

Health Insurance Rate Review Grant Program Cycle I Quarterly Report

Submission Date: October 28, 2011

State: Arizona

Project Title: HHS Rate Review Grant:
Ensuring the transparency of filing forms and
protection of Consumers and working towards
Effective Rate Review

**Project Quarter
Reporting Period:** Quarter 4 (07/1/2011 – 9/30/2011)
("C1Q4")

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Health Insurance Rate Review Grant Program

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PART I: PROJECT NARRATIVE

A. Introduction

A. BRIEF OVERVIEW OF PROJECT

Arizona applied for the \$1,000,000 rate review grant with an original proposed budget of \$550,441 to achieve two goals for enhancing its rate review process with new transparency, compliance enforcement and technology. Meeting these goals will result in new consumer-support capacity, analytical tools and systems that Arizona will be able to sustain with its pre-grant resources after the grant period ends. On September 28, 2011 CCIIO awarded ADOI a “No-Cost Extension” (NCE) to the grant period. The NCE makes available unobligated funds for ADOI to continue and expand its goals for the upcoming grant year. This report sets forth the work undertaken and completed to achieve these milestones during the fourth reporting period from July 1, 2011 through September 30, 2011 (“Cycle 1, Quarter 4” or “C1Q4”) and outlines ADOI’s next steps during the NCE period of the grant.

B. GOAL NO. 1

Our first goal for this program is to implement the Affordable Care Act (ACA) and ensure that Arizona consumers get value for their health insurance premiums by improving the transparency and effectiveness of rate review. ADOI has three Measurable Objectives (Objectives) to accomplish this goal. Each Objective has its own milestones, which ADOI has revised to reflect ADOI’s NCE activities.

Objective 1.A

To provide consumers with new transparency and meaningful information about individual and small group health insurance rates, using a mechanism that ADOI can sustain after the grant period ends.

As revised to incorporate ADOI’s NCE activities, the Milestones for Objective 1.A are: (i) to gather public comment on consumer requirements for transparency and meaningful information; (ii) to post to the ADOI website plain language FAQs and key facts about rate review in Arizona; (iii) to develop at least one consumer-friendly key indicator of individual rate filings; (iv) to develop at least one consumer-friendly key indicator from insurers’ annual small group base premium and index rate submissions; (v) to determine method for public access/disclosure of on-line preliminary rate justifications in open rate filings; (vi) to determine method for public access/disclosure of on-line preliminary rate justifications in open rate filings and retain consultant if necessary; (vii) to determine method for public access to on-line closed rate filings; (viii) to implement on-line public access/disclosure of closed rate filings; (ix) to obtain consumer and internal feedback re: online access to closed individual RR filings on or after 01/01/2012; to implement public access/disclosure and comment mechanism for proposed rates and public access/disclosure of on-line preliminary rate justifications; (x) implement public access/disclosure of on-line preliminary rate justifications and mechanism to allow public comment on the justifications; (xi) to make any necessary adjustments to online access to closed individual RR filings; and (xii) to evaluate, update and expand transparency materials relating to rate review, including rate review FAQs.

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Objective 1.B

To determine whether ADOL's existing actuarial certification form for individual health insurance rates is a reliable tool for determining whether individual rate filings comply with the law, and if it is not, to revise the form.

As revised to incorporate ADOL's NCE activities, the Milestones for Objective 1.B are: (i) to develop the criteria and process for substantive review of individual health insurance rate filings; (ii) to conduct a substantive review of 100% of administratively complete initial rate filings and 75% of rate revision filings submitted between November 1, 2010 and April 30, 2011; (iii) for each filing reviewed in Milestone ii above, to determine how often the actuarial certification of compliance is supported by the substantive review; (iv) based on the conclusion from Milestone iii above is that ADOL cannot generally rely on the current actuarial certification, to determine the reasons why not, obtain stakeholder input, include a consumer-friendly key indicator and make proposed revisions to the current forms or process; (v) to finalize revisions to the existing form and related filing requirements and publish for implementation on a future designated date; (vi) implement new forms, filing requirements and templates for individual RR filings; and (vii) to evaluate the effectiveness of Year 1 compliance accomplishments relating to changes in individual filing requirements.

