

# Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

<b>Report Date</b>	<b>July 29, 2014</b>
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Organization Information	
<b>State</b>	<b>Arkansas</b>
<b>Project Title</b>	<b>Arkansas Health Insurance Rate Review Program Cycle II &amp; III</b>
<b>Grant Project Director (Name and Title)</b>	<b>Lowell Nicholas Deputy Commissioner – Rate Review Director</b>
<b>Phone/Email</b>	<b>501-683-3836</b>
<b>Grant Authorizing Representative</b>	<b>(SAME)</b>
<b>Phone/Email</b>	<b>(SAME)</b>

Grant Information	
<b>Date Grant Awarded</b>	<b>September 23, 2013</b>
<b>Amount Granted</b>	<b>\$3,134,794.00</b>
<b>Project Year</b>	<b>2013 – 2015</b>
<b>Project Reporting Period (Example Quarter 1 10/1/2013-12/31/2013)</b>	<b>Quarter III (4/01/14 – 6/30//14)</b>

**The purpose of the Cycle III Quarterly Grant Reports is to:**

- Provide the Rate Review Grant Program with a better understanding of the States’ rate review and medical pricing transparency initiatives funded through this grant program
- Provide the Rate Review Grant Program with Quarterly Rate Filing Data
- Describe medical new pricing transparency initiatives at the funded Data Center
- Provide the States participating in the Rate Review Grant Program with the opportunity to share information, highlight successes and reflect upon the progress of their programs

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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 2794 of the Public Health Service Act (PPACA Section 1003) provides for a program of grants that enable states to improve the health insurance rate review and establish Data Centers that provide medical price information to the public.

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 Rate Review Grant Program include:

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

A Data Center, established under subsection (c)(1)(C) of section 2794, must: (A) develop fee schedules and other database tools that fairly and accurately reflect market rates for medical services and the geographic differences in those rates; (B) use the best available statistical methods and data processing technology to develop such fee schedules and other database tools; (C) regularly update such fee schedules and other database tools to reflect changes in charges for medical services; (D) make health care cost information readily available to the public through an Internet website that allows consumers to understand the amounts that health care providers in their area charge for particular medical services; and (E) regularly publish information concerning the statistical methodologies used by the center to analyze health charge data and

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make such data available to researchers and policy makers.

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

Each quarterly report is due thirty days following the end of the Federal fiscal quarter. For example the first Cycle III quarterly report is due by January 31, 2013. All quarterly reports must be submitted electronically through the Health Insurance Oversight System (HIOS).

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

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### **PART I: NARRATIVE REPORT FORMAT**

This 3<sup>rd</sup> Quarter Cycle III report will contain activities and budget information from both Cycle II and Cycle III because of the one year grant overlap in FY14.

#### **Cycle II & III Overlap**

*The Arkansas HIRRD Cycle II award ends on September 30, 2014 and the Cycle III award period began on October 1, 2013 and will end on September 30, 2015. The Arkansas HIRRD received the Cycle III award on September 23, 2013 in the amount of \$3,134,794. This created a one year overlap of Cycle II and Cycle III during fiscal year 2014.*

*As of June 30, 2014, there was a total of \$1,994,631 (51.8%) in Cycle II expenditures. As of June 30, 2014, there was a total \$46,452 (1.48%) in Cycle III expenditures.*

*Consequently, FY15 (October 1, 2014 – October 30, 2015) will be Cycle III only with the exception of the utilization of a Cycle II “No Cost Extension” (NCE) awarded to HIRRD on March 26, 2014.*

#### **Introduction:**

The Arkansas HIRRD has been aggressive, innovative, and successful in conceiving and implementing its “rate review” strategic plans in Cycles I, II and III, as well as the proposed strategic plan in its recently submitted Cycle IV grant application. To date, the Arkansas HIRRD has applied for and received more than \$8 million in rate review federal grants (\$1,000,000 in Cycle I, \$3,874,098 in Cycle II and \$3,134,798 in Cycle III funds).

It should be noted that the Arkansas Insurance Department (AID) and Health Insurance Rate Review Division HIRRD received notification from CCIIO on July 1, 2011, that AID/HIRRD has met the applicable criteria and was designated as an “Effective Rate Review Program” in all markets. AID has worked diligently to maintain that designation.

From Cycle III grant funds, \$1.7 million was allocated to contract for the APCD Data Center which is currently being implemented. This APCD Data Center will be an invaluable asset to the State of Arkansas. Furthermore, an incredible enhancement to the APCD will be the “Medical Pricing/Transparency” component to be funded from anticipated Cycle IV grant funds. Comprehensive and detailed project plans have already been created for the ‘Medical Pricing/Transparency’ component. The benefits to the various stakeholders will be enormous.

The stated goals of the Department of Health and Human Services (HHS) include developing and enhancing Data Centers that provide medical 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.

