

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.

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.

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

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. 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

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

BUDGET INFORMATION - N Construction Programs

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		Total (g)
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	
1.		\$ 0.00	\$ 0.00	\$ 1,100,496.01	\$ 0.00	\$ 1,100,496.01
2. IT/Data		0.00	0.00	2,034,297.99	0.00	2,034,297.99
3. Outreach		0.00	0.00	0.00	0.00	0.00
4. Legal		0.00	0.00	0.00	0.00	0.00
5. Totals		\$ 0.00	\$ 0.00	\$ 3,134,794.00	\$ 0.00	\$ 3,134,794.00

SECTION B - BUDGET CATEGORIES

Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1) Core Rate Review	(2) IT/Data	(3) Outreach	(4) Legal	
a. Personnel	\$ 177,074.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 177,074.00
b. Fringe Benefits	55,026.63	0.00	0.00	0.00	55,026.63
c. Travel	0.00	0.00	0.00	0.00	0.00
d. Equipment	0.00	0.00	0.00	0.00	0.00
e. Supplies	0.00	0.00	0.00	0.00	0.00
f. Contractual	846,350.78	2,034,297.99	0.00	0.00	2,880,648.77
g. Construction	0.00	0.00	0.00	0.00	0.00
h. Other	22,044.60	0.00	0.00	0.00	22,044.60
i. Total Direct Charges (sum of 6a-6h)	1,100,496.01	2,034,297.99	0.00	0.00	3,134,794.00
j. Indirect Charges	0.00	0.00	0.00	0.00	0.00
k. TOTALS (sum of 6i and 6j)	\$ 1,100,496.01	\$ 2,034,297.99	\$ 0.00	\$ 0.00	\$ 3,134,794.00

7. Program Income	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
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SECTION C - NON-FEDERAL RESOURCES					
(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS	
8.	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	0.00
9.	0.00	0.00	0.00	0.00	0.00
10.	0.00	0.00	0.00	0.00	0.00
11.					
12. TOTAL (sum of lines 8-11)	\$	\$	\$	\$	0

SECTION D - FORECASTED CASH NEEDS					
	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	13. Federal	\$ 3,134,794.00	\$ 783,698.50	\$ 783,698.50	\$ 783,698.50
14. Non-Federal	0.00	0.00	0.00	0.00	0.00
15. TOTAL (sum of lines 13 and 14)	\$ 3,134,794.00	\$ 783,698.50	\$ 783,698.50	\$ 783,698.50	\$ 783,698.50

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT					
(a) Grant Program	FUTURE FUNDING PERIODS (Years)				
	(b) First	(c) Second	(d) Third	(e) Fourth	
16. Core Rate Review	\$ 1,100,496.01	\$ 0.00	\$ 0.00	\$ 0.00	0.00
17. IT/Data	2,034,297.99	0.00	0.00	0.00	0.00
18. Outreach	0.00	0.00	0.00	0.00	0.00
19. Legal	0.00	0.00	0.00	0.00	0.00
20. TOTAL (sum of lines 16-19)	\$ 3,134,794.00	\$ 0.00	\$ 0.00	\$ 0.00	0.00

SECTION F - OTHER BUDGET INFORMATION	
21. Direct Charges: \$3,134,794	22. Indirect Charges: 0.00

23. Remarks: Request is for re-budgeting of funds based on usage and extended project time line. Some funds of grant total have been spent/committed, but

INSTRUCTIONS FOR THE SF-424A

Public reporting burden for this collection of information is estimated to average 180 minutes 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 (0348-0044), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

General Instructions

This form is designed so that application can be made for funds from one or more grant programs. In preparing the budget, adhere to any existing Federal grantor agency guidelines which prescribe how and whether budgeted amounts should be separately shown for different functions or activities within the program. For some programs, grantor agencies may require budgets to be separately shown by function or activity. For other programs, grantor agencies may require a breakdown by function or activity. Sections A, B, C, and D should include budget estimates for the whole project except when applying for assistance which requires Federal authorization in annual or other funding period increments. In the latter case, Sections A, B, C, and D should provide the budget for the first budget period (usually a year) and Section E should present the need for Federal assistance in the subsequent budget periods. All applications should contain a breakdown by the object class categories shown in Lines a-k of Section B.