Objective 1.C

To determine whether the actuarial certification submission is a reliable tool for ADOL to use to determine whether small group rates in the market comply with the law, and if it is not, to develop a standardized form that is a reliable tool.

As revised to incorporate ADOL's NCE activities, the Milestones for Objective 1.C are: (i) to identify key indicators for compliance with small group rate setting factors; (ii) to summarize information and variations in A.R.S. § 20-2311(E) non-standardized actuarial, and in A.R.S. § 20-2311(G) non-standardized base premium and index rate submissions for calendar years 2009 and 2010; and (iii) to draft a standardized form for the small group actuarial certification and for submission of base premium and index rates to be used by insurers starting in calendar year 2012; (iv) to obtain stakeholder input on standardized forms; (v) to finalize/implement standardized forms for 2012; and (vi) to evaluate the effectiveness of Year 1 compliance transparency accomplishments relating to changes in small group submissions.

3. GOAL NO. 2

Our second goal is to ensure that Arizona consumers get value for their dollars by developing the technical infrastructure to comply with ACA requirements for collecting, reviewing and reporting health insurance rates. Arizona has five Objectives for accomplishing our second goal. Each Objective has its own milestones, which ADOL has revised to reflect ADOL's NCE activities. Please note that ADOL's NCE activities under Objective 2.C and 2.D essentially make Objective 2.A redundant, and we consider Objective 2.A to be integrated with 2.C and 2.D. Please note also that Objective 2.B is completed.

Objective 2.A

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To review at least 95% of insurers' submissions of rate increases during the grant year that meet the forthcoming ACA standard for "unreasonable" and apply HHS criteria to determine if the unreasonable increase is excessive or unjustified under forthcoming criteria.

Milestones for Objective 2.A are: (i) implement use, *via* SERFF, of a forthcoming Rate Filing Disclosure Form and Justification Form (the "threshold disclosure form" or "TDF") that federal law will require insurers to use if a rate request is "unreasonable;" and (ii) as soon as practicable after HHS promulgates standards for "reasonable" and "unreasonable" rate requests, apply forthcoming ACA criteria to determine if unreasonable rate increases are excessive or unjustified; and (iii) within three months after completion of 2.A.ii., incorporate conclusions with TDF data used to update and expand web postings for consumers.

Objective 2.B

To comply with ACA reporting requirements relating to rate data and rate trends using the uniform reporting template HHS will provide. The objective will be met approximately eight months after HHS provides the template and supporting documentation to the National Association of Insurance Commissioners.

Milestones for Objective 2.B were: (i) contract with SERFF to make the modifications necessary to address the data collection and reporting requirements defined in Section A.1(c)(1) and A.1(c)(2) on pages 15, 16 and 17 of the Grant Announcement; (ii) obtain training from SERFF on system changes; and (iii) coordinate/develop SERFF's ability to satisfy reporting requirements of the uniform template for data reporting within the SERFF system, including basic trending reports.

Objective 2.C

To achieve effective rate review status, as described in 45 C.F.R. §§154.101-154.301, for individual rate revisions.

Milestones for Objective 2.C are: (i) request a moratorium exception; (ii) to file a Notice of Rule-making Docket Opening; (iii) official opening of Rule-making Docket upon publication of notice; (iv) conduct an informal stakeholder meeting; (v) file a Notice of Proposed Rulemaking; (vi) conduct a public hearing; (vii) close the public comment period; (viii) file a final proposed rule with GRRC; (ix) attend GRRC public hearing on the individual ERR rule; and (x) and (xi) implement the individual rule on an immediate basis or a regular basis, as determined by GRRC

Objective 2.D

To achieve effective rate review status as described in 45 C.F.R. §§154.101-154.301, for small group rate revisions.