The State of Arkansas HIRRD will exceed all of these stated goals. One noteworthy accomplishment of the Arkansas HIRRD is the conception, design, and implementation of iRATE (Insurance Rate Analysis & Tracking Engine), a revolutionary automated “SERFF Data Extraction, Retrieval & Data Extraction, Retrieval & Analytic Application”.

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## **Additionally**

On September 23, 2013, the AID Health Insurance Rate Review Division (HIRRD) received grant funding from HHS/CMS/CCIIO as part of the Health Insurance Rate Review Grant Program – *Grants to States to Support Health Insurance Rate Review and Increase Transparency In Health Care Pricing, Cycle III* Grant award of \$3,134,794.

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

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

**1. 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.

**2. 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. These and many others capabilities make iRATE the best application for submitting a fast, effective and accurate rate reviews. Ongoing enhancements will include adding the Unified Rate Review Template (URRT), Qualified Health Plan (QHP), and automation of website transfer.

## **PROGRAM IMPLEMENTATION STATUS:**

### *1. Quarterly Accomplishments to Date:*

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.

On March 10, 2014, the contract was awarded to 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.

In early June, 2014 the contract was sent to the Arkansas Legislative Council’s Performance and Evaluation and Expenditure Review Committee (PEER) where it was approved and became effective on June 20, 2014.

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ACHI/HIRRD achieved several milestones during this Quarter 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

During this quarter ACHI has expanded their staff as they have hired a Web Developer, and two Analytics/Reporting managers. ACHI will continue to work on the Project Management Plan that was delivered to HIRRD on July 11, 2014.

Also during the Cycle III third quarter ACHI/HIRRD have continued to develop the Stakeholders list and generated a letter to be distributed to them in Cycle III fourth quarter. There will be two scheduled preliminary meetings held in August for the Stakeholders.

### **Other items that have been achieved this quarter:**

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

#### Overview of HIRRD Accomplishments

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

### 3. Challenges and Responses faced this year:

- The greatest challenge has been to successfully meet the Arkansas state legislative rules and regulations regarding approval of grant budgets, grant contracts, and grant personnel.
- 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 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.

### 4. Describe any required variations for the original Work Plan and companion timelines (*None*):

#### **SIGNIFICANT ACTIVITIES: UNDERTAKEN AND PLANNED**

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

#### **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.

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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 will convene in the Fall of 2014 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.

## **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:

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- 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.

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. We believe AFMC is uniquely qualified to perform the enhancements outlined in this proposal based on our experience in the industry and our experience developing iRATE.

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### 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

**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 2014 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](http://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.

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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](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
- 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

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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.

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

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- 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
- 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.

# Health Insurance Rate Review Grant Program

## Cycle III Quarterly Report Template

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### **OPERATIONAL/POLICY DEVELOPMENTS/ISSUES**

**A.** The State of Arkansas requires all federal grant funding to be processed just like the fund origin was state based revenue. That means it must go 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. We recently went through and completed an audit by the state legislative arm and came through with a very positive finding. (SEE EXHIBITS 6 & 7)

### **B. Potential APCD Problems**

- 1) Solving Governance
- 2) Sustainability Funding

1) **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.

2) **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.

### **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 0f 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”).

### **PUBLIC ACCESS ACTIVITIES**

There have been a few additions to our HIRRD Website this quarter. We added the Cycle III Quarter II report, and the AID Bulletin 9-2014. In June we submitted a letter of intent to apply for Grants to States to Support Health Insurance Rate Review and Increase Transparency in the Pricing of Medical Services Cycle IV; we plan to allocate a portion of these funds to improve our current website. We envision a more consumer-friendly design and emphasis on our new APCD website.

# Health Insurance Rate Review Grant Program

## Cycle III Quarterly Report Template

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The APCD Data Center will have a web-based, user-friendly interactive tool or 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.

### **Documents currently posted on the HIRRD website**

(See Exhibit 5)

### **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) Life & Health Division of AID
- g) NAIC
- h) SERFF
- i) Multiple state Rate Review partners
- j) 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.

### **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 to its endeavor to educate, inform, and involve critical constituent groups such as state leaders, legislators, and active affinity stakeholder groups.

### **UPDATED BUDGET**

HIRRD is well within its operating budget and projected budget for both Cycle II and Cycle III. Only \$46,452 of Cycle III funds occurred during the 3<sup>rd</sup> quarter. All budgets have been prepared and reviewed by an outside accounting firm specializing in Health Care Finance.

