Nov 27, 2014 |
| E. Enhanced Metrics to Compare Filings | Nov 28, 2014 | Jan 12, 2015 |
| F. Inclusion of SERFF Templates | Jan 13, 2015 | Feb 5, 2015 |
| G. Task Notification System | Feb 6, 2015 | May 21, 2015 |
| H. Coding Crosswalk | May 22, 2015 | Aug 3, 2015 |

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A. Data Template Inclusion: This enhancement will be the “Actuarial Memorandum and Plain Language Summary” data templates. These data templates, created by Lewis & Ellis Actuaries & Consultants, will require AID to issue a bulletin requiring insurance companies to include these mandatory templates in SERFF during the file submission process. Similar to the URRT, the data from these two data templates will be included as a separate tab in iRATE.

B. Inclusion of Financial Data from I-SITE: I-SITE is an Internet based application, developed by the National Association of Insurance Commissioners (NAIC), which allows users to run ready-made reports based off of data stored in the NAIC databases. I-SITE is used to obtain comprehensive financial, market conduct, producer licensing and securities information. Data from I-SITE will allow rate review personnel to make more informed decisions based on the financial information of insurance companies. Also, integrating this information into iRATE will save rate review personnel time, as they will not have to move from application to application to obtain information. iRATE combines many data sources into one easy-to-use interface.

C. Modifications to User Interface for Improved Functionality: Enhancements to the user interface will be focal points in 2015 in order to provide better experiences for users. Throughout each enhancement, improvements to the user interface will be implemented.

D. Transparency Upgrade: Work on the Improved Transparency enhancement can expand on the information provided to the public when viewing a rate filing. Currently, Arkansas consumers of an insurance policy have the ability (via arhealthpremiums.com) to review high level information related to a particular filing such as the “Status, Product Name, Overall Rate Impact, Effective Date, Policy Holders, and Covered Lives.” Consumers also have the ability to provide comments related to a filing and iRATE offers the functionality for rate review management staff to make those comments available for public viewing. AFMC will expand on this functionality to include publicly available documents from SERFF, search capabilities, and other improvements to increase the information provided to the public.

E. Enhanced Metrics to Compare Filings: A major feature in iRATE today is the ability to compare filings across a company or an industry. AFMC will work to expand on that information by providing additional metrics, so reviewers have more information for comparison purposes. These metrics will help rate review staff see outliers and provide visual cues of those outliers to aid them in identifying areas they need to focus on. These metrics will help reviewers focus on information that might require more in-depth review. Being able to compare how a particular filing falls in line with other filings of companies domiciled in Arkansas will provide reviewers with information they have never had before when performing rate review.

F. Inclusion of SERFF Templates: Features of the Phase III implementation include templates for “Business Rules, Service Areas, and Rates.” AFMC will begin development to include additional templates (outlined at http://www.serff.com/plan_management_data_templates.htm):

- Administrative Data Template
- Essential Community Providers Template
- Plans and Benefits Template
- Plan Benefits Add-In
- Prescription Drug Template

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- Network Template
- Issuers NCQA Template
- Issuers URAC Template

These templates will be used by issuers in applying for certification to participate in federally-facilitated exchanges and state partnership exchanges. Most state-based exchanges will also use these templates. Including these templates enhances the template information put in place in the Phase III development of iRATE.

G. Task Notification System: Starting in 2015, AFMC will build a “Task Notification System” into iRATE to allow users to track tasks assigned to each individual reviewing a filing. This system will streamline workflow, allowing for more efficient processing of a rate review. Users will be able to track a filing to see who is working on it and analyze the process in which a review was completed. Management will be able to monitor the workflow of a filing to ensure it is being handled efficiently and completed in a timely manner.

H. Coding Crosswalk: At a meeting between AFMC and CMS in Bethesda, MD, in October 2013, Doug Pennington, Director, Rate Review Division Oversight Group, mentioned the need to be able to differentiate between grandfathered plans and the current medal plans for the Insurance Exchange on the “Rate Analysis” view of iRATE. AFMC will complete a review of medal plans and subsequently complete this Rate Analysis screen modification.

Development of iRATE will be a busy and critical time to implement updates to enhance the product by AID during 2014-2015. By incorporating the items noted above, iRATE will continue to add value to AID and solidify iRATE as the premium product for rate review.

Implementation

AFMC will provide enhancements in two stages:

- Stage I – User Acceptance Testing
- Stage II – Implementation

During Stage I, AFMC will deliver each enhancement separately into a test environment hosted within the AFMC Data Center. AID users will perform user acceptance testing in this environment remotely via an Internet connection and provide feedback to AFMC about the functionality and its desired outcomes. Any questions or changes identified as in scope and provided to AFMC will be corrected in the test environment and delivered to AID users for review. Upon successful testing within the test environment, AID will provide written notification that testing is successful and agree to move the changes to the production environment. User acceptance testing will occur after development is complete for each enhancement. This approach will lessen the overall time to analyze the environment and allow ease of testing and approval for AID.

Training

During Stage II, as each enhancement is completed and migrated to the production environment, AFMC will provide trainings of the iRATE application. This will include all aspects of the new enhancements, including any administrative functions. The trainings will be conducted via WebEx or face-to-face as needed. Each training session will last no more than two hours.

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AFMC will also provide training in the form of a User's Guide, located at <http://www.afmc.org/irate>. This comprehensive guide will provide users with information about all application features. The guide will be updated during development and include all relevant and new information related to the changes described in the "Scope of Work for Enhancements" section of this document. The User Guide will be complete in its entirety after all functionality is accepted and available in the production environment.

Support

Support will be provided via the AFMC iRATE Helpline (phone number 479.573.7777, Option 2). This hotline will be the entry point for all inquiries regarding the iRATE application. All requests will be triaged and assigned a priority for additional review. Any problems will be resolved in a timely manner. If application modifications are required to correct an issue, the information will be communicated to AID. This information will include time and date-of-completion estimates. Upon completion, notification will be sent to AID alerting users to the change and requesting sign-off that the change meets their needs.

AFMC Qualifications and Technology Expertise

- AFMC offers the greatest benefit and lowest risk to AID. Their software has been developed to the highest standards leading to AID's confidence in their capabilities and expertise. They guarantee a continued high level of service and innovation to AID.
- AFMC has consistently met or exceeded the existing contract requirements for performance and effectiveness, and their work has set the standard and expectations for the new contract.
- AFMC has developed an outstanding partnership between the key stakeholders, and their existing relationships will continue to be a key factor in achieving the AID's future goals and objectives.

Work In Progress

Work is progressing since the project began in early June. AFMC has been working to implement the first two Tasks in the above schedule, while getting the Arkansas environment available and ready for use. AFMC completed Task 1 on schedule and is on schedule to complete Task 2 by July 28th. By completing on this date, AFMC will be able to begin Task 3 – Modifications to User Interface for Improved Functionality on time. The items below represent the work that is complete or in progress, includes next steps in the project, and lists potential new client information:

Items completed or in progress

- Task 1 – Data Template Inclusion - 100% complete
 - Plain Language Summary – now available for submission by carriers
 - Actuarial Memo Templates – now available for submission by carriers
- Task 2 – Inclusion of Financial Data from I-SITE in progress – 75% complete
 - Database work complete
 - 52 Life and Health Forms added and available
 - Analysis of additional Annual/Quarterly forms and Testing ongoing
- Arkansas environment configured and new functionality in place on July 13, 2014
- Meeting held on June 25, 2014 to train Arkansas Insurance Department Information Technology staff on Administrative functions of iRATE

Next steps

- Complete addition of Annual and Quarterly I-SITE forms
- Setup training for Arkansas users on new functionality
- Perform User Acceptance Testing with Arkansas users for Tasks 1 and 2

Health Insurance Rate Review Grant Program

Cycle III Annual Report Template

- Begin work on Task 3 – Modifications to User Interface for Improved Functionality
- Documentation of Network Administration information for Arkansas Insurance Department Information Technology staff
- Setup meeting with senior management at Arkansas Health Connector

3. MEDICAL PRICING/TRANSPARENCY

During the third quarter, a great deal of research and collaboration was required for preparation of the Cycle IV grant application. If the Arkansas HIRRD receives Cycle IV funding, HIRRD will expand the uses of the health care claims data collected by the APCD Data Center established under Cycle III.

Arkansas' Cycle IV project will focus on providing accurate and credible information about the consumer's cost for common procedures and office visits through consumer-friendly mobile applications and website tools. This will enable HIRRD to establish a foundation for broad and open discussion about variation in medical service pricing among and between consumers, providers, and purchasers.

The APCD Data Center development and analytic research teams will work collaboratively with HIRRD to design and build the appropriate tools to publish "**medical pricing transparency**" information including pricing, geographic, and demographic differences in rates and utilization. These teams follow a technical solution build practice that includes design, development, and deployment phases governed by formal software development and project management protocols. After gathering and assessing available data, ACHI tools will be designed to meet reporting requirements and display mechanisms, e.g., website and mobile application, specific to Arkansas.

The APCD Data Center analytic research team of claims analysts, statisticians, and health insurance consultants will rely on stakeholder input to develop the reports and datasets required for **medical pricing transparency**. They will utilize medical claims, U.S. Census demographic data, and Arkansas licensure, among other data sources. Information will be disseminated using the APCD website and related linked websites. The website will host search pages reflecting medical pricing information including procedure pricing by geography and supporting analytic reporting. These reports will be available to all website visitors. APCD claims analysts and statisticians will utilize SAS statistical software, SQL Server tools, and /or STATA to execute analytic methodology for reports and database tools.

To accomplish Arkansas's **medical pricing transparency goal**, ACHI will develop a data release process in partnership with an APCD Data Release Committee and Scientific Advisory Committee. Together, ACHI and its Committees will create data request and approval steps that govern the use of data by external researchers when the database is robust and the organization has completed quality assessment.