Milestones for Objective 2.D are: (i) to request an exception to Governor's moratorium on rulemaking, in order to initiate effective rate review for individual & small group rules; (ii) to file a Notice of Rule-making Docket Opening; (iii) official opening of Rule-making Docket upon publication of notice; (iv) through (vii) hold four informal stakeholder meeting focused on small group ERR rules; (viii) file Notice of Proposed Rulemaking, (ix) hold formal public hearing; (x) close comment

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on proposed rule; (xi) file final proposed rule with GRRC; (xii) attend GRRC public hearing on small group ERR rule; and (xiii and xiv) implement the small group ERR rule on an immediate basis on a regular basis, as determined by GRRC.

Objective 2.E

Transition from relying on ADOI internal database and programs for all aspects of managing rate and form filings to using SERFF exclusively.

Milestones for Objective 2.E are: (i) develop SERFF exports and ADOI programming needs for Exports data and retain consultant; (ii) require submission of all PPACA filings on SERFF; (iii) require submission of all life and annuity filings on SERFF; (iv) develop, correct and implement programs for using SERFF export data; (v) require submission of all non-PPACA health, Long Term Care (LTC) and Medical Supplement (Med Supp) on SERFF; (vi) require submission of all filings on SERFF.

B. Program Implementation Status

1. ACCOMPLISHMENTS TO DATE

a. Continued Training and Support for RR Staff (Applies to Entire Grant Program)

During C1Q4, permanent ADOI staff continued to work with the RR staff to meet the objectives, requirements and conditions of the RR grant in each of the areas described in Sections B.1.b– e, below. Permanent staff oriented and trained the new Grant Manager and continued substantive review of rate filings for the quarter. During C1Q4, the Grant Manager obtained SERFF training. Both the Grant Manager and the Administrative Assistant registered with and received training on HIOS.

b. Continued Actuarial Support (Applies to Objectives 1.A, 1.B and 1.C)

i. Actuary Review and Analysis

During C1Q4, through meetings, e-mails and phone conversations, ADOI continued its RR grant work with its actuarial consulting firm, Mercer. Mercer assisted with Milestones 1.A.vi, 1.B.iv-a and 1.C.iii. Mercer helped ADOI prepare for the industry stakeholder meeting held on July 26, 2011. Mercer attended the meeting and participated in the discussion. Based on comments that stakeholders made at the meeting and provided afterwards in writing, Mercer worked with ADOI on several new drafts of the materials presented at the meeting. See Section B.1.c.iii below for details.

c. Community Outreach/Public Participation (Applies to Objectives 1.A and 1.B)

i. Website Postings during C1Q4

ADOI posted its C1Q3 report to HHS at http://www.id.state.az.us/RateReview/3rd_Quarter_Report_7_29_2011.pdf

ii. Public Meetings

None held.

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iii. Collaboration

On July 26, 2011 ADOI met with industry stakeholders and presented drafts of seven required rate-filing templates (the Rate Filing Forms):

- Revised actuarial certification for individual rate-revision filings.
- Revised actuarial certification for individual new-rate filings.
- New template for the actuarial memorandum for individual rate-revision filings
- New template for the actuarial memorandum for individual new-rate filings
- New template for the annual actuarial certification regarding small group rate submissions
- New template for the annual submission of base premium and index rates for small groups
- New template for a cover letter for the annual actuarial certification and the annual base premium and index rates

ADOI first discussed these templates in concept with industry stakeholders at a meeting on June 23, 2011. At the July 26 meeting, ADOI and Mercer discussed the proposed Rate Filing Forms with the industry attendees and asked for written comments by August 15, 2011. ADOI continued to receive comments after that date and included the late comments in its considerations.

On August 22 and September 7, 2011, ADOI met with Mercer to work on revisions to the Rate Filing Forms, based on stakeholder comment, mercer's recommendations and ADOI's evolving position with regard to seeking effective rate review status.

On September 15, 2011 RR staff held a meeting of its 'transparency team' of consumer representatives. ADOI provided an update of its RR Grant activities over the summer and plans for the upcoming months, discussed its application for a No-Cost Extension and its decision to seek effective rate review status. ADOI also asked attendees for comments on the Rate Filing Forms

On September 16, 2011, ADOI sent revised drafts of the Rate Filing Forms to industry stakeholders and asked for written comments by September 30, 2011. ADOI continued to receive comments after that date and included the late comments in its considerations.