(See Exhibit 2A & 2B)

## Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

### TWENTY-NINE MONTH ACTUAL (JUNE 2014) CYCLE II

Category	Spent Projected	Budgeted	Variance
Salary	528,158	1,178,607	650,449
Fringe Benefits	166,197	294,651	128,454
Professional Services/Contracts	1,078,525	1,535,751	457,226
Supplies and Other Office Expenses	129,911	186,551	56,640
Travel	17,296	148,079	130,783
Rental	58,141	72,000	13,859
Capital	16,402	121,784	105,382
Other	-	336,675	336,675
<b>Total</b>	<b>1,994,631</b>	<b>3,874,098</b>	<b>1,879,467</b>

### RATE REVIEW GRANT NINE MONTH ACTUAL (JUNE 2014) CYCLE III

Category	Spent Projected	Budgeted	Variance
Salary	-	299,301	299,301
Fringe Benefits	-	92,661	92,661
Professional Services/Contracts	46,452	2,626,200	2,579,748
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
<b>Total</b>	<b>46,452</b>	<b>3,134,794</b>	<b>3,088,342</b>

#### UPDATED RATE REVIEW WORK PLAN AND TIMELINE

- 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 APCD contract was approved by the state legislature on June 20, 2014 and is currently being implemented. Healthcare data and pricing in Arkansas has been fragmented and difficult to obtain in a usable format 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”.

## Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

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- 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.

# Health Insurance Rate Review Grant Program

## Cycle III Quarterly Report Template

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### **DATA COLLECTION AND ANALYSIS**

Do to the CMS Validation Services Outage being reported by SERFF, HIRRD will not be able to accurately confirm or submit third quarter Rate Review Volume/Market Data nor the details contained in the Rate Review Data Details. As soon as services are available an amended report of AID's volume/market data will be provided. (**Alert Message from SERFF Message Board**)

Subject: UPDATE: CMS Validation Services Outage

Send Date: 07/28/2014

Expiration Date: 07/29/2014

Message: The SERFF team would like to provide you with an update regarding the federal systems outage affecting template validation services.

Template validations are continuing to process very slowly today, if at all. CMS has communicated to the SERFF team that they are taking down all federal Plan Managements services today (7/28) at 4:30pm Central. They intend to have the service down all night in an attempt to fix the problems. This includes Validate and Transform and Transfer Plan.

If you are an issuer, please do not attempt to validate your templates until further notice. If you are a state, please do not attempt to transfer any plans to the federal hub until further notice. We expect the service to be up tomorrow morning but cannot guarantee that so we will send another alert when we have verified that the services are once again operational.

If you have any questions regarding this alert, please e-mail us at: [SERFFPlanmgmt@naic.org](mailto:SERFFPlanmgmt@naic.org)

Thanks,

SERFF Help Desk

[SERFFPlanmgmt@naic.org](mailto:SERFFPlanmgmt@naic.org) | 816.783.8990

### **PRICING DATA COLLECTION AND ANALYSIS**

Currently there is no analysis available on medical claims data collected by AID. As we prepare for the structure and implementation of the APCD, this information will become available.

### **UPDATED EVALUATION PLAN**

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

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

# Health Insurance Rate Review Grant Program

## Cycle III Quarterly Report Template

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

### **QUARTERLY REPORT SUMMARY STATISTICS:**

- Total Funds Expended to date: (Cycle II - \$1,994,631)
- Total Funds Expended to date: (Cycle III - \$46,452)
- Total Staff Hired (new this quarter and hired to date with grant funds): (0/3)
- Total Contracts in Place (new this quarter and established to date): (2/10)
- Introduced Legislation: (No)
- Money saved for consumers through rate review during the federal fiscal year: (Not Available)
- Enhanced IT for Rate Review: (Yes)
- Submitted Rate Filing Data to HHS: (Yes)
- Enhanced Consumer Protections in Rate Review Processes: (Yes)
  - Consumer-Friendly Rate Review Website: (Yes)
  - Rate Filings on Website: (Yes)
  - Medical Pricing data on Website: (No)

### **DATA CENTER ACTIVITIES**

The contract for design and implementation of the APCD was approved by the Arkansas Legislature on June 20, 2014. Contract implementation is underway. Because the contract is just underway, there are no answers 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
Gained access to new or more comprehensive data sets	N/A
Enhanced public availability of price data for medical services	N/A
Provided new data regarding the prices of medical services on website	N/A
Integrated medical 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 (Provide dates for the period from which the new visitor count was taken)	N/A
Total (Provide dates)	N/A
New visitors (Provide dates for the period from which the new visitor count was taken from)	N/A

## Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

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### **PART II: HEALTH INSURANCE RATE DATA COLLECTION**

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

**Table A. Rate Review Volume**

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
Number of submitted products with rate information	6	5	22		
Number of products requesting increase in premiums	2	4	15		
Number of products reviewed for approval, denial, acceptance etc.	11	5	Not Available		
Number of products approved	11	3	Not Available		
Number of products denied	0	1	Not Available		
Number of products deferred	0	1	Not Available		

**Table B. Number and Percentage of Products Reviewed – Individual Group**

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
Number of covered lives affected	<b>PPO/POS</b> 7	0	0		

**Table C. Number and Percentage of Products Reviewed – Small Group**

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
Number of covered lives affected	<b>OTH/PPO</b> 7	0	0		

**Table D. Number and Percentage of Products Reviewed – Large Group**

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

## Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

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**Table E. (SERFF Users): Number and Percentage of Products Reviewed –Combined**

<b>State</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>	<b>Annual Total</b>
Number of covered lives affected	<b>0</b>	<b>0</b>	<b>0</b>		

**Rate Filing Detailed Data Elements:** Please refer to the Enclosure for the updated **Rate Filing Detailed Data Elements**.