Operational/Policy Developments/Issues

The Arkansas General Assembly is the state legislature of the U.S. state of Arkansas. The legislature is composed of the upper house - Arkansas Senate with 35 members, and the lower house - Arkansas House of Representatives with 100 members.

Health Insurance Rate Review Grant Program

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The General Assembly convenes on the second Monday of every other year. A session lasts for 60 days unless the legislature votes to extend it. The Governor of Arkansas can issue a "call" for a special session during the interims between regular sessions.

The Arkansas Legislators select 20 state representatives and 16 state senators to serve on the Arkansas Legislative Council (ALC), which oversees the Bureau of Legislative Research and acts as an organizing committee for the legislature. More importantly, this committee, in interim years, must approve all budgets including federal grant awards.

- A. The State of Arkansas requires all federal grant funding to be state appropriated just as if the fund origin was state based revenue. That means going through a lengthy and complex legislative appropriations protocol. The process starts with Arkansas Legislative Council. This continues to cause delays in the HIRRD timelines.

HIRRD has worked hard to gain credibility and justification with the legislators. HIRRD recently completed an audit by the state legislative arm and received a very positive finding.

B. Potential APCD Problems

- 1) Qualified bidders
- 2) Solving Governance
- 3) Sustainability funding

1) Qualified bidders. Elements of the federal definition include but are not limited to the following: status as an academic institution or nonprofit organization; demonstrated expertise in health care claims data collection and analysis; and freedom from conflicts of interest. If an organization or entity meets minimum standards for a Qualified Bidder, HIRRD will evaluate the Qualified Bidder's full technical proposal. HIRRD will not evaluate proposals submitted by entities other than Qualified Bidders. The total award shall not exceed \$1.7 million.

2) Solving Governance. Governance is critical. An APCD can easily begin on a voluntary basis, but must become mandatory to be effective. In Arkansas, that will require legislation which is not possible until February 2015.

3) Sustainability funding. This could be a highly controversial issue. This funding must be accomplished through user fees and/or grants. State government is not likely to fund.

Health Insurance Rate Review Grant Program

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C. Legislative Activity

The Arkansas General Assembly meets bi-annually. The legislative activity in 2013, affecting the rate review process, is listed below with 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 (“Private Option”).

D. HIRRD Website

A.C.A. §23-61-103(d)(2) states that active investigatory and examination files are confidential until closed by the commissioner or referred to law enforcement authority.

A rate filing is considered to be an opening of an investigation related to the benefits/rates. It is also held exempt from FOIA because of the early release would allow competitors filing at the same time to have an advantage in designing and filing their products.

On August 22, 2014, The Arkansas Insurance Department learned that certain 2015 health insurance rate change requests were inadvertently posted on the Rate Review’s website before the approval process had been completed.

Health Insurance Rate Review Grant Program

Cycle III Annual Report Template

Because it was not evident at that point what had caused the problem, Lenita Blasingame, Chief Deputy Commissioner of the Arkansas Insurance Department, requested AID's Information System Department to take down the website altogether until the issue was resolved. The rate information in question has now been released to the public.

While the removal of content was disappointing, the result created a positive "spin" in the news media. The discovery of the error was made when a reporter for local newsmagazine *Arkansas Times* saw the proposed rates on the website and called HIRRD staff person Lesia Carter to inquire about the filings. Lesia directed the call to AID Communications Director Alice Jones. Through those phone conversations, the information came to light that the requests had been posted prematurely, and the decision was made to remove the content.

The reporter, David Ramsey, wrote an online article the stating that the proposed rate filings, if approved, would represent a decrease in premium costs. Mr. Ramsey also commented that the publishing of the rates was a mistake and the webpage was removed after his initial call to the AID office.

Not surprisingly, that article spurred further interest and was referenced in the state's daily newspaper, the *Arkansas Democrat-Gazette*, in an article written by Andy Davis, published on August 23rd. Two days later, August 25th, business news blog *Talk Business & Politics* posted an online article by Steve Brawner, which again referred to the HIRRD's website but focused on the lower rates for 2015.

On August 25th, journalist Andy Davis followed up his original story with an article which centered on the expected dip in premium rates. On September 20th, the newspaper published a report by Mr. Davis about the Cycle IV grant and how it will help consumers. This article featured an in-depth interview with Lowell Nicholas, AID Deputy Insurance Commissioner and HIRRD Director.

Public Access Activities

In addition to all of the current functions of the HIRRD website, the APCD Data Center will have a web-based, user-friendly interactive tool and mobile application that shows the variation by geography and site of service for common procedures. For example, a user could compare the cost of seeing a provider for a sore throat at a clinician's office, an emergency department, or an urgent care clinic. This information would begin to educate consumers about the range of expected costs of care, as well as where to obtain the same level of care at a lower cost.

Health Insurance Rate Review Grant Program

Cycle III Annual Report Template

Documents added this Year To Date on the HIRRD website

- 1st Quarter Cycle III Report
- 2nd Quarter Cycle III Report
- 3rd Quarter Cycle III Report
 - CFDA 93.511
 - GRANT Application Rate Review Cycle III
 - Cycle III Award

ALL PAYER CLAIMS DATABASE (APCD):

- APCD – Request for Information (RFI) – All Payer Claims Database
- Intergovernmental Technical Service Contract – Request for Proposal
- Answers to Submitted Questions 120142 – Request for Proposal for Intergovernmental Technical Service Contract
 - ADDENDUM 1
 - ADDENDUM 2
 - ADDENDUM 3
- Final RFP with Amendments
- Notice of APCD Award
- ADDENDUM 1
- ADDENDUM 2

Materials Produced:

ACHI has created multiple policies and procedures manuals and reports to guide and instruct on the development of Arkansas APCD Data Center. Below is a current list to date:

- Project Management Plan
- Intake Plan
- Technical Support Plan
- SHARE Data Integration Plan
- Web Development Design
- Data Submission Guide
- APCD Security Plan
- Web Design Specifications
- Best Practices Summary
- Voluntary Submission plan
- APCD Infrastructure Configuration

Health Insurance Rate Review Grant Program

Cycle III Annual Report Template

Annual Impact:

Rate Review

Cycle III grant funds have had and will continue to have a significant effect on the AID rate review process in the State. The two major reasons are iRATE and the APCD. At maturity, these programs will tremendously advance the overall mission of the Arkansas Department of Insurance. HIRRD designated 72% (\$2,257,051) of Cycle III funds to these two programs so that each could obtain an optimal completion date.

Data Center

The contract for HIRRD and ACHI was signed on June 20, 2014. The Arkansas APCD Data Center is still in its infancy but has achieved multiple accomplishments. A Stakeholder group was created along with two subgroups Technical and Policy group. The website has been created and will be functional in February 2015, <http://arkansasapcd.net/>

Collaborative efforts

The collaborative partners of significance for HIRRD in the last quarter were the:

- a) Arkansas Foundation of Medical Care (AFMC)
- b) L&E Actuaries
- c) Arkansas Center for Health Improvement (ACHI)
- d) Arkansas Health Connector
- e) APCD Council
- f) Freedman HealthCare
- g) Life & Health Division of AID
- h) NAIC
- i) SERFF
- j) Multiple state Rate Review partners
- k) CMS/ CCIIO

The categories of collaboration included, but were not limited to, enhancing HIRRD's rate review processes, public transparency (e.g. HIRRD Website), development of iRATE (Insurance Rate Analysis and Tracking Engine), and the "All Payers Claims Database" (APCD). Monitoring state legislation and AID bulletins, staff training, comprehensive upgrades to rate review manuals and checklists, and satisfactory interface with the Arkansas Health Connector (Exchange) were all high priorities.

Health Insurance Rate Review Grant Program

Cycle III Annual Report Template

Annual Lessons Learned

- The HIRRD has learned to maintain maximum flexibility in order to comply with the regulatory environment, both state and federal. There continues to be an enormous lack of information and knowledge in the state related to both rate review and general health insurance. Opportunities to make a positive impact on issues in both categories continue to exist by using HIRRD resources wisely. HIRRD will continue in its endeavor to educate, inform, and involve critical constituent groups such as state leaders, legislators, and active affinity stakeholder groups.
- Understanding the complexity and requirements that go into producing a robust APCD Data Center has been an enormous lesson learned. Since Arkansas is currently a volunteer state, we are limited to the content and volume available that will allow us to produce the necessary reports.
- However this has not inhibited us as we lay the basis that will establish a resilient foundation that will continue to build and cultivate years from now.
- HIRRD has contracted with Freedman Healthcare to assist us with the requirements and guidelines that are essential to developing and producing Arkansas APCD Data Center. With their assistance we have been able to clarify the essential infrastructure required in producing an APCD.
- Another lesson learned while constructing the APCD are the issues of security and procedure that is needed when carriers will be submitting their encrypted files.
- Because not all carriers utilized the same methodology ACHI had to establish a certain criteria in order for the data to be received and then transfigured into the necessary parameters. Several Data Use Agreements (DUA) were created and disseminated to all the carriers. ACHI currently houses Medicaid and Medicare Data along with Employees Benefit Division (EBD), each will be required to have a DUA in order for the data to be used.
- Due to the delayed approval of the APCD contract with HIRRD and ACHI, HIRRD allowed a grace period of seven (7) weeks. This allowed ACHI to amend several of their milestones. This should not effect the deadline of the APCD.

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

Annual Updated Budget

HIRRD is well within its operating budget and projected budgets for Cycle III. Cycle III budget have been prepared and reviewed by an outside accounting firm specializing in Health Care Finance.