See Attachment A Revised P 124 for Form/Rate Filings; See Attachment B Revised P 124 for Rate Revision Filings; See Attachment C ADOI Revised Templates to Actuarial Memorandum for Form/Rate Filings; See Attachment D ADOI Revised Template to Actuarial Memorandum for Rate Revision Filings; See Attachment E Draft templates for the annual submission of small group base premium and index rates with cover letter; See Attachment F Draft Templates for the annual submission of small group base premium and index rates with cover letter

d. Effective Rate Review Status (Applies to Objectives 2.C and 2.D)

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On June 24, 2011, CCIO informed ADOI that it did not meet the requirements to conduct effective rate review as described in 45 C.F.R. §§154.101-154.301. Arizona industry members expressed significant disappointment and concern about this determination and asked ADOI to seek reconsideration from CCIO. On July 28, 2011, ADOI met with Mercer to discuss the gaps in ADOI's rate review for effective rate review purposes. On July 29, 2011, Mercer and ADOI met on the same topic with a large group of industry representatives, who provided analysis of other states rate review processes and effective rate review status. On August 15, 2011, ADOI had a phone conference with CCIO representatives about the possibility that ADOI would seek effective rate review status. After consulting with the Governors office and based on the showing of very strong industry support, ADOI decided to seek effective rate review status. ADOI initiated an effective rate review rule-making by filing a Notice of Docket Opening. See Attachment G for an overview of Arizona's rule-making process.

On September 12, 2011, ADOI Life & Health Assistant Director and Rate Review Manager had a conference call interview with CCIO regarding ADOI's capability to do effective rate review for association plans.

e. Internal Information Systems Modifications

As explained in previous reports, ADOI uses an Access database for management and regulatory purposes such as tracking whether staff completes filing reviews within the applicable statutory time frames and responding to public record requests or press/media inquiries. Maintaining the database is resource intensive because (i) it requires considerable double-entry of data already available in SERFF, and (ii) comprehensive research often requires searching both SERFF and the database and finding ways to combine and present the results. In addition, having two separate data collection methods doubles the opportunities for errors and omissions.

In C1Q4, ADOI built on its C1Q3 efforts to work with SERFF to assess the extent to which ADOI might be able to rely on SERFF for ADOI's internal and administrative data collection and management. ADOI concluded that ADOI potentially can learn how to export virtually all the data it needs from SERFF. However, the data will arrive as "dumps" into Excel spreadsheets and will have to be sorted and managed from there. In C1Q4, ADOI staff met several times to develop requirements for using SERFF data effectively. Throughout C1Q4, the RR Rate Administrative Assistant converted paper filings received in Fiscal Year 2011 into electronic SERFF filings by entering the necessary data in the SERFF filing fields. In C1Q5, ADOI intends to purchase a scanner with an automatic feeder so that ADOI can include all the paper filing documents in the SERFF filing. The intent is to maximize the number of recent filings in SERFF and expand the transition to SERFF for all ADOI's management, regulatory and administrative data collection and management.

On August 16, 2011, ADLI staff met to consider methods for providing Arizona consumers with meaningful access to closed on-line filings. One option under consideration is using SERFF's Health Filing Access Interface. Arizona's decision to seek effective rate review status may affect ADOI's approach to this

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initiative. See Attachment H for a description of the Health Filing Access Interface (HFAI)

f. AHP Project

On August 15, 2011 ADOI began work on Accountable Health Plan (AHP) Project. The goals of this project is to makes sure that ADOI has an updated list of all insurers that are required by ARS §§ 20-2311(F) and (G) to make small group rate revision submissions. Because of budget and staffing problems ADOI has not done this kind of comprehensive audit since 2007. Updating the information and using it to work with any non-compliant insurers not only supports ADOI's enforcement of Arizona's small group rating laws, but its enforcement of Arizona's small group guaranteed issue laws. C1Q4 meetings on this project have taken place on August 15, August 22, August 29, September 8, September14, and September 28.