Health Insurance Rate Review Grant Program  
Cycle III Quarterly Report Template

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**ENCLOSURES/ATTACHMENTS**

**Exhibits**

**Exhibit 1: Timeline**

**Exhibit 2A & 2B: Operating Budget Cycle II & Cycle III**

**Exhibit 3: SF-425 (Cycle II)**

**Exhibit 4 SF-425 (Cycle III)**

**Exhibit 5: Documents currently posted to HIRRD website**

**Exhibit 6: Division of Legislative Audit Report**

**Exhibit 7: Risk Assessment & Control Activities Worksheet**

**Exhibit 8: BULLETIN NO. 9-2014 (Web Link)**

**The 2015 Plan Year Requirements for Qualified Health Plan Certification In  
The Arkansas Federally-Facilitated Partnership Marketplace**

# Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

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## **Exhibit 1: Timeline**

### **June 2014**

- 06.20.14 ALC Meeting Approved funding for APCD, Contract Executed.
- 06.19.14 Cycle IV: Award Details Announced. Each state and territory awarded a Cycle IV grant will receive a \$1,179,000 Baseline Award. *“Performance” or Workload*”
- 06.05.14 Peer Council Meeting for APCD Funding (approved)
- 06.04.14 Submitted Mandatory Letter of Intent to Apply for Cycle IV

### **May 2014**

- 05.30.14 Announcement Cycle IV The Health Insurance Rate Review Grant Program Grants to States to Support Health Insurance Rate Review and Increase Transparency in the Pricing of Medical Services, Cycle IV
- 05.19.14 ACHI/HIRRD Kick-Off APCD

### **April 2014**

- 04.29.14 Arkansas Division of Legislative Audit preformed
- 04.25.14 Submitted 2nd Qtr Report
- 04.11.14 Bulletin No. 9-2014: 2015 Plan Year Requirements for Qualified health Plan Certification in the Arkansas Federally-Facilitated Partnership Marketplace

### **Mar. 2014**

- 03.26.14 Notice of Award for NCE of Cycle II Grant funds through 09/30/2015

### **Feb. 2014**

- 02.24.14 Presentation by Selected Finalists (Little Rock)
- 02.17.14 Finalist invited for Presentation
- 02.10.14 Intergovernmental Technical Services Contract Proposal Opening Date/2:00 pm

### **Jan. 2014**

- 01.31.14 Arkansas posts Addendum 4 for RFP RR-120142
- 01.24.14 Submitted 1<sup>st</sup> Qtr Report
- 01.08.14 Arkansas extends RFP submission date to February 3, 2014

## Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

### EXHIBIT 2A: OPERATING BUDGET CYCLE II

RATE REVIEW GRANT												
Thirty Months (JUNE 2014) Cycle II												
Category	Spent Projected	Budgeted	Variance	ACTUAL								
				Jan 2014	Feb 2014	Mar 2014	April 2014	May 2014	June 2014	Dec 2011 to Sept 2014	Budgeted Amount	Remaining Balance
Salary	528,158	1,178,607	650,449									
Fringe Benefits	166,197	294,651	128,454									
Professional	1,078,525	1,535,751	457,226									
Supplies and Other Office	129,911	186,551	56,640									
Travel	17,296	148,079	130,783									
Rental	58,141	72,000	13,859									
Capital	16,402	121,784	105,382									
Other	-	336,675	336,675									
Total	1,994,631	3,874,098	1,879,467									
				ACTUAL								
Monthly Totals	24,173	25,765	27,503	33,963	36,545	30,707	1,994,631	3,874,098	1,879,467			
Regular Salary	13,894	13,894	14,025	15,207	22,811	20,675	528,158	1,178,607	650,449			
Total Fringe Benefits	5,359	5,284	5,209	5,630	6,367	5,887	166,197	294,651	128,454			
Total Professional/Contract	2,533	2,975	6,290	10,546	4,102	2,854	1,078,525	1,535,751	457,226			
Total Office Supplies and Other	1,187	2,412	434	645	2,064	1,291	129,911	186,551	57,327			
Total Travel	-	-	345	734	-	-	17,296	148,079	130,783			
Total Rental	1,201	1,201	1,201	1,201	1,201	-	58,141	72,000	13,859			
Capital			-				16,402	121,784	105,382			
Total Other							-	336,675	336,675			

# Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

## EXHIBIT 2B: OPERATING BUDGET CYCLE III

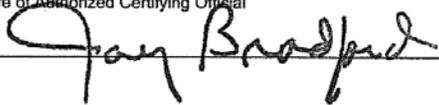
<b>RATE REVIEW GRANT</b>															
<b>Months Actual (June 2014) Cycle III</b>															
Category	Spent/ Projected	Budgeted	Variance												
				OCT. 2013	NOV. 2013	DEC. 2013	JAN. 2014	FEB. 2014	MAR. 2014	APR. 2014	MAY 2014	JUNE 2014	OCT 2013 to Sept 2014	Budget Amt	Remain Bal.
Salary		299,301	299,301												
Fringe Benefits		92,661	92,661												
Prof. Svcs/Contracts	46,452	2,626,200	2,579,748												
Supplies & Oth Office Exp		52,432	52,432												
Travel		-	-												
Rental		35,400	35,400												
Capital		4,800	4,800												
Other		24,000	24,000												
Total	46,452	3,134,794	3,088,342												
Monthly Totals														3,134,794	3,134,794
Regular Salary														299,301	299,301
Total Fringe Benefits														92,661	92,661
Total Prof./Contract Svcs							1,250			5,868.75		39,333.33	46,452.08	262,620	216,168
Total Office														52,432	52,432
Total Travel															
Total Rental														35,400	35,400
Capital														4,800	4,800
Total Other														2,400	2,400

# Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

## EXHIBIT 3: SF-425 CYCLE II

### FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted <b>DHHS-CC110</b>		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) <b>6PRPPR120006-01-01</b>			Page <b>1</b>	of 	
pages							
3. Recipient Organization (Name and complete address including Zip code) <b>ARKANSAS INSURANCE DEPARTMENT 1200 WEST THIRD STREET, LITTLE ROCK, ARKANSAS 72201</b>							
4a. DUNS Number <b>810501558</b>	4b. EIN <b>71-0847443</b>	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) <b>10/01/2011</b>			To: (Month, Day, Year) <b>09/30/2014</b>		9. Reporting Period End Date (Month, Day, Year) <b>06/30/2014</b>		
10. Transactions					Cumulative		
<i>(Use lines a-c for single or multiple grant reporting)</i>							
<b>Federal Cash (To report multiple grants, also use FFR Attachment):</b>							
a. Cash Receipts					<b>1,977,569.86</b>		
b. Cash Disbursements					<b>1,976,578.38</b>		
c. Cash on Hand (line a minus b)					<b>991.48</b>		
<i>(Use lines d-o for single grant reporting)</i>							
<b>Federal Expenditures and Unobligated Balance:</b>							
d. Total Federal funds authorized					<b>3,874,098.00</b>		
e. Federal share of expenditures					<b>1,976,578.38</b>		
f. Federal share of unliquidated obligations							
g. Total Federal share (sum of lines e and f)					<b>1,976,578.38</b>		
h. Unobligated balance of Federal funds (line d minus g)					<b>1,897,519.62</b>		
<b>Recipient Share:</b>							
i. Total recipient share required							
j. Recipient share of expenditures							
k. Remaining recipient share to be provided (line i minus j)					<b>0.00</b>		
<b>Program Income:</b>							
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)					<b>0.00</b>		
11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
g. Totals:							
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:							
13. Certification: By signing this report, I certify 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 <b>Jay Bradford State Insurance Commissioner</b>				c. Telephone (Area code, number and extension) <b>501-371-2621</b>			
b. Signature of Authorized Certifying Official 				d. Email address <b>jay.bradford@arkansas.gov</b>			
				e. Date Report Submitted (Month, Day, Year) <b>07/21/2014</b>			
14. Agency use only:							

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

**Paperwork Burden Statement**

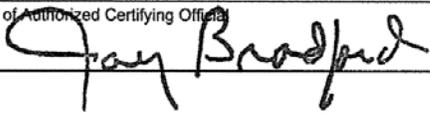
According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information 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.

# Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

## EXHIBIT 4: SF-425 CYCLE III

### FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted <b>DHHS-CC110</b>		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) <b>1 PRPPR140042-01-00</b>		Page <b>1</b>	of  		
pages							
3. Recipient Organization (Name and complete address including Zip code) <b>ARKANSAS INSURANCE DEPARTMENT 1200 WEST THIRD STREET, LITTLE ROCK, ARKANSAS 72201</b>							
4a. DUNS Number <b>810501558</b>	4b. EIN <b>71-0847443</b>	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) <b>10/01/2013</b>		To: (Month, Day, Year) <b>09/30/2015</b>		9. Reporting Period End Date (Month, Day, Year) <b>06/30/2014</b>			
10. Transactions				Cumulative			
<i>(Use lines a-c for single or multiple grant reporting)</i>							
<b>Federal Cash (To report multiple grants, also use FFR Attachment):</b>							
a. Cash Receipts				46,452.08			
b. Cash Disbursements				46,452.08			
c. Cash on Hand (line a minus b)				0.00			
<i>(Use lines d-o for single grant reporting)</i>							
<b>Federal Expenditures and Unobligated Balance:</b>							
d. Total Federal funds authorized				3,134,794.00			
e. Federal share of expenditures				46,452.08			
f. Federal share of unliquidated obligations							
g. Total Federal share (sum of lines e and f)				46,452.08			
h. Unobligated balance of Federal funds (line d minus g)				3,088,341.92			
<b>Recipient Share:</b>							
i. Total recipient share required							
j. Recipient share of expenditures							
k. Remaining recipient share to be provided (line i minus j)				0.00			
<b>Program Income:</b>							
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	f. Federal Share
	g. Totals:						
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:							
13. Certification: By signing this report, I certify 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 <b>Jay Bradford State Insurance Commissioner</b>				c. Telephone (Area code, number and extension) <b>501-371-2621</b>			
				d. Email address <b>jay.bradford@arkansas.gov</b>			
b. Signature of Authorized Certifying Official 				e. Date Report Submitted (Month, Day, Year) <b>07/21/2014</b>			
				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.

# Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

## EXHIBIT 5: Documents currently posted to HIRRD Website

ARKANSAS INSURANCE DEPARTMENT

NEWS | PUBLICATIONS | CONTACT

# HEALTH INSURANCE PREMIUM RATE REVIEW DIVISION

## CONSUMER GUIDE

REVIEW PROCESS | CONSUMER GUIDE | RECENT & CURRENT RATES | RATE FAQ | REBATES

Home » Consumer Guide » [Rate Review Grants](#)

### Rate Review Grants

The Health Insurance Premium Rate Review (HIPRR) Division of the Arkansas Insurance Department (AID) was created under the Affordable Care Act (ACA) to protect consumers and employers from unreasonable [health insurance premium rate increases](#).

HIPRR is federally funded through U.S. Department of Health and Human Services grants. In 2010, DHHS awarded AID a \$1 million grant and a \$3.8 million grant in 2011. These grant funds are being used to expand and enhance Arkansas' process for rate review and to bring greater transparency and openness to the [premium rate review](#) process while directly involving the consumer. These steps will provide Arkansas consumers who buy insurance with greater value for their premium dollar.

#### ALL PAYER CLAIMS DATABASE (APCD):

OFFICIAL CHANGE NOTIFICATION

- [APCD AWARD](#)
- [FINAL RFP](#)
- [ADDENDUM 4](#)
- [ADDENDUM 3 \(CURRENT RFP 01-24-14\)](#)
- [Explanation of ADDENDUM 3](#)
- [ADDENDUM 2 \(SUPERSEDED\)](#)
- [ADDENDUM 1 \(SUPERSEDED\)](#)
- [OFFICIAL CHANGE NOTIFICATION](#)
- [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](#)

U.S. Department of Health and Human Services Grants and Rate Review Program

Cycle I:

- [Cycle I Grant Application](#)
- [First Quarterly Report](#)
- [Second Quarterly Report](#)
- [Third Quarterly Report](#)
- [Fourth Quarterly Report](#)
- [Final Cycle I Report](#)

**SIGN UP FOR E-UPDATES!**

Enter Email Address... **SUBMIT**

Watch our video to learn more about your health insurance premiums

**WHY DO RATES MATTER TO ME?**

**LOOK UP LATEST FILINGS**

**TALK TO US:**

For complaints or questions regarding health insurance premium rates, contact the Consumer Services Division at 800-852-5494 OR 501-371-2640

# Health Insurance Rate Review Grant Program

## Cycle III Quarterly Report Template

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### Cycle II:

- [Cycle II Grant Application](#)
- [First Quarterly Report](#)
- [Second Quarterly Report](#)
- [Third Quarterly Report](#)
- [Fourth Quarterly Report](#)
- [Annual Cycle II Report](#)
- [Rate Review Media Center IFB](#)
- [AID Rate Review Grants - Professional Services Request for Proposal](#)

### Cycle III:

- [CFDA 93.511](#)
- [GRANT Application Rate Review Cycle III](#)
- [Cycle III Award](#)
- [First Quarter Report](#)
- [Second Quarter Report](#)

### AON Hewitt Reports:

- [Phase 1](#)
- [Phase 2](#)

### "AID Bulletins"

- [3B-2013](#)
- [9-2014](#)

The documents on this page are available in PDF format. You must have Adobe Acrobat Reader installed to view the files. If you do not have the Reader installed, you may [download](#) it FREE.