Section A. Budget Summary Lines 1-4 Columns (a) and (b)

For applications pertaining to a *single* Federal grant program (Federal Domestic Assistance Catalog number) and *not requiring* a functional or activity breakdown, enter on Line 1 under Column (a) the Catalog program title and the Catalog number in Column (b).

For applications pertaining to a *single* program *requiring* budget amounts by multiple functions or activities, enter the name of each activity or function on each line in Column (a), and enter the Catalog number in Column (b). For applications pertaining to multiple programs where none of the programs require a breakdown by function or activity, enter the Catalog program title on each line in Column (a) and the respective Catalog number on each line in Column (b).

For applications pertaining to *multiple* programs where one or more programs *require* a breakdown by function or activity, prepare a separate sheet for each program requiring the breakdown. Additional sheets should be used when one form does not provide adequate space for all breakdown of data required. However, when more than one sheet is used, the first page should provide the summary totals by programs.

Lines 1-4, Columns (c) through (g)

For *new applications*, leave Column (c) and (d) blank. For each entry in Columns (a) and (b), enter in Columns (e), (f), and (g) the appropriate amounts of funds needed to support the project for the first funding period (usually a year).

For *continuing grant program applications*, submit these forms before the end of each funding period as required by the grantor agency. Enter in Columns (c) and (d) the estimated amounts of funds which will remain unobligated at the end of the grant funding period only if the Federal grantor agency instructions provide for this. Otherwise, leave these columns blank. Enter in columns (e) and (f) the amounts of funds needed for the upcoming period. The amount(s) in Column (g) should be the sum of amounts in Columns (e) and (f).

For *supplemental grants and changes* to existing grants, do not use Columns (c) and (d). Enter in Column (e) the amount of the increase or decrease of Federal funds and enter in Column (f) the amount of the increase or decrease of non-Federal funds. In Column (g) enter the new total budgeted amount (Federal and non-Federal) which includes the total previous authorized budgeted amounts plus or minus, as appropriate, the amounts shown in Columns (e) and (f). The amount(s) in Column (g) should not equal the sum of amounts in Columns (e) and (f).

Line 5 - Show the totals for all columns used.

Section B Budget Categories

In the column headings (1) through (4), enter the titles of the same programs, functions, and activities shown on Lines 1-4, Column (a), Section A. When additional sheets are prepared for Section A, provide similar column headings on each sheet. For each program, function or activity, fill in the total requirements for funds (both Federal and non-Federal) by object class categories.

Line 6a-i - Show the totals of Lines 6a to 6h in each column.

Line 6j - Show the amount of indirect cost.

Line 6k - Enter the total of amounts on Lines 6i and 6j. For all applications for new grants and continuation grants the total amount in column (5), Line 6k, should be the same as the total amount shown in Section A, Column (g), Line 5. For supplemental grants and changes to grants, the total amount of the increase or decrease as shown in Columns (1)-(4), Line 6k should be the same as the sum of the amounts in Section A, Columns (e) and (f) on Line 5.

Line 7 - Enter the estimated amount of income, if any, expected to be generated from this project. Do not add or subtract this amount from the total project amount. Show under the program

INSTRUCTIONS FOR THE SF-424A (continued)

narrative statement the nature and source of income. The estimated amount of program income may be considered by the Federal grantor agency in determining the total amount of the grant.

Section C. Non-Federal Resources

Lines 8-11 Enter amounts of non-Federal resources that will be used on the grant. If in-kind contributions are included, provide a brief explanation on a separate sheet.

Column (a) - Enter the program titles identical to Column (a), Section A. A breakdown by function or activity is not necessary.

Column (b) - Enter the contribution to be made by the applicant.

Column (c) - Enter the amount of the State's cash and in-kind contribution if the applicant is not a State or State agency. Applicants which are a State or State agencies should leave this column blank.

Column (d) - Enter the amount of cash and in-kind contributions to be made from all other sources.

Column (e) - Enter totals of Columns (b), (c), and (d).

Line 12 - Enter the total for each of Columns (b)-(e). The amount in Column (e) should be equal to the amount on Line 5, Column (f), Section A.