2. CHALLENGES AND RESPONSES

Milestone 1.A.iv required ADOI by 6.30.2011 to develop at least one consumer-friendly key indicator for insurers' annual small group base premium and index rates. We have developed those but have not yet found an appropriate way, consistent with our current authority over small group rate-setting to include them in the Rate Filing Forms we are developing for the small group market. Our plans for NCE activities include more work with industry and consumer stakeholders to find a way to make this information easily available and meaningful for consumers.

3. REQUIRED VARIATIONS FROM ORIGINAL TIMELINE

ADOI delayed completion of the following C1Q4 Milestones 1.B.v and 1.C.v, which called for ADOI by September 15 and September 30, 2011, respectively, to finalize revisions to the existing forms and filing requirements for individual rates and finalize/implement standardized small group rate-submission forms. We followed the work plan with regard to initially drafting and distributing the Rate Filing Forms for stakeholder review. Based on some of the comment we received, including comments we received after the August 15, 2011 due-date we set, we decided to provide the industry with a second draft of the Rate Filing Forms. We asked for comments on those versions by September 30, 2011. After September 30, we received very specific and helpful comment from a very large carrier in Arizona and from AHIP. Rather than reject the comments, we decided to work with Mercer to incorporate them.

In this process, several carriers have recommended that we not go forward with the Rate Filing Forms at all at this time, but continue to work on them in connection with the effective rate review rule-making we have begun. We are taking that into consideration.

C. Significant Activities – Undertaken & Planned

1. SIGNIFICANT ACTIVITIES UNDERTAKEN

See Sections 1.b.1 and 1.B.2 above.

2. SIGNIFICANT ACTIVITIES PLANNED

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- a. Continuing Work with Actuaries (Applies to Objectives 1.A, 1.B, 1.C and 2.A)
In C1Q5, Mercer will work with ADOI to complete and publish changes to filing requirements for individual rate filings as well as a template for annual small group actuarial certification and a template for annual small group base premium and index rates. Mercer will support ADOI with its no-cost activities.
- b. Community Outreach/Public Participation (Applies to Objectives 1.A and 1.B)
 - i. Website Postings
During C1Q5, ADOI will maintain and update the website postings described in Section I.B.1.c.i, above. This will include revising the FAQs posted during C1Q1 to reflect consumer and other stakeholder feedback. ADOI will also provide additional links on its Rate Review Webpage as well as ADOI main page to inform consumers of updates.
 - ii. Industry Meeting and Collaborative Efforts
ADOI has reviewed comments from the Industry on its updates to filing requirements for individual rate filings as well as a draft template for annual small group actuarial certification and a draft template for annual small group base premium and index rates.
 - iii. Transparency Team Collaboration
ADOI plans to meet with the Transparency Team again to go over its revisions to its filing forms and discuss updates to the Small Group forms. ADOI has not yet set a meeting date. ADOI corresponds with this team through email as well to gather feed back on the revisions.
- c. ADOI Data Collection, Analysis and On-Going Rate Review (Applies to Objectives 1.A and 1.B)
 - i. Consumer Concerns
During C1Q5, Mercer will assist ADOI in analyzing comments it receives from insurers and other stakeholders about draft changes to filing requirements for individual rate filings as well as a draft template for annual small group actuarial certification and a draft template for annual small group base premium and index rates.

Mercer will evaluate changes to the small group forms. Mercer will also assist ADOI in making its filing forms more technologically efficient. Mercer initiated the idea of creating a field entry for the Anticipated Loss Ratio (ALR fill in section). This section would allow filing companies to insert a percentage on the filing form. A computer software program would take these numbers and form an automatic calculation for the ALR.