**RATE REVIEW GRANT
Fourteen Months (NOVEMBER 2014) Cycle III**

| Category | Spent/Projected | Budgeted | Variance |
|------------------------------------|-----------------|-----------|-----------|
| Salary | - | 299,301 | 299,301 |
| Fringe Benefits | - | 92,661 | 92,661 |
| Professional Services/Contracts | 714,812 | 2,626,200 | 1,911,388 |
| Supplies and Other Office Expenses | - | 52,432 | 52,432 |
| Travel | - | - | - |
| Rental | - | 35,400 | 35,400 |
| Capital | - | 4,800 | 4,800 |
| Other | - | 24,000 | 24,000 |
| Total | 714,812 | 3,134,794 | 2,419,982 |

| | ACTUAL | | | | | | | Oct. 2013 to Sept. 2015 | Budgeted Amount | Remaining Balance |
|--------------------------------------|----------|----------|---------|-----------|--------------|------------|-------------|----------------------------|--------------------|----------------------|
| | March-14 | April-14 | June-14 | August-14 | September-14 | October-14 | November-14 | | | |
| Monthly Totals | 1,250 | 5,869 | 39,333 | 252,857 | 45,396 | 204,033 | 166,074 | 714,812 | 3,134,794 | 2,419,982 |
| Regular Salary | - | - | - | - | - | - | - | - | 299,301 | 299,301 |
| Total Fringe Benefits | - | - | - | - | - | - | - | - | 92,661 | 92,661 |
| Total Professional/Contract Services | 1,250 | 5,869 | 39,333 | 252,857 | 45,396 | 204,033 | 166,074 | 714,812 | 2,626,200 | 1,911,388 |
| Total Office Supplies and Other | - | - | - | - | - | - | - | - | 52,432 | 52,432 |
| Total Travel | - | - | - | - | - | - | - | - | - | - |
| Total Rental | - | - | - | - | - | - | - | - | 35,400 | 35,400 |
| Capital | - | - | - | - | - | - | - | - | 4,800 | 4,800 |
| Total Other | - | - | - | - | - | - | - | - | 24,000 | 24,000 |

Professional Services Detail

| | March | April | June | August | September | October | November | Total |
|-------------------------------------|-------|-------|--------|---------|-----------|---------|----------|---------|
| Actuarial Services L&E Actuaries | | | | | | | | - |
| HealthBridge - Consulting | | | | | | | | - |
| AFMC/IRATE | | | 39,333 | | 39,333 | 78,667 | 39,333 | 196,667 |
| PCS | | | | | | 121,429 | 121,429 | 242,857 |
| ACH/APCD | | | | 242,857 | | | | 242,857 |
| DIS | | | | | | | | - |
| Freedman Healthcare | | 5,869 | | 10,000 | 6,063 | 3,938 | 5,313 | 31,181 |
| Other | 1,250 | | | | | | | 1,250 |
| Total | 1,250 | 5,869 | 39,333 | 252,857 | 45,396 | 204,033 | 166,074 | 714,812 |

Health Insurance Rate Review Grant Program

Cycle III Annual Report Template

Updated Work Plan and Timeline

Update not necessary. Work plan on schedule.

Pricing Data Collection and Analysis

Overview of the analysis performed on pricing, cost, and charge data collected and analyzed by the state **will not be available until May 2015.**

Required Rate Reporting

The required rate filing data due on a quarterly basis are described below in Part II: Health Insurance Rate Data Collection.

Updated Evaluation Plan

Please see prior content in this annual report on iRATE & APCD for updates to the established measurable objectives, key indicators, and methods and/or resources to monitor progress.

Annual Report Summary Statistics:

- Total Funds Expended to date: \$714,812

Rate Review and Required Rate Reporting Activities

- Total Staff Hired for Rate Review and Required Rate Reporting (new this year and hired to date with grant funds): **(0/5)**
- Total Contracts in Place for Rate Review and Required Rate Reporting (new this year and established to date): **(3/10)**
- Introduced Legislation for rate review: **No**
- Money saved for consumers through rate review during the federal fiscal year: **Not Avail.**
- Enhanced IT for Rate Review: **Yes**
- Enhanced Consumer Protections: **Yes**
 - Rate Filings on Website: **Yes**
 - Pricing data on Website: **No**

Data Center Activities

The Arkansas Legislature approved the contract for design and implementation of the APCD on June 20, 2014. Because Web Development design specification and security plan is just beginning, there is no data available for the following:

- Total Staff Hired for Data Center (new this quarter and hired to date with grant funds): N/A
- Total Contracts in Place for Data Center (new this quarter and established to date): N/A
- Enhanced IT for Data Center: N/A

Health Insurance Rate Review Grant Program

Cycle III Annual Report Template

- Gained access to new or more comprehensive data sets: N/A
- Enhanced availability of pricing data to the public: N/A
 - Provided new pricing data on website: N/A
 - Created new report cards or applications that allow consumers to quickly and easily access pricing data: N/A
 - Integrated pricing data with other health care data sets: N/A
 - Tested new website applications and reports with consumers and/or through usability testing: N/A
 - Number of website hits (Annual): N/A
 - Total (Annual): N/A
 - New visitors (Number): N/A

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

Enclosures/Attachments

- Attachment 1: Timeline
- Attachment 2: Operating Budget Cycle III
- Attachment 3: SF-425 Cycle III
- Attachment 4: Pare II: Health Insurance Rate Data Collection
- Attachment 5: APCD Status Report
- Attachment 6: Cycle IV Notice of Award
- Attachment 7: Cycle III Project Abstract
- Attachment 8: Revised Work Plan
- Attachment 9: AID Rate Review Budget Narrative – Cycle III
- Attachment 10: Request for information (APCD)
- Attachment 11: Award Notification (APCD)

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

Attachment 1: Timeline

November 2014

- 11.03.14 ACHI Delivered APCD Data Intake Audit Attachment B
- 11.17.14 Submitted Sole Source Contract on Public Consulting Group
- 11.14.14 ACHI Delivered APCD Data Quality Plan Final
- 11.07.14 Submitted Sole Source Contract on Freedman Healthcare
- 11.03.14 ACHI Delivered APCD Data Intake Audit Sheet
- 11.03.14 ACHI Delivered APCD Data Intake Audit appendices
- 11.03.14 ACHI Delivered APCD Data Intake Audit Attachment A
- 11.03.14 ACHI Delivered APCD Technical Support Plan

October 2014

- 10.31.14 ACHI Delivered APCD Best Practices Report
- 10.13.14 ACHI Delivered APCD Infrastructure Configuration
- 10.13.14 ACHI Second Technical Workgroup Meeting
- 10.03.14 ACHI Delivered Draft of Carrier Invitation Letter

September 2014

- 09.30.14 ACHI Delivered Voluntary Submission Plan
- 09.29.14 Second Advisory Stakeholder Meeting Held
- 09.29.14 ACHI Delivered Best Practices Summary
- 09.18.14 HIRRD and ACHI agreed upon a 7 Week Extension
- 09.17.14 ACHI Delivered APCD Web Design Specifications
- 09.15.14 ACHI Delivered APCD Security Plan
- 09.12.14 APCD First Stakeholder Technical Meeting
- 09.11.14 ACHI Hired New Employee a MGMT Information and Information Specialist
- 09.09.14 APCD First Stakeholder Work Group Meeting
- 09.08.14 ACHI sent Draft Copy of Web Development Design
- 09.08.14 ACHI Delivered Data Submission Guide

August 2014

- 08.27.14 Per directive of Lenita Blasingame (Chief Deputy Commissioner) HIRRD website was temporarily taken down.
- 08.22.14 The Public rate filing section of www.arhealthpremums.com website was taken down due to conflict with A.C.A. §23-76-112(b) (1), Bulletin 7-2011 and Bulletin 7A-2011. In accordance to A.C.A. §23-61-103(d) (4), that the enclosed Rate Methodology be treated as confidential and privileged.

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

08.21.14 APCD Stakeholder Engagement 2nd Meeting
08.19.14 APCD Stakeholder Engagement Meeting
08.12.14 Sole Source Contract for Freedman Health Care Approved
08.12.14 Modifications of Cycle IV Grant Submitted
08.11.14 ACHI Delivered 1st draft of Technical Support Plan
08.11.14 ACHI Delivered SHARE Data Integration Plan
08.07.14 ACHI Delivered Management Plan
08.04.14 ACHI Delivered Intake Plan
08.01.14 ACHI Submitted Three Change Request

July 2014

07.25.14 Submitted Sole Source Contract for Freedman Health Care
07.15.14 Updated Communication List received
07.11.14 Delivery of Project Plan from ACHI
07.11.14 List of Stakeholders compiled
07.11.14 Letter sent out to Stakeholders
07.07.14 APCD Status Report Meeting

June 2014

06.26.14 APCD Status Report Meeting
06.24.14 Stakeholder List generated
06.20.14 ALC Meeting Approved funding for APCD, Contract Executed.
06.19.14 Rate Review Grant Cycle IV: Award Details
Each state and territory awarded a Cycle IV grant will receive a \$1,179,000 Baseline Award. *“Performance”* or *“Workload”* funds **will not** be available for Cycle IV.
06.17.14 APCD Status Report Meeting
06.06.14 First APCD Bi-Weekly Status Report Meeting
06.05.14 Peer Council Meeting for APCD Funding (approved)
06.04.14 Submitted Letter of Intent to Apply for Cycle IV of the Rate Review Grant Program, *“Grants to States to Support Health Insurance Rate Review and Increase Transparency in the Pricing of Medical Services, Cycle IV.”*

May 2014

05.30.14 New Grant Application Received for Cycle IV
05.19.14 ACHI/HIRRD Kick-Off APCD
05.02.14 Final Contract with signatures submitted to DFA

April 2014

04.29.14 Arkansas Division of Legislative Audit preformed
04.25.14 Contract Completed.

Health Insurance Rate Review Grant Program

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- 04.11.14 Bulletin No. 9-2014: 2015 Plan Year Requirements for Qualified health Plan Certification in the Arkansas Federally-Facilitated Partnership Marketplace
- 04.02.14 ACHI/HIRRD working on Contract Application to be sent to Department of Finance and Administration.