Section D. Forecasted Cash Needs

Line 13 - Enter the amount of cash needed by quarter from the grantor agency during the first year.

Line 14 - Enter the amount of cash from all other sources needed by quarter during the first year.

Line 15 - Enter the totals of amounts on Lines 13 and 14.

Section E. Budget Estimates of Federal Funds Needed for Balance of the Project

Lines 16-19 - Enter in Column (a) the same grant program titles shown in Column (a), Section A. A breakdown by function or activity is not necessary. For new applications and continuation grant applications, enter in the proper columns amounts of Federal funds which will be needed to complete the program or project over the succeeding funding periods (usually in years). This section need not be completed for revisions (amendments, changes, or supplements) to funds for the current year of existing grants.

If more than four lines are needed to list the program titles, submit additional schedules as necessary.

Line 20 - Enter the total for each of the Columns (b)-(e). When additional schedules are prepared for this Section, annotate accordingly and show the overall totals on this line.

Section F. Other Budget Information

Line 21 - Use this space to explain amounts for individual direct object class cost categories that may appear to be out of the ordinary or to explain the details as required by the Federal grantor agency.

Line 22 - Enter the type of indirect rate (provisional, predetermined, final or fixed) that will be in effect during the funding period, the estimated amount of the base to which the rate is applied, and the total indirect expense.

Line 23 - Provide any other explanations or comments deemed necessary.

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input type="checkbox"/> Application <input checked="" type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input type="checkbox"/> New <input type="checkbox"/> Continuation <input checked="" type="checkbox"/> Revision	* If Revision, select appropriate letter(s): C: Increase Duration * Other (Specify):
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* 3. Date Received: 11/21/2014	4. Applicant Identifier:
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5a. Federal Entity Identifier:	5b. Federal Award Identifier: PRPPR120006
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State Use Only:

6. Date Received by State:	7. State Application Identifier:
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8. APPLICANT INFORMATION:

* a. Legal Name: AR Dept of Insurance	
* b. Employer/Taxpayer Identification Number (EIN/TIN): 71-0847443	* c. Organizational DUNS: 0815015580000

d. Address:

* Street1:	1200 W 3rd Street
Street2:	
* City:	Little Rock
County/Parish:	
* State:	AR: Arkansas
Province:	
* Country:	USA: UNITED STATES
* Zip / Postal Code:	72201-1904

e. Organizational Unit:

Department Name: Arkansas Insurance Department	Division Name: Administration
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f. Name and contact information of person to be contacted on matters involving this application:

Prefix:		* First Name:	Lowell
Middle Name:			
* Last Name:	Nicholas		
Suffix:			
Title:	Deputy Commissioner, Rate Review Director		

Organizational Affiliation: Arkansas Insurance Department

* Telephone Number: 501-683-3638	Fax Number: 501-683-1299
* Email: Lowell.nicholas@arkansas.gov	

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

Ofc of Consumer Information and Insurance Oversight

11. Catalog of Federal Domestic Assistance Number:

93.511

CFDA Title:

Affordable Care Act Grants to States for Health Insurance Premium Review

*** 12. Funding Opportunity Number:**

PR-PRP-11-001

Title:

Grants to Support States in Health Insurance Rate Review - Cycle II

13. Competition Identification Number:

PR-PRP-11-001

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

Premium Rate Review Grant Cycle II

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant AR 002

* b. Program/Project ALL

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment

Delete Attachment

View Attachment

17. Proposed Project:

* a. Start Date: 10/01/2011

* b. End Date: 09/30/2013

18. Estimated Funding (\$):

* a. Federal	3,874,098.00
* b. Applicant	0.00
* c. State	0.00
* d. Local	0.00
* e. Other	0.00
* f. Program Income	0.00
* g. TOTAL	3,874,098.00

* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

- a. This application was made available to the State under the Executive Order 12372 Process for review on
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E.O. 12372.

* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

Yes No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: Mr. * First Name: Jay
Middle Name:
* Last Name: Bradford
Suffix:

* Title: Arkansas Insurance Commissioner

Telephone Number: 501-371-2621 Fax Number: 501-371-2629

* Email: jay.bradford@arkansas.gov

* Signature of Authorized Representative: Complete by Grants.gov upon submission

* Date Signed: 11/21/2014