Consumers have also voiced that they want small group forms to be revised. During the Transparency Team meeting held on September 15, it was expressed that a similar form to the P-124 should be drafted for Small

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Group filings. Transparency Team members. expressed an interest in ADOI requiring small group filings to be filed with the Department.

ii. Rate-Filings and Rate-Related Submissions

ADOI expects to complete and publish changes to filing requirements for individual rate filings as well as a template for annual small group actuarial certification and a template for annual small group base premium and index rates. ADOI expects to publish a regulatory bulletin

ADOI plans to propose a P-124 draft for Small Group filings.

e. Internal Information Systems Modifications

In C1Q5, ADOI will pursue with SERFF and programming consultants a plan to enable ADOI export the appropriate data and manage this information for administrative and regulatory purposes. ADOI will contract with the consultants to develop enhanced information system modifications. The technology consultants would also aid ADOI in allowing consumers to view filings online. ADOI will work with SERFF consultants to develop a pilot program for exporting the data for consumers to view.

f. No-Cost Extension

ADOI intends to work on course with the No Cost Extension Workplan. ADOI plans to pursue the rulemaking timeline with an individual and small group rulemaking. ADOI anticipates a collaborative effort with the industry during the rulemaking process.

g. Rulemaking Process

ADOI plans to implement an Individual and Small group rule by August 6, 2012 and February 4, 2013 respectively.

h. SERFF

ADOI plans to work with SERFF to develop exports.

D. Public Access Activities

See Section I.B.c, above

E. Collaborative Efforts

See Sections B.1.c.iii and C.2.c.iii, above.

F. Lessons Learned

We learned that there is strong support from the Industry with becoming an effective Rate Review State. However, we have learned that ADOI needs more time to analyze its current laws before applying for Effective Rate Review Status. ADOI will continue to maintain its goals from the past year into this next quarter.

G. Updated Budget

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ADOL proposed a budget of \$503,678.00 on its No Cost Extension Application and on September 28, 2011 submitted a revised Budget Narrative and a revised SF424A. The Budget consists of the following:

Personnel	\$187,396.00
Fringe Benefits:	\$64,308.00
Travel:	\$2,918.00
Supplies:	\$28,562.00
Contractual	\$713,691.00
Other	\$3,125.00
Total Proposed Budget	\$503,678.00

For more information please see the updated budget spreadsheet attached as Attachment I

H. Updated Work Plan and Timeline

The tables below set forth ADOL's updated work plan and timeline for the rest of the NCE period (Quarters 5 through Quarter 8). This Updated Work Plan and Timeline incorporate activities undertaken and planned for the NCE period. For a version of these tables marked to show changes from the Updated Work Plan and Timeline on the previous Quarterly Report, please see Attachment J.

GOAL 1: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTHCARE INSURANCE PREMIUMS BY IMPROVING THE TRANSPARENCY AND EFFECTIVENESS OF RATE REVIEW.	
OBJECTIVE	MILESTONE
MEASURABLE OBJECTIVE 1.A. By September 30, 2011, to provide consumers with new transparency and meaningful information about individual health insurance and small group insurance rates, using a mechanism that ADOL can sustain after the grant period ends.	1.A.i. By 1.31.11, gather public comment on consumer requirements for transparency and meaningful information. Completed
	1.A.ii. By 4.30.11, post to the ADOL website plain language FAQs and key facts about rate review in Arizona. Completed
	1.A.iii. By 6.30.2011, develop at least one consumer-friendly key indicator of individual rate filings, e.g., an item on the individual actuarial certification showing per-capita increases to premium for each revision. Completed
	1.A.iv. By 6.30.2011, develop at least one consumer-friendly key indicator for insurers' annual small group base premium and index rates. Completed
	1.A.v. By 12.31.2011, determine method for public access/disclosure of on-line preliminary rate justifications in open rate filings. Retain consultant if necessary.
	1.A.vi. By 12.31.2011, determine method for public access/public comment preliminary rate justifications in open filings. Retain consultant if necessary.
	1.A.vii. By 12.31.2011, determine method for public access to on-line closed rate filings. Retain consultant if necessary.
	1.A.viii. By 03.01.2012, implement on-line public access/disclosure of closed rate filings, possibly as pilot program.
	1. A.ix. By 05/31/2012, obtain consumer and internal feedback re: online access to closed individual RR filings on or after 01/01/2012.