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

Attachment 2: Operating Budget Cycle III

RATE REVIEW GRANT
Fourteen Months (NOVEMBER 2014) Cycle III

| Category | Spent/Pledged | Budgeted | Variance |
|------------------------------------|----------------|------------------|------------------|
| Salary | - | 299,301 | 299,301 |
| Fringe Benefits | - | 92,661 | 92,661 |
| Professional Services/Contracts | 714,812 | 2,626,200 | 1,911,388 |
| Supplies and Other/Office Expenses | - | 52,432 | 52,432 |
| Travel | - | - | - |
| Rental | - | 35,400 | 35,400 |
| Capital | - | 4,800 | 4,800 |
| Other | - | 24,000 | 24,000 |
| Total | 714,812 | 3,134,794 | 2,419,982 |

| | ACTUAL | | | | | | | | | | | | Oct. 2013 to Sept. 2015 | Budgeted Amount | Remaining Balance |
|--------------------------------------|------------|-------------|----------|----------|--------|---------|---------|-----------|--------------|------------|-------------|---------|-------------------------|-----------------|-------------------|
| | January-14 | February-14 | March-14 | April-14 | May-14 | June-14 | July-14 | August-14 | September-14 | October-14 | November-14 | Dec-14 | | | |
| Monthly Totals | - | - | 1,250 | 5,889 | - | 39,333 | - | 252,857 | 45,395 | 204,033 | 166,074 | 714,812 | 3,134,794 | 2,419,982 | |
| Regular Salary | - | - | - | - | - | - | - | - | - | - | - | - | 299,301 | 299,301 | |
| Total Fringe Benefits | - | - | - | - | - | - | - | - | - | - | - | - | 92,661 | 92,661 | |
| Total Professional/Contract Services | - | - | 1,250 | 5,889 | - | 39,333 | - | 252,857 | 45,395 | 204,033 | 166,074 | 714,812 | 2,626,200 | 1,911,388 | |
| Total Office Supplies and Other | - | - | - | - | - | - | - | - | - | - | - | - | 52,432 | 52,432 | |
| Total Travel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Rental | - | - | - | - | - | - | - | - | - | - | - | - | 35,400 | 35,400 | |
| Capital | - | - | - | - | - | - | - | - | - | - | - | - | 4,800 | 4,800 | |
| Total Other | - | - | - | - | - | - | - | - | - | - | - | - | 24,000 | 24,000 | |

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 this information collection is estimated to average 40 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.

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

| <u>Professional Services Detail</u> | <u>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> | <u>October</u> | <u>November</u> | <u>Total</u> |
|-------------------------------------|----------------|-----------------|--------------|--------------|------------|-------------|-------------|---------------|------------------|----------------|-----------------|--------------|
| Actuarial Services | | | | | | | | | | | | |
| L&E Actuaries | | | | | | | | | | | | |
| HealthBridge - Consulting | | | | | | | | | | | | |
| AFMCR/RAE | | | | | | 39,333 | | | 39,333 | 78,667 | 39,333 | 196,667 |
| PCS | | | | | | | | | | 121,429 | 121,429 | 242,857 |
| ACH/APPD | | | | | | | | 242,857 | | | | 242,857 |
| DIS | | | | | | | | | | | | |
| Freedman Healthcare | | | | 5,889 | | | | 10,000 | 6,063 | 3,938 | 5,313 | 31,181 |
| Other | | | 1,250 | | | | | | | | | 1,250 |
| Total | . | . | 1,250 | 5,889 | . | 39,333 | . | 252,857 | 45,396 | 204,033 | 166,074 | 714,812 |

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

Attachment 3: SF-425 Cycle III

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) 1 PRPPR140042-01-00 | | 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) 10/01/2013 | | To: (Month, Day, Year) 09/30/2015 | | 9. Reporting Period End Date (Month, Day, Year) 09/30/2014 | |
| 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 | | | | | 298,252.97 |
| b. Cash Disbursements | | | | | 298,252.97 |
| c. Cash on Hand (line a minus b) | | | | | 0.00 |
| <i>(Use lines d-o for single grant reporting)</i> | | | | | |
| Federal Expenditures and Unobligated Balance: | | | | | |
| d. Total Federal funds authorized | | | | | 3,134,794.00 |
| e. Federal share of expenditures | | | | | 344,705.05 |
| f. Federal share of unliquidated obligations | | | | | |
| g. Total Federal share (sum of lines e and f) | | | | | 344,705.05 |
| h. Unobligated balance of Federal funds (line d minus g) | | | | | 2,790,088.95 |
| Recipient Share: | | | | | |
| i. Total recipient share required | | | | | |
| j. Recipient share of expenditures | | | | | |
| k. Remaining recipient share to be provided (line i minus j) | | | | | 0.00 |
| 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) | | | | | 0.00 |
| 11. Indirect Expense | | | | | |
| a. Type | b. Rate | c. Period From | Period To | d. Base | e. Amount Charged |
| | | | | | |
| 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 that it is true, complete, and accurate to the best of my knowledge. 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) 501-371-2621 | | |
| b. Signature of Authorized Certifying Official  | | | d. Email address jay.bradford@arkansas.gov | | |
| | | | e. Date Report Submitted (Month, Day, Year) 10/28/2014 | | |
| 14. Agency use only: | | | | | |

Standard Form 425
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 (0348-0060), Washington, DC 20503.

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 for this information collection is **0938-1121**. The time required to complete this information collection is estimated to average 40 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.

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

Attachment 4:

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 | 6 | 5 | 21 | 21 | 53 |
| Number of policy rate filings requesting increase in rates | 2 | 4 | 16 | 19 | 41 |
| Number of filings reviewed for approval, denial, acceptance etc. | 11 | 5 | 1 | 21 | 38 |
| Number of filings approved | 11 | 3 | 1 | 16 | 31 |
| Number of filings denied | 0 | 1 | 0 | 5 | 6 |
| Number of filings deferred | 0 | 1 | 0 | 0 | 1 |

Note: “Number of filings deferred” refers to rate filings without a final disposition at the end of the reporting period.

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

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

| State | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Annual Total |
|----------------------------------|--------------|-----------|-----------|-----------|--------------|
| Number of covered lives affected | PPO/POS 7 | 0 | 0 | 0 | PPO/POS 7 |

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

| State | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Annual Total |
|----------------------------------|--------------|-----------|-----------|-----------|--------------|
| Number of covered lives affected | OTH/PPO 7 | 0 | 0 | 0 | OTH/PPO 7 |

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

| State | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Annual Total |
|----------------------------------|-----------|-----------|-----------|-----------|--------------|
| Number of covered lives affected | 0 | 0 | 0 | 0 | 0 |

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

| State | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Annual Total |
|----------------------------------|-----------|-----------|-----------|-----------|--------------|
| Number of covered lives affected | 0 | 0 | 0 | 0 | 0 |

Rate Filing Detailed Data Elements: Please refer to the Enclosure for the updated **Rate Filing Detailed Data Elements** (originally Attachment C the “Data Dictionary”).

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

Attachment 5: APCD Status Report

HIRRD APCD Status Report

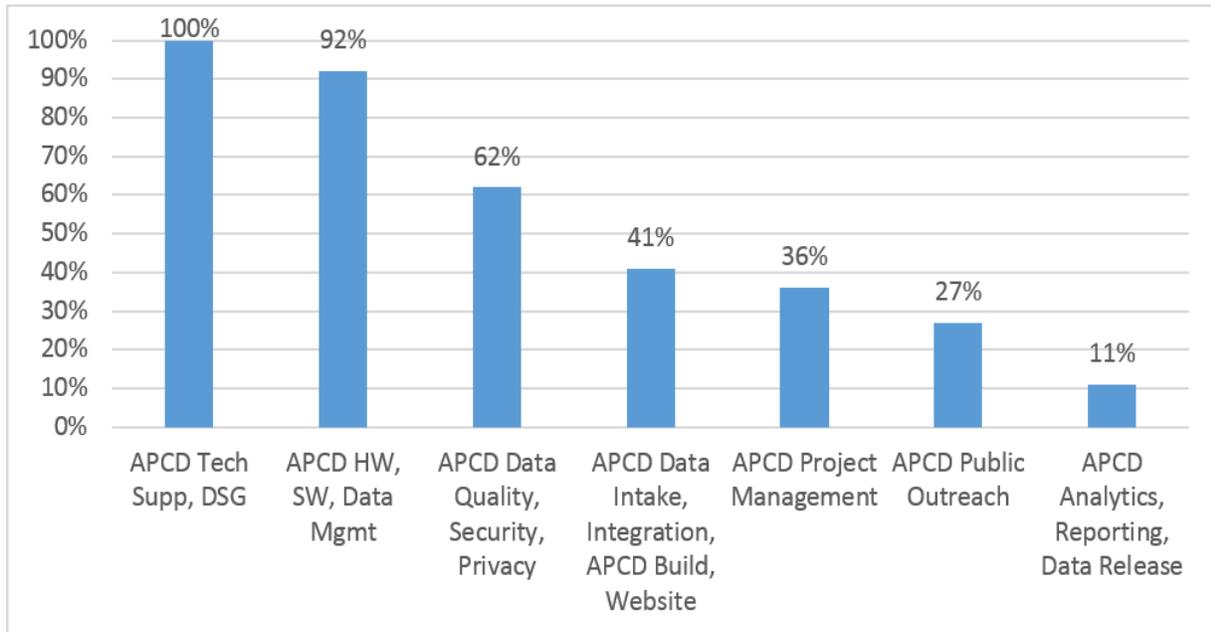
Date: December 5th, 2014

Reporting period: November 21st, 2014—December 5th, 2014

Executive Summary:

Completed Technical Support. Final DSG release on 11/21 for initial APCD build. Held APCD Advisory Council meeting on 12/2. Updated Voluntary Submission Plan and requested APCD Factsheet submitted. Development website cost report updates being made with input from stakeholders and Analytics Team. Conducted website sub-project planning session. Medicare data request underway.