[Home](#) | [Review Process](#) | [Consumer Guide](#) | [Recent and Current Rates](#) | [Rate FAQs](#) | [Rebates](#) | [Site Map](#)

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# Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

## EXHIBIT 6: DIVISION OF LEGISLATIVE AUDIT REPORT

**DIVISION OF LEGISLATIVE AUDIT  
REVIEW OF SELECTED FEDERAL AWARDS  
MANAGEMENT REPRESENTATIONS  
AND EXIT CONFERENCE ACKNOWLEDGEMENT**



**Jay Bradford, Commissioner  
Arkansas Insurance Department  
1200 West Third Street  
Little Rock, AR 72201**

1. We, the Agency, have made available to the Division of Legislative Audit all program and financial records related to the following federal programs: Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review (CFDA 93.511), Affordable Care Act (ACA) Consumer Assistance Program Grants (CFDA 9.519), and State Planning and Establishment Grants for the Affordable Care Act (ACA)s Exchanges (CFDA 93.525) for the period July 1, 2012 – June 30, 2013.
2. We acknowledge our responsibility for the design and implementation of programs and controls to prevent fraud. We have no knowledge of any fraud or abuse, or suspected fraud or abuse, by management, employees, or others where the fraud or abuse could significantly affect the Program. (*Abuse is defined as behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice, given the facts and circumstances. Abuse includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate.*)
3. We have no knowledge of any allegations of fraud or abuse affecting the Programs by management, employees, or others associated with the Programs.
4. We have disclosed any plans or intentions that may significantly affect the operation of the Programs.
5. We are responsible for compliance with the laws, regulations, and provisions of contracts and agreements applicable to the Programs. We know of no violations of laws, regulations, and provisions of contracts and agreements applicable to the Programs.
6. We have disclosed that, as the result of current or possible legislation or events, the Programs (or aspects of the programs) have been eliminated or will cease to exist or operate within the next year.
7. The findings and recommendations contained in the draft report have been discussed with us and are subject to change upon review by appropriate supervisory personnel prior to the report's presentation to the Legislative Joint Auditing Committee. We understand that draft copies of the report, including findings, conclusions, and recommendations, and copies of related documentation that may be provided to us are not considered public documents and are exempt from the Arkansas Freedom of Information Act. We understand that we have been provided a draft copy of the reportable findings to afford us an opportunity to provide the views of the responsible officials concerning the report findings, conclusions, and recommendations, as well as planned corrective actions. We will address each finding and the proposed corrective action in a letter or email that we will provide by **7/16/14** to:

**Tammy Shaw, Field Audit Supervisor**

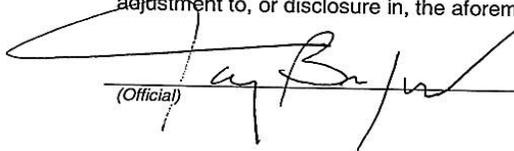
**Email: [Tamara.Shaw@arklegaudit.gov](mailto:Tamara.Shaw@arklegaudit.gov)**

**Mail: Division of Legislative Audit, Room 172 State Capitol Building, Little Rock, AR 72201**

We acknowledge that we may be requested to discuss our corrective action plans in person with the Legislative Joint Auditing Committee. **We will be notified when the report is scheduled to be presented to committee.**

8. We are aware that the report will be available on the Division of Legislative Audit's website ([www.arklegaudit.gov](http://www.arklegaudit.gov)) after presentation at the respective meeting of the Legislative Joint Auditing Committee. After the report has been presented to the Legislative Joint Auditing Committee, the report and the related documentation will be open to public inspection, except those documents specifically exempted as outlined in Ark. Code Ann. § 10-4-422.

9. To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the report date and through the date of this document that would require adjustment to, or disclosure in, the aforementioned report.

  
(Official) \_\_\_\_\_ (Title) \_\_\_\_\_ (Date) \_\_\_\_\_

# Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

## EXHIBIT 7: RISK ASSESSMENT & CONTROL ACTIVITIES WORKSHEET

### Risk Assessment and Control Activities Worksheet

Agency: Arizona Insurance Department  
 Department: Health Insurance Premium Rate Review  
 Activity: Extending a meaningful and comprehensive effective rate review program that is transparent to the public.  
 Prepared By: Kristen McAnroe, Database Administrator  
 Date Prepared: March 11, 2014