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GOAL 1: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTHCARE INSURANCE PREMIUMS BY IMPROVING THE TRANSPARENCY AND EFFECTIVENESS OF RATE REVIEW.	
OBJECTIVE	MILESTONE
	1.A.x. By 06/01/2012, implement public access/disclosure of on-line preliminary rate justifications mechanism to allow public comment on the justifications.
	1.A.xi. By 8.31.12, make any necessary adjustments to online access to closed individual RR filings.
	1.A.xii. Evaluate, update and expand transparency materials relating to rate review, including rate-review FAQs. On-going
MEASURABLE OBJECTIVE 1.B. To determine whether ADOI's existing actuarial certification form for individual health insurance rates is a reliable tool for determining whether individual rate filings comply with the law, and if it is not, to revise the form.	1.B.i. By 12.21.2010 develop criteria/process for substantive review. Completed
	1.B.ii. By 4.30.2011, based on the new criteria and process, conduct substantive review of 100% of new rate filings and 75% of rate revision filings that insurers submit between 11.1.2010 and 4.30.2011. Completed
	1.B.iii. By 5.15.2011, for each filing reviewed under 1.B.ii., determine how often the actuarial certification is supported by the substantive review, that is, how often can ADOI rely on the actuarial certification. Completed
	1.B.iv. By 5.31.2011, if the conclusion in 1.B.iii. is that ADOI cannot generally rely on the actuarial certification, determine why. Completed
	1.B.iv-a. By 6.30. 2011, draft revisions to the existing form and filing requirements to make the actuarial certification reliable. Completed
	1.B.iv-b. By 8.15.2011, obtain stakeholder input on the draft revisions, changes proposed under 1.A.v. above, other administrative revisions and a reasonable implementation date for the revised forms. Completed 09.30.2011.
	1.B.v. By 09.15.2011, finalize revisions to the existing forms and filing requirements for individual RR filings. Designate implementation date. In progress.
	1.B. vi. 02/01/2012. Implement new forms, filing requirements and templates for individual RR filings.
	1.B.vi. Monitor the use and effectiveness of templates for individual filings to determine the effectiveness of Year 1 compliance accomplishments as follows.
	1.B.vii-a. By 05.31.2012 complete actuarial review of RR filings submitted from 02.01.2012 through at least 4.30.2012.
	1.B.vii-b. By 06.30.12, make compliance revisions to individual Filing requirements and templates.
MEASURABLE OBJECTIVE 1.C. To determine whether the actuarial certification submission is a reliable tool for ADOI to use to determine whether small group rates in the market	1.C.i. By 02.28.2011, identify key indicators for small group rate-setting. Completed
	1.C.ii. By 04.30.2011, summarize information and variations in A.R.S. § 20-2311(E) actuarial certifications and § 20-2311(G) base premium and index rate submissions for 2009 and 2010. Completed
	1.C.iii. By 06.30.2011, based on 1.C.i. and 1.C.ii., draft a standardized form for the small group actuarial certification and for submission of base premium and index rates, to be used by insurers

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GOAL 1: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTHCARE INSURANCE PREMIUMS BY IMPROVING THE TRANSPARENCY AND EFFECTIVENESS OF RATE REVIEW.	
OBJECTIVE	MILESTONE
comply with the law, and if it is not, to develop a standardized form that is a reliable tool.	in 2012. Completed
	1.C.iv. By 7.31.2011, obtain stakeholder input on standardized forms. Completed 9.30.2011
	1.C.v. By 09.30.2011 finalize/implement standardized forms for 2012. In Progress.
	1.C.vi. Monitor the use and effectiveness of templates for small group submissions to determine the effectiveness of Year 1 compliance accomplishments as follows:
	1.C.vi-a. By 4.30.12, complete actuarial review 2012 small group submissions.
	1.C.vi-b. By 9.30.12 revise forms (small group Template for Annual Certification and Base Premium and Index Rates).

GOAL 2: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTH INSURANCE PREMIUMS BY DEVELOPING THE PROCESSES AND SYSTEMS TO COMPLY WITH ACA REQUIREMENTS FOR COLLECTING, REVIEWING AND REPORTING HEALTH INSURANCE RATES.	
OBJECTIVE	MILESTONE
MEASURABLE OBJECTIVE 2.A. As soon as practicable after HHS sets standards for “unreasonable” rates, review at least 95% of submissions that meet the ACA “unreasonable” standard, applying HHS criteria to determine if the increase is excessive or unjustified. <u>Integrated into Measurable Objective Nos. 2.C and 2.D.</u>	2.A.i. Implement, a forthcoming Rate Filing Disclosure Form and Justification Form (the “threshold disclosure form” or “TDF”) that federal law will require insurers to use for “unreasonable” rate revisions. <u>Integrated into Measurable Objective Nos. 2.C and 2.D.</u>
	2.A.ii. As soon as practicable after HHS promulgates standards for “reasonable” and “unreasonable” rate requests, apply forthcoming ACA criteria to determine if unreasonable rate increases are excessive or unjustified. <u>Integrated into Measurable Objective Nos. 2.C and 2.D.</u>
	2.A.iii. By three months after completion of 2.A.ii., incorporate conclusions with TDF data used to update and expand web postings for consumers. <u>Integrated into Measurable Objective Nos. 2.C and 2.D.</u>
MEASURABLE OBJECTIVE 2.B. To comply with ACA reporting requirements rate data and rate trends using HHS’s uniform reporting template. Completed.	2.B.i. Contract with SERFF to make the modifications necessary to address the data collection and reporting requirements defined in Section A.1(c)(1) and A.1(c)(2) of Grant Announcement. Completed
	2.B.ii. Obtain training from SERFF on system changes. Completed
	2.B.iii. Coordinate/develop SERFF’s ability to satisfy reporting requirements of the uniform template for data reporting within the SERFF system, including basic trending reports. Completed
MEASURABLE OBJECTIVE 2.C. Achieve “effective rate review” status, as described	2.C.i. By 09.01.2011, request exception to Governor’s moratorium on rulemaking, in order to initiate effective rate review for individual & small group rules. Completed 09.02.2011.
	2.C.ii. File Notices of Docket Opening (NDO) for individual & small

**Health Insurance Rate Review Grant Program
Cycle I Quarterly Report: Quarter 4 (C1Q4)**

GOAL 2: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTH INSURANCE PREMIUMS BY DEVELOPING THE PROCESSES AND SYSTEMS TO COMPLY WITH ACA REQUIREMENTS FOR COLLECTING, REVIEWING AND REPORTING HEALTH INSURANCE RATES.	
OBJECTIVE	MILESTONE
in 45 C.F.R. §§ 154.101-154.301, for individual rate revisions.	group rules to support designation of Arizona as an ERR state. Completed 09.19.2011.
	2.C.iii. Dockets officially open upon publication of NDOs by the Secretary of State in Register. Completed October 21, 2011.
	2.C.iv. By 11.15.2011, hold informal stakeholder meeting for discussion of individual ERR rule.
	2.C.v. By 02.15.2012, file Notice of Proposed Rulemaking for individual ERR rule.
	2.C.vi. By 03.15.2012, hold public hearing for individual ERR rule.
	2.C.vii. By 04.15.2012, close comment on proposed individual ERR rule.
	2.C.viii. By 06.15.2012, file final proposed rule with GRRC for individual ERR.
	2.C.ix. 09.06.2012: Estimated GRRC public hearing on individual ERR rule
	2.C.x. 09.06.2012: Estimated immediate implementation date for individual ERR rule.
	2.C.xi. 11.06.2013: Estimated regular implementation date for individual ERR rule.
MEASURABLE OBJECTIVE 2.D. Achieve “effective rate review” status, as described in 45 C.F.R. §§ 154.101-154.301, for small group rate revisions.	2.D.i. By 09.01.2011, request exception to Governor’s moratorium on rulemaking, in order to initiate effective rate review for individual & small group rules. Completed.
	2.D.ii. File Notices of Docket Opening (NDO) for individual & small group rules to support designation of Arizona as an ERR state. Completed.
	2.D.iii. Dockets officially open upon publication of NDOs by the Secretary of State in Register. Completed.
	2.D.iv. By 11.15.2011, hold informal stakeholder meeting regarding development of individual & small group ERR rules.
	2.D.v. By 12.15.2011, hold informal stakeholder meeting focused on small group ERR rules
	2.D.vi. By 2.15.2012, hold informal stakeholder meeting re