Percent Complete Status by Scope Group:



| APCD Project Milestones; Dec 2014, Jan 2015 | Planned | Actual |
|--|-------------|-------------|
| APCD Solution Design Approval | Mon 12/1/14 | Mon 12/1/14 |
| Execute Data Use Agreements with Medicaid and Private Carriers | Mon 12/1/14 | Mon 12/1/14 |
| Project Kick-off with Carriers Completed | Mon 12/1/14 | Mon 12/1/14 |
| Test Data Acquisition Finalization | Mon 12/1/14 | Mon 12/1/14 |
| Receive Test Data Submitted by Carriers | Mon 12/1/14 | Mon 12/1/14 |
| Receive Carrier Historical Data | Mon 12/1/14 | Mon 12/1/14 |
| Conduct November/December APCD Advisory Group meeting | Tue 12/2/14 | Tue 12/2/14 |

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

| | | |
|---|---------------------|-------------|
| Cutoff for initial Data Submission period | Wed 12/3/14 | Wed 12/3/14 |
| APCD Build Process Testing I | Wed 12/31/14 | |
| APCD Build Process Testing II | Fri 1/30/15 | |
| Public Website Deployment | Fri 1/30/15 | |
| | | |
| | | |

Attachment A milestones in **BOLD**

Accomplishments:

Project Management

- Updated Voluntary Submission Plan completed and delivered today, 12/5
- Request fact sheet on Arkansas APCD completed and delivered today, 12/5
- Final review of Project Management Plan by Technical Editor underway
- Submitted Solution Design Approval email to HIRRD to meet Dec 1 milestone requirement
- Submitted Dec 1 milestone status to HIRRD for data intake milestones including:
 - Execute Data Use Agreements
 - Project Kick-off with carriers
 - Test Data Acquisition Finalization
 - Receive Test Data from Carriers
 - Receive Historical Data from Carriers
- “What Will a Hacker See?” document in development

Scope Groups

- Public Outreach
 - Successful APCD Advisory Committee meeting held on 12/2/2014
 - Norm Thurston, PhD from Utah was guest speaker
 - Q&A session generated lots of engagement and additional considerations from stakeholder group
 - Received constructive feedback on Version 1.0 report design/wording
 - Working on scheduling meeting dates, topics and speakers for January and February
- Analytics and Reporting
 - Stakeholder input and 12/3 Analytics meeting discussion of report tab changes being incorporated
 - “Medical Services” more comprehensive of inpatient & outpatient procedures
 - Established working list of CCS procedures for version 1a and 1b reports. They are:
 - Lens and cataract procedures
 - Myringotomy (ear tubes)
 - Tonsillectomy and/or adenoidectomy
 - Diagnostic cardiac catheterization; coronary arteriography
 - Upper gastrointestinal endoscopy w/ biopsy
 - Colonoscopy and biopsy
 - Cholecystectomy and common duct exploration
 - Cesarean section

Health Insurance Rate Review Grant Program

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- Arthroplasty knee
- CT scan head
- CT scan abdomen
- MRI

- Website Development
 - Web developer attending Analytics meetings to help facilitate updates to web report in real time
 - APCD website content management in progress
 - Developing sub-project for building APCD website content
- Data Submission Phase
 - Medicare data request underway; Working with ResDAC to complete
 - Medicaid DUA completed
 - EBD reviewing provided DUA template
- Security and Privacy
 - Ongoing work with UAMS Security Officer in progress to finalize APCD Security Plan
 - Received list of UAMS regional privacy officers to contact for roles and responsibilities
- Technical Support
 - Noted technical support availability to Technical Workgroup
 - Reviewed process with participants
 - Contract information published to project page and APCD website
- APCD Technical Development
 - Completed HL7 VPN tunneling test with OHIT/SHARE. Next step to submit test files.
 - Update to Data Intake StatsWatch, PyWatch and DQSValidator modules
 - Initiated mapping of Medicaid source data to DSG layout

Action Items:

- ACHI to provide the following:
 - Sustainability planning interim deliverable
 - APCD Brief on “What Could a Hacker See?”
- Will incorporate reviewer comments and re-issue planning documents on or before Dec 19

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

Attachment 6: Cycle IV Notice of Award

| | | | |
|--|----------------------------------|--|---|
| 1. DATE ISSUED MM/DD/YYYY 09/19/2014 | 2. CFDA NO. 93.511 | 3. ASSISTANCE TYPE Project Grant | Department of Health and Human Services Centers for Medicare & Medicaid Services Office of Acquisitions and Grants Management 7500 Security Boulevard Baltimore, MD 21244-1850 NOTICE OF AWARD AUTHORIZATION (Legislation/Regulations) Section 2794 of the Public Health Service Act (Section 1003 of the Affordable Care Act) |
| 1a. SUPERSEDES AWARD NOTICE dated except that any additions or restrictions previously imposed remain in effect unless specifically rescinded | | | |
| 4. GRANT NO. 1 PRPPR140066-01-00 Formerly | 5. ACTION TYPE New | | |
| 6. PROJECT PERIOD From MM/DD/YYYY 09/19/2014 | Through MM/DD/YYYY 09/18/2016 | | |
| 7. BUDGET PERIOD From MM/DD/YYYY 09/19/2014 | Through MM/DD/YYYY 09/18/2016 | | |
| 8. TITLE OF PROJECT (OR PROGRAM) Grants to States to Support Health Insurance Rate Review and Increase Transparency in the Pricing of | | | |
| 9a. GRANTEE NAME AND ADDRESS Arkansas Insurance Department 1200 W 3rd St Administration-DUP2 Little Rock, AR 72201-1904 | | 9b. GRANTEE PROJECT DIRECTOR Dr. Lowell Nicholas 1200 W 3rd St Little Rock, AR 72201-1904 Phone: 501-683-3638 | |
| 10a. GRANTEE AUTHORIZING OFFICIAL Dr. Lowell Nicholas 1200 W 3rd St Little Rock, AR 72201-1904 Phone: 501-683-3638 | | 10b. FEDERAL PROJECT OFFICER Ms. Susan Lorden 200 Independence Ave Sw Rm 738-G Washington, DC 20201-0004 Phone: (301) 492-4162 | |

| ALL AMOUNTS ARE SHOWN IN USD | | | |
|--|--------------|--|--------------------|
| 11. APPROVED BUDGET (Excludes Direct Assistance) | | 12. AWARD COMPUTATION | |
| I Financial Assistance from the Federal Awarding Agency Only | | | |
| II Total project costs including grant funds and all other financial participation | | II | |
| a. Salaries and Wages | 0.00 | a. Amount of Federal Financial Assistance (from item 11m) | 1,179,000.00 |
| b. Fringe Benefits | 0.00 | b. Less Unobligated Balance From Prior Budget Periods | 0.00 |
| c. Total Personnel Costs | 0.00 | c. Less Cumulative Prior Award(s) This Budget Period | 0.00 |
| d. Equipment | 0.00 | d. AMOUNT OF FINANCIAL ASSISTANCE THIS ACTION | 1,179,000.00 |
| e. Supplies | 0.00 | 13. Total Federal Funds Awarded to Date for Project Period | 1,179,000.00 |
| f. Travel | 0.00 | 14. RECOMMENDED FUTURE SUPPORT (Subject to the availability of funds and satisfactory progress of the project): | |
| g. Construction | 0.00 | YEAR | TOTAL DIRECT COSTS |
| h. Other | 0.00 | a 2 | d 5 |
| i. Contractual | 1,179,000.00 | b 3 | e 6 |
| j. TOTAL DIRECT COSTS | 1,179,000.00 | c 4 | f 7 |
| k. INDIRECT COSTS | 0.00 | 15. PROGRAM INCOME SHALL BE USED IN ACCORD WITH ONE OF THE FOLLOWING ALTERNATIVES: | |
| l. TOTAL APPROVED BUDGET | 1,179,000.00 | b | |
| m. Federal Share | 1,179,000.00 | 16. THIS AWARD IS BASED ON AN APPLICATION SUBMITTED TO, AND AS APPROVED BY, THE FEDERAL AWARDING AGENCY ON THE ABOVE TITLED PROJECT AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE IN THE FOLLOWING: | |
| n. Non-Federal Share | 0.00 | a The grant program legislation b The grant program regulations c This award notice including terms and conditions, if any, noted below under REMARKS d Federal administrative requirements, cost principles and audit requirements applicable to this grant In the event there are conflicting or otherwise inconsistent policies applicable to the grant, the above order of precedence shall prevail. Acceptance of the grant terms and conditions is acknowledged by the grantee when funds are drawn or otherwise obtained from the grant payment system. | |

REMARKS (Other Terms and Conditions Attached - Yes No)
 Refer to the following Award Attachments: 1) Standard Terms and Conditions 2) Programmatic Terms and Conditions

GRANTS MANAGEMENT OFFICER: Michelle Feagins, Grants Management Officer

| | | | | | | | | | |
|----------------|-----------|------------------|--------------|---------------------|-----------|---------------------|----------------|-----------------|---------|
| 17. OBJ CLASS | 4115 | 18a. VENDOR CODE | 1716006766A1 | 18b. EIN | 710847443 | 19. DUNS | 081501558 | 20. CONG. DIST. | 02 |
| FY-ACCOUNT NO. | | DOCUMENT NO. | | ADMINISTRATIVE CODE | | AMT ACTION FIN ASST | | APPROPRIATION | |
| 21. a. | 4-5992933 | b. | PRPPR0066A | c. | IPR | d. | \$1,179,000.00 | e. | 75X0112 |
| 22. a. | | b. | | c. | | d. | | e. | |
| 23. a. | | b. | | c. | | d. | | e. | |

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 this information collection is estimated to average 40 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.

Health Insurance Rate Review Grant Program Cycle III Annual Report Template

Attachment 7: CYCLE III PROJECT ABSTRACT

Section 2794 of the Affordable Care Act (ACA) “Ensures That Consumers Get Value for Their Dollars.” Specifically, Section 2794 establishes a process for the annual review of health insurance rates to protect consumers from unreasonable rate increases.

The Arkansas Health Insurance Rate Review Division (HIRRD) applied for and received funding under 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 1, 2011, Steve Larsen, CCIIO Director, officially notified Commissioner Jay Bradford that the AID had met the applicable criteria and had been designated an ‘Effective Rate Review Program’ in all markets. Due, in part, to Cycle II funding, that official designation has been successfully maintained throughout 2013 by constant vigilance and compliance to the applicable ACA rules and regulations.

The Arkansas Health Insurance Rate Review Division (HIRRD) is currently applying for \$3,134,794 in Cycle III Rate Review funding. This consists of \$2,000,000 (baseline), \$400,000 (performance), and \$734,794 (workload). The FY14 budget is \$2,134,794 and FY15 budget is \$1,000,000. The two major projects, the All Payers Claims Database (APCD) & Insurance Rate Analysis and Tracking Engine (iRATE), take 75% of the total FY14 budget and 50% of the total FY15 budget.

The HIRRD’s Cycle III Goals are:

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, the Arkansas Exchange (Federal Facilitated Marketplace), and all applicable stakeholders, 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.

Eligibility

As required in the Cycle III FOA, the Arkansas HIRRD identifies the following criteria as evidence of its ‘Eligibility’ in applying for a Cycle III grant award in the total amount of \$3,134,794.

1. Activity specific requirements

The State of Arkansas has an Effective Rate Review Program and will maintain that status by implementing new rate review processes consistent with amendments to 45 CFR part 154 issued on February 27, 2013;

Health Insurance Rate Review Grant Program

Cycle III Annual Report Template

2. Cycle II funding status

The State of Arkansas received Cycle II funding and plans to establish an All Payers Claims Database (APCD) during Cycle III.

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Attachment 8: Revised Work Plan

Work Plan – Cycle III

The two major components of the HIRRD Cycle III Work Plan are:

- 1) All Payers Claims Database (APCD)
- 2) Core Rate Review.

1) APCD

APCD (All Payers Claims Database) is large-scale database that systematically collects health care data from a variety of payer sources both public and private including, but not limited to, Medical claims, Pharmacy claims, Dental claims, Eligibility files, and Provider files. Typically APCDs are created by a state mandate, but could be multi-state based. Policymakers, consumers, researchers, providers, employers, Medicaid, and commercial payers all benefit from a functional APCD.

The work plan for the APCD is as follows:

- 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) Select the most qualified bidder
- j) Vendor acquisition and management - monitor to ensure contract deliverables
 - (a) Establish State of Arkansas APCD Policy:
 - Rule – making
 - Data release policy and process
 - Data Management and Analysis Support

Health Insurance Rate Review Grant Program

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- i) Write and issue final regulations, including any additional data submission requirements and data release policies required.
- **Rule Making.** The process of rule-making relies on project management and legal representation. If rules for data collection for other state-mandated data systems (e.g., hospital discharge data systems) are in place, the rule-making process can mimic existing rules development processes and, to some extent, content.
 - **Vendor acquisition and management.** The Request for Proposal (RFP) process can require up to 3 months in Arkansas. To manage RFP drafting, development, bidder calls and questions, and release of the RFP are all integral tasks to be accomplished competently. Once the contract is in place, it must be monitored to ensure contract deliverables.
 - **Data release policy and process.** States that develop data release policies to support the release and use of the APCD data should factor legal resources into the costs of APCD development. While the vendor may be responsible for the creation of the public use, limited use, and/or research files, the State of Arkansas will need to manage the release process through a Review Board.
 - **Data Management and Analysis Support.** There will likely need to be some internal capacity to address analytic needs post data aggregation such as the linking of members and providers across payers, rolling up claims, and other processing to create analysis-ready files from aggregated data files.

APCD MILESTONES

- | | |
|--|-----------------|
| ▪ Receive input and advice from applicable Arkansas stakeholders | 10.30.13 |
| ▪ Define the purpose and mission of an Arkansas APCD | 10.30.13 |
| ▪ Identify qualified APCD Vendors | 10.30.13 |
| ▪ Adopt a governance model | 11.30.13 |
| ▪ Submit a RFI (Request for Interest) to the qualified Vendors | 11.30.13 |
| ▪ Prepare and submit a RFP (Request for Proposal) | 2.28.14 |
| ▪ Evaluate the vendor proposals on a timely basis | 4.30.14 |
| ▪ Select the most qualified bidder | 5.15.14 |
| ▪ Vendor management - monitor to ensure contract deliverables | 5.30.14-8.30.14 |
| ▪ Establish State of Arkansas APCD Policy: | 6.30.14 |
| ▪ Write and issue final regulations | 6.30.14 |

2. Core Rate Review

For purposes of this workplan, Core Rate Review shall consist of:

- a) iRATE,
- b) Outreach,
- c) Rate Review enhancement.

Health Insurance Rate Review Grant Program

Cycle III Annual Report Template

a) iRATE

iRATE (Insurance Rate Analysis and Tracking Engine) was released to all states and territories for implementation on June 1, 2013. While this version of iRATE will greatly improve the rate review process of any user, much is left to be done to fulfill iRATE's optimal potential.

iRATE is a unique and innovative application that 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 a 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.

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.

The iRATE work plan requires the following steps to be completed on the dates indicated below:

iRATE MILESTONES

| | |
|---|--------------------|
| 1. Plan Management/QHP | March 31, 2014 |
| 2. Transparency Upgrades/Templates | December 31, 2013 |
| 3. Actuarial Value/Essential Health Benefit | September 30, 2014 |
| 4. Metrics/MLR | September 30, 2014 |
| 5. Actuarial Memorandum | June 30, 2014 |

Health Insurance Rate Review Grant Program

Cycle III Annual Report Template

b) Outreach

- To create a user friendly, robust, and attractive website that will generate widespread usage among Arkansas residents in regard to rate review.
- To develop a translation feature for Spanish speaking consumers.
- To execute an interagency agreement that will drive collaboration in educating and informing Arkansas residents about rate review.
- To collaborate with iRATE to automate the transference of relevant rate review information to the HIRRD website and provide unprecedented transparency for the consumer and all other stakeholders.
- To fully implement social media into the consumer outreach process
- To develop a consumer rate calculator for website
- To create a responsive design site for mobile devices
- To develop additional videos to continue educating stakeholders in a more engaging way
- To receive more search engine optimization or SEO recommendations to current and future pages.
- To develop and distribute appropriate educational print materials.
- To distribute pamphlets, booklets and handouts at various outreach events including but not limited to health fairs, business expos and educational events.
- To develop Spanish language materials
- To create major transparency (rate justification) and data simplification (understanding) of healthcare filings on a timely basis within the HIRRD website through automated iRATE

Outreach effectiveness will be easily measured by web traffic, amount of materials distributed during outreach events, e-alert sign-ups, consumer involvement such as comments and inquires and database searches.

OUTREACH MILESTONES

- Phase III of an optimal user friendly, robust, HIRRD website
11.1.13
- Translation feature for Spanish speaking consumers
11.30.13
- Interagency agreement to drive collaboration in educating and informing Arkansans
11.30.13
- Automation through iRATE to the HIRRD website, relevant rate review information providing unprecedented transparency for the consumer and all other stakeholders.

Health Insurance Rate Review Grant Program

Cycle III Annual Report Template

12.31.13

- Phase III implementation of social media into the consumer outreach process

12.31.13

- Development of a rate calculator for the HIRRD website

1.30.14

- Creation of a responsive design site for mobile devices

1.30.14

- Development of additional videos to educate stakeholders in a more engaging way

2.15.14

- Search engine optimization or SEO recommendations to current and future pages.

2.28.14

- Distribution of pamphlets, booklets and handouts at various outreach events including but not limited to health fairs, business expos and educational events.

4.1.14

- Creation of Spanish language materials

4.1.14

c) Rate Review enhancements

- a) Incorporate iRATE into the mainstream of the rate review process at the Arkansas Insurance Department;
- b) Expand legal authority for health rate review and approval or disapproval;
- b) Expand expertise for health rate reviews;
- c) 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;
- d) 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.
- e) 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.

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- f) Create an APCD 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.

CORE RATE REVIEW MILESTONES

- Expand Arkansas legal authority for health rate review;
3.1.15
- Expand internal training and expertise for Arkansas health rate reviews;
2.1.14
- Complete revision of Arkansas Rate Review Manual
10.1.13
- Create Memorandum of Understanding with Arkansas Exchange defining collaborative duties and functions.
10.30.13
- Enhance technology and programmatic infrastructure;
2.28.14
- Incorporate iRATE into the mainstream of the Arkansas rate review process;
8.1.13
- Develop process to review large group rates
5.1.15

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Attachment 9: Revised AID Rate Review Budget Narrative – Cycle III

AID Rate Review Budget Narrative – Cycle III Re-Budgeted 11/21/2014

The Arkansas Insurance Department Rate Review grant application (CFDA 93.511 Cycle III) is being submitted for a two year period. The budget requests are as follows:

| Time Period | Dates | Amount |
|-----------------|---------------------|---------------------|
| Year3 (FY 2014) | (10.1.13 – 9.30.14) | \$548,738 |
| Year4 (FY 2015) | (10.1.14 – 9.30.15) | \$2,586,056 |
| TOTAL | | \$3,134,794* |

The **\$3,134,094** total AID RR application consists of:

- Baseline (\$2,000,000)
- Performance (\$ 400,000)
- Workload (\$ 734,794)

The AID RR two year budget contains a heavy emphasis on contractual costs two very important reasons. First, the State of Arkansas urgently needs an All Payers Claim Database (APCD). Arkansas currently ranks in the bottom tier of all states regarding collection, analysis, and availability of healthcare data and pricing. This division believes that APCD benefits could begin to accrue within twelve months. To meet that target, substantial funds would have to be committed in the first six months of Cycle III. The applicant will carefully follow all aspects of Appendix F (Conflict of Interest Requirements) of the Cycle III FOA. (See Exhibit Four - APCD)

Second, the iRATE (Insurance Rate Analysis and Tracking Engine) was released to all states and territories for implementation on June 1, 2013. While this version of iRATE will greatly improve the rate review process of any user, much is left to be done to fulfill iRATE's optimal potential. iRATE was conceived in early 2011, and was subsequently designed, developed, and implemented using Cycle II funds. The Cycle II allocated funds for iRATE have been exhausted. The non-profit iRATE contractor, Arkansas Foundation for Medical Care (AFMC), has fulfilled all iRATE contractual obligations (Phase II) in a timely manner and in an exemplary fashion. (See Exhibit One - iRATE)

If AID RR is to be as successful with Cycle III as we have been with Cycle II implementation, then beginning with our Cycle III funding date, certain categories such as Data and Outreach need immediate implementation steps which require significant "front end" funds. It is also obvious from our narrative content how important we consider Data and Outreach to be our overall Cycle III strategy.

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Data

The two major data related components requiring substantial funding in year one are:

1. APCD (All Payers Claims Database)
2. iRATE (Insurance Rate Analysis and Tracking Engine)

1. APCD (All Payers Claims Database) is large-scale database that systematically collects health care data from a variety of payer sources both public and private including, but not limited to, Medical claims, Pharmacy claims, Dental claims, Eligibility files, and Provider files. Typically APCDs are created by a state mandate, but could be multi-state based. Policymakers, consumers, researchers, providers, employers, Medicaid, and commercial payers all benefit from a functional APCD.

2. iRATE (Insurance Rate Analysis and Tracking Engine) is a unique and innovative application that 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 a 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.

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.

Outreach

- A. To continue upgrading and improving in order to create a user friendly, robust, and attractive website that will generate widespread usage among Arkansas residents in regard to rate review.
- B. To execute an interagency agreement that will drive collaboration in educating and informing Arkansas residents about rate review.

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A. Salaries & Wages:

Personnel

| Position Title | Name | Annual | % Allocate | Months | Amount |
|----------------------------|---------------------|---------------|-------------------|---------------|---------------|
| Deputy Commissioner | Dr. Lowell Nicholas | \$94,365 | 100% | 12 Months | \$94,365 |
| Public Information Officer | Lesia Carter | \$55,156 | 100% | 12 Months | \$55,156 |
| Database Administrator | Kimberly McLemore | \$45,377 | 100% | 12 Months | \$45,377 |

Job Description: Deputy Commissioner

Dr. Lowell Nicholas

This position directs the overall operation of the project; responsible for overseeing the implementation of project activities, coordination with other agencies, development of materials, provisions of in service and training, conducting meetings; designs and directs the gathering, tabulating and interpreting of required data, responsible for overall program evaluation and for staff performance evaluation; and is the responsible authority for ensuring necessary reports/documentation are submitted to HHS. This position relates to all program objectives.

Job description: Public Information Officer

Lesia Carter

This position oversees the consumer outreach program including public relations activities; planning, development, administration and distribution of educational and training material. The Public Service Officer will present the outreach programs to civic groups, governmental agencies, and all other interested parties. The PSO will also be responsible for the division's webpage, advertisement content and all printed material used in the outreach program.

Job description: Database Administrator

Kimberly McLemore

This position manages the internal AID RR database, including but not limited to, operation, input, processing queries, and maintenance.

B. Fringe Benefits

Fringe Benefits = Salary + 22.74% + \$4,920 Health Insurance

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| Title | Name | Annual | Fringe | Health Insurance | Total |
|--------------------------|---------------------|-----------|----------|------------------|-----------|
| Deputy Commissioner | Dr. Lowell Nicholas | \$94,365 | \$21,459 | \$4,920 | \$120,744 |
| Administrative Assistant | Lesia Carter | \$37,332 | \$8,489 | \$4,920 | \$50,741 |
| Database Administrator | Kimberly McLemore | \$45,377 | \$10,319 | \$4,920 | \$60,616 |
| Total Annual Costs | | \$177,074 | \$40,267 | \$14,760 | \$232,101 |

C. Consultant Costs:

In addition to the contracted costs of continuing development of the APCD and iRate, the Division is currently procuring consultancy services from Public Consulting Group, Inc. PCG has provided services to the Insurance Department in the past as policy and operational advisors, and maintains capabilities to analyze and improve the efficiency of operations performed within the division. In summary, PCG will be employed to assist the Department with organizational modeling, process analysis, and financial oversight. A copy of PCG's scope of work is included in the work plan submitted in congruence with this narrative.

D. Equipment:

FY14 - \$0 (There is no Cycle III funding requested for equipment in FY14).

FY15 - \$0 (There is no Cycle III funding requested for equipment in FY15).

E. Supplies:

FY14 - \$0 (There is no Cycle III funding requested for supplies in FY14).

FY15 - \$0 (There is no Cycle III funding requested for supplies in FY15).

F. Travel:

FY14 - \$0 (There is no funding for travel requested in the Cycle III application).

FY15 - \$0 (There is no funding for travel requested in the Cycle III application).

G. Other: [See Appendix A for more detailed information]

FY14 - \$0 (There is no funding for other requested in the Cycle III application).

FY15 - \$22,045 Rent and telecommunications costs for the fiscal year

H. Contractual Costs:

FY14

Given the specialized nature of the proposed contractual needs of Data, IT, and rate review enhancements, \$548,738 is allocated to contracts in the first four quarters of Cycle III FY14.

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Remaining funds will be divided across the following vendors and projects:

- a) Actuarial Funding (new)
- b) IT development (new)
- c) Outreach & website development (new)
- d) iRATE (Phase III AFMC)
- e) APCD (new)

FY15

\$ 553,946 is allocated to contracts in the first four quarters of Cycle III FY15. This is 55% of the total budget of FY15 (\$1,000,000). The allocations of FY15 contracting are:

- a) Actuarial Funding (new)
- b) IT development (new)
- c) Outreach & website development (new)
- d) iRATE (Phase III AFMC)
- e) APCD (new)

I. Total Direct Costs:

FY14 - \$548,738
FY15 - \$2,353,956
Total - \$3,134,794

J. Indirect Costs:

FY14 - \$ 0
FY15 - \$ 0
Total - \$ 0

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Cash Flows for Categories & Functions

| Category | FYs 2011/2012 2013/2014 | Fiscal Year 2015 (10.1.14 - 9.30.15) | | | | |
|--------------|-------------------------------|--------------------------------------|--------------------|-----------------|-------|--------------------|
| | Total Actuals | Core Rate Review | IT/Data | Outreach | Legal | FY 2015 Total |
| Personnel | | \$177,074 | | | | \$177,074 |
| Fringe Ben. | | \$55,027 | | | | \$55,027 |
| Travel | | | | | | |
| Equipment | | | | | | |
| Supplies | | | | | | |
| Contractual | \$548,738 | \$297,613 | \$2,056,343 | | | \$2,331,911 |
| *Other | | \$22,045 | | | | \$22,045 |
| TOTAL | \$548,738 | \$454,714 | \$2,056,343 | \$75,000 | | \$2,586,056 |

| *Other (FY 2015) | |
|-------------------------|-----------------|
| Rent | \$14,845 |
| Telecommunications | \$7,200 |
| Total Other | \$22,045 |

| Category | Grant Total |
|--------------|--------------------|
| Personnel | \$177,074 |
| Fringe Ben. | \$55,027 |
| Travel | |
| Equipment | |
| Supplies | |
| Contractual | \$2,880,649 |
| *Other | \$22,045 |
| TOTAL | \$3,134,794 |

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Scope of Work – Public Consulting Group, Inc.

Background

The Rate Review Division of the Arkansas Insurance Department (“the Division”) is continuing to develop and operate the state Effective Rate Review Program (“Program”) to streamline the review of health insurance rate changes, to increase examination to rate changes, and to make transparent information available to the public. Among other initiatives, the Division has developed business process software (iRate) to streamline the rate review process for Division staff and make information available to consumers. The Division is seeking to ensure that rate review functions account for federal requirements and that the Program meets requirements and expectations in review of Marketplace rates. The Division is additionally seeking support in carrying out rate review operational activities, including activities related to rate review and transparency requirements related to Marketplace plans. Finally, the Division seeks assistance with financial management of the Department’s rate review grants, including development of a unified format for tracking spending and managing reporting requirements.

Scope of Work

PCG will evaluate the current operations of the Division and identify areas where the Rate Review Program should be reinforced or modified in order to meet the goals of the Program and to ensure effective review of both on- and off-Marketplace plans. PCG will provide an initial assessment and will provide ongoing support and staff augmentation to support agreed-upon process changes and rate review activities. PCG will support rate trend and impact analyses and consumer transparency initiatives with emphasis on integrating information regarding Marketplace plans, in which over 140,000 Arkansans are enrolled.

A. Regulatory Review & Requirements Gathering

PCG has been working with the Arkansas Insurance Department since early 2012 as the Plan Management vendor for Marketplace plans, and is uniquely qualified to support this scope of work due to our extensive and in-depth knowledge of Marketplace plans, AID organizational structure, and regulatory processes.

We propose to help AID accomplish the objectives outlined in this scope by working with various divisions of AID to bridge relevant functions of existing Rate Review and Marketplace programs. PCG will evaluate and support the use of available systems and resources (including iRate and SERFF) that are available and in use by the Division to

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use these tools to their fullest capabilities to accomplish these objectives. With our in-depth knowledge of Marketplace templates and plan information, PCG will provide expertise in ways to compile and integrate supplemental Marketplace plan information. We will conduct an initial analysis to guide ongoing support to the Division, develop project plans, business requirements, and other relevant documentation as needed.

PCG has identified the following sources of regulation regarding rates for Marketplace plans to be reviewed:

- 45 CFR §156.210 – QHP Rate and Benefit Information;
- 45 CFR §156.255 – Rating Variations;
- 45 CFR §155.705(b)(6) – Rates and Rate Changes;
- 45 CFR §155.1020 – QHP Issuer Rate and Benefit Information;
- PPACA §1201 (PHSA Amendments) – Health Insurance Market Reforms;
- 79 FR 30239 – Final Rule: Patient Protection and Affordable Care Act; Exchange and Insurance Market Standards for 2015 and Beyond.

Additional sources for regulatory review, particularly at the State level, may be identified through our survey of rating regulations. PCG’s proposed scope includes not only identification of these review requirements, but also analysis of the Division’s practices to ensure that these requirements are adhered to during a standard rate review. If this process review identifies opportunities for the Division to more closely align its rate review practices with both state and federal regulations, PCG will assist with developing processes to ensure that those practices are implemented.

B. Business Process Analysis

Recognizing that rate review contributes to a greater plan management role of the Arkansas Insurance Department, PCG will assist with information gathering and process mapping for information relays between the Division and the remaining work units of the Department. In addition to reducing workflow delays and avoiding duplication of work, re-evaluating divisional responsibilities also provides the Division with opportunities to establish practices to enhance the effectiveness of the rate review program. Preliminary discussion of organizational goals have yielded two major components of an ideal rate review program; these goals are:

- **Trend and Impact Analysis**
PCG will identify trend and impact analysis activities needed in coordination with Marketplace plans and will support staff in analyzing trends in health insurance plan factors such as service areas, plan networks, quality improvement and quality rating information, benefit coverage, and plan enrollment. Analysis of year-over-

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year changes to health plan factors will permit Division staff and management to identify areas where these factors may be affecting health plan rates, plan structure, and consumer behavior. PCG will assist the division in compiling and interpreting complex quantitative and qualitative health plan information to identify trends and assess the impact of these trends on plan rates.

- **Consumer Transparency**
PCG will assist AID in ensuring Program initiatives provide transparent rate and plan information to consumers for plans inside and outside the Marketplace. Presenting understandable and meaningful information about the content and quality of Marketplace and other health plans to supplement premium rate information will enable consumers to make more holistic value judgments about available health insurance options. PCG will assist the Division in developing the content and format of plan and rate information to be distributed through existing and newly-identified outlets for transparent consumer information.

Visually tracking data elements across divisions, personnel, and systems will allow the Division to identify opportunities for further coordination across working units, leading to a more effective and efficient review of health insurance rates.

C. Financial Management Assistance

The Division's effective rate review program entails multiple funding sources across several grant cycles. Simultaneously managing funds from multiple revenue streams, disbursement of funds to several vendors, and maintaining accountability to oversight agencies requires full cognizance of the varied and complex issues surrounding grant management.

Internally, the Division must track grant fund balances, spend-down rates and cost projections, grant timelines, vendor contract costs, and vendor deliverables to ensure that the program is being administered in accordance with the terms of the original grant and the terms of contracts with any third party. Externally, the Division must interact with the overseeing entity, namely CMS and CCIIO, to ensure transparency and availability of financial information. These agencies rely upon several reporting systems required to manage and report on grants, including the federal Online Data Collection (OLDC) and Grant Solutions platforms.

PCG offers a breadth of experience executing projects funded by federal grants. This experience includes providing guidance to clients concerning best practices for financial oversight and preserving project continuity across grant periods. We have facilitated several large-scale gatherings of qualitative information for grant reporting, maintain

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artifacts of developed tools as evidence of work performed, and offer guidance on financial strategies to extend grant lifecycles (including no-cost extensions). Our review of the Division’s financial oversight processes will encourage vendor accountability and responsible stewardship of federal funds.

D. Project Hourly Costs

The table below outlines anticipated costs to complete the scope described in the Technical Proposal for the period of December 1st, 2014 through May 31st, 2015. PCG expects that the level of effort required will be front-loaded, with the majority of project costs generated in the first three months of contract execution. After completion of main of deliverables, PCG offers light implementation guidance beyond the initial three-month scope, with the option to complete deliverables identified through the initial scope or provide staff augmentation to assist with Division initiatives.

Estimated Hours by Task

| Task | Est. Hours |
|--------------------------------|-------------------|
| Project Management and Support | 90 |
| Process Review and Support | 90 |
| Program and Regulatory Review | 35 |
| Grant Management | 260 |
| Total Hours | 475 |

| Consulting Rates and Estimated Hours | Rate | Est. Hours | Total Cost |
|---|-------------|-------------------|-------------------|
| Business Analyst | \$165 | 385 Hours | \$63,525 |
| Senior Consultant | \$255 | 90 Hours | \$22,950 |
| Total Cost (All Scopes) | | | \$86,475 |

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Attachment 10: Request for Information

REQUEST FOR INFORMATION

ALL PAYER CLAIMS DATABASE

RFI 001-1213

Health Insurance Rate Review Division Arkansas Insurance Department

BACKGROUND

On September 23rd, 2013, the Health Insurance Rate Review Division (HIRRD) of the Arkansas Insurance Department (AID) received Cycle III grant funding (HHS Grants to States to Support Health Insurance Rate Review and Increase Transparency in Health Care Pricing).

A substantial portion of this grant is allocated to establish an 'ALL PAYER CLAIMS DATABASE' (APCD) within the State of Arkansas. On or about December 10th, 2013 an official Request for Proposal (RFP) will be issued by HIRRD for that purpose. The total APCD RFP award shall not exceed \$1.7 million.

QUALIFIED VENDORS

As a condition of the Cycle III grant, HHS has mandated that the Data Center for the APCD must be located at an academic or other non-profit institutions (Data Centers, section 2794(c)(1)(C)).

Applicants for the subsequent APCD RFP to be issued by HIRRD, **will be limited to academic institutions or non-profit organizations only** in order to comply with Cycle III grant guidelines.

Failure to respond to this RFI will not preclude a qualified vendor from submitting a proposal when the subsequent RFP is issued.

HIRRD understands that each respondent may not have relevant knowledge of or experience associated with each requirement that is contained in this RFI. Therefore, each response should contain only information with which the respondent has direct experience. A non-response should be signified by stating "not applicable".

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INFORMATION TO BE PROVIDED

HIRRD is seeking information from qualified vendors for strategies that would be applicable to the design, governance, development, implementation and operation of an APCD. Information should include best practices and innovations in business models and service delivery. HIRRD is also interested in vendors experience with comparable programs in other states, whether with public or private enterprises.

The information provided should include the following APCD project planning and strategies:

- How an assessment of the State's current insurance market and covered lives would be undertaken;
- Include recommended strategies for payers participation and education and include any barriers of payer reporting capabilities;
- Policies and procedures for the development of data submission rules with input from key stakeholders;
- Methods for data collection, consolidation and validation, including database structure and specifications; and,
- Uses, methodologies and recommendations for data analytics.

RFI RESPONSE REQUIREMENTS

The RFI response should include the following information:

- a) The vendor's name, place of business address(s), contact information, including representative name and alternative, if available, telephone number(s), and e-mail address(s);
- b) A statement of interest in the services outlined in this RFI, including an outline of a specific product, concept, technology, or approach that would meet the goals and requirements described in this RFI;
- c) Company references
- d) A description of the vendor's business and its experience as it relates to the services outlined in this RFI. This description should include a narrative explaining past experiences in which the vendor has engaged with health care payers, health care providers or government agencies in the area of data collection and dissemination. The vendor shall indicate any experience it has for services similar in nature to those described in this RFI;

****The RFI response should not include any pricing or budgetary information.

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VENDOR COSTS

Vendors are responsible for all costs associated with preparing a response to this RFI. HIRRD will not be responsible for any vendor costs associated with preparing a response to this RFI.

QUESTIONS

Questions concerning this RFI should be submitted in writing via email to: Lowell.nicholas@arkansas.gov. If time permits, responses to questions received will be made by return e-mail to the sender.

RESPONSE SUBMISSION

Vendors responding to this RFI are requested to submit two (2) hard copies and one (1) electronic copy of its response. E-mail attachments are acceptable as an electronic response. Responses should be **six pages or less** in total length.

The vendor shall also submit an electronic redacted copy of the response suitable for release to the public. Any confidential or trade secret information should be either redacted or completely removed. The redacted response shall be marked as the "redacted" copy and contain a transmittal letter authorizing release of the redacted version of the response in the event HIRRD receives a public records request.

Responses to this RFI shall be submitted no later than 5:00 PM, CST, Wednesday, November 20, 2013. Responses shall be submitted to:

Lowell Nicholas
Deputy Commissioner
Rate Review Director
Arkansas Insurance Department
1200 W. Third, Suite 201
Little Rock, AR 72201
Lowell.nicholas@arkansas.gov

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Attachment 10: Award Notification

DATE: March 04, 2014

AWARD: RR-120142

Service: All Payer Claims Database (APCD)

Recipient: Arkansas Center for Health Improvement (ACHI)

Amount: \$1.7 million

Term: 18 months

Funder: Health Insurance Rate Review Division (HIRRD)

On September 13, 2013, HIRRD, a division of the Arkansas Insurance Department (AID), was awarded a Cycle III DHHS/CCIIO Grant to "Establish New Data Systems and Enhance Pricing Transparency." As a result of this foundation grant, HIRRD officially issued RFP RR-120142 on December 16, 2013. After an exhaustive and comprehensive evaluation of all vendor proposals, HIRRD determined ACHI to have submitted the best proposal and to be the most qualified vendor in establishing an APCD within the State of Arkansas.

Arkansas Center for Health Improvement (ACHI) will provide APCD professional planning and implementation of services, including but not limited to, data collection, data consolidation, data analysis, data warehousing, reporting, quality assurance, secure storage, sustainability, stakeholder engagement and public education for applicable Arkansas residents.