Objective Type	Objectives	Risk Assessment			Control Activities	Next Conclusion	New or Additional Control Activity
		Risks	Significance/Impact	Likelihood			
F, O, & C	Meet grant administration requirements.	Inability to follow the advice and guidance of the Federal Department of Health & Human Services Centers for Medicare & Medicaid Services (CMS)	Large	Medium	Submit proposals and reports to CMS including the following: (1) annual grant proposal based on anticipated grant award; (2) revised budget based on grant notice of award letter; (3) quarterly reports through the National Performance Reporting System detailing individual consulting services; (4) quarterly reports on public and media activities; (5) semi-annual resource report; (6) quarterly financial status report; and (7) mid-term narrative report detailing progress to meeting the following objectives. Weekly Staff meetings are held to discuss division reports. The division creates quarterly and annual reports to monitor performance and goals to HHS/CDC/CMS.	S	
F, O, C, F	Program and financial reports are submitted on time and in accordance with HHS/CMS/CDCIO expectations.	Failure to maintain an "effective rate review program" could result in some effective ratings being over by U.S. Department of Health and Human Services.	Large	Low	Staff works with the National Association of Insurance Commissioners (NAIC), the Center for Consumer Information and Insurance Oversight (CCIIO), and other organizations to determine requirements needed to include an "effective rate review program". Public Information Officer is responsible for submitting completed program and financial reports as required by granting agency quarterly and on time.	S	
F, C, O	Quarterly and Annual Reports to the United States Department of Health & Human Services (HHS)	Agency does not file programmatic or financial reports in a timely manner.	Medium	Low	All expenditures are reviewed by the Department's Accounting Division as well as the Rate Review Division, Deputy Commissioner for compliance. Staff works with the State Office of Procurement for all contracting and purchasing. All purchases are approved by the Deputy Commissioner for the Rates Review division. Traveling employees provide Deputy Director with advanced details of travel request in order for Deputy Director to make an informed decision of meeting value and available travel/conference budget. Accounting Division will approve or disapprove all travel and travel reimbursement requests.	S	
F, O, C, F	All expenditures of federal grant funds must be in compliance with federal and state purchasing laws.	Inappropriate expenditures could result in the termination of the grant and/or state reimbursement to state expenditures.	Large	Low	At expenditures are reviewed by the Department's Accounting Division as well as the Rate Review Division, Deputy Commissioner for compliance. Staff works with the State Office of Procurement for all contracting and purchasing. All purchases are approved by the Deputy Commissioner for the Rates Review division. Traveling employees provide Deputy Director with advanced details of travel request in order for Deputy Director to make an informed decision of meeting value and available travel/conference budget. Accounting Division will approve or disapprove all travel and travel reimbursement requests.	S	
F, O	Travel will be planned and reimbursed according to agency, state, and (when applicable) federal policy.	Improper Travel Reimbursement	Small	Low	At expenditures are reviewed by the Department's Accounting Division as well as the Rate Review Division, Deputy Commissioner for compliance. Staff works with the State Office of Procurement for all contracting and purchasing. All purchases are approved by the Deputy Commissioner for the Rates Review division. Traveling employees provide Deputy Director with advanced details of travel request in order for Deputy Director to make an informed decision of meeting value and available travel/conference budget. Accounting Division will approve or disapprove all travel and travel reimbursement requests.	S	
O, C	Consumer education and outreach	Incorrect information disseminated to the public	Medium	Medium	Advertise the transparency of relevant rate review information to the HIRRO website and provide transparency for the consumer and all other stakeholders. Increase search engine optimization or SEO recommendations to current and future pages to reach diverse and hard-to-reach population through social media. 1. I/ATE to automate the transparency of relevant rate review information to the HIRRO website and provide transparency for the consumer and all other stakeholders. 2. All SEIRF filings are published in full on the Website with the exception of actual information relating to individual parties to review them. All filings are stored on both the Department server and in NAIC SEIRF system.	S	
O	Public SEIRF filings to the web	Failure to publish	Small	Low	Minimum staffing levels for the division to operate for a short period of time in the Deputy Director and one support staff. Support staff have been trained and all employees are required to do other duties as assigned if necessary to keep the division operational. Database Administrator tracks review requests on manual calendar and compares formal review sheets to ADSS before approval, and balances with Human Resources each month.	S	
O, C	Maintain adequate staffing levels to operate and accurately process division review requests	Inadequate staff	Large	Medium	Minimum staffing levels for the division to operate for a short period of time in the Deputy Director and one support staff. Support staff have been trained and all employees are required to do other duties as assigned if necessary to keep the division operational. Database Administrator tracks review requests on manual calendar and compares formal review sheets to ADSS before approval, and balances with Human Resources each month.	S	
F, O, C	Personnel, fiscal, and physical resources are available for continued Division Operations.	Lack of Continuity of Operations	Large	Low	Health Insurance Premium Rate Review Division. Information will be shared during daily operations and available in electronic or hard-copy files for continued management and operations across during any unexpected absence of key personnel due to illness, death, or other removal from the workplace. A temporary work setting and back-up electronic files maintained or provided by AID will be available in case of loss of physical work space due to fire or natural disaster.	S	

## Health Insurance Rate Review Grant Program Cycle III Quarterly Report Template

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### EXHIBIT 8: BULLETIN NO. 9-2014

**The 2015 Plan Year Requirements For Qualified Health Plan Certification In The Arkansas Federally-Facilitated Partnership Marketplace is posted on the AID HIRRD website.**

**To access Bulletin NO. 9-2014 in its entirety (28 pages), follow the link below:**

**<http://www.insurance.arkansas.gov/Legal/Bulletins/9-2014.pdf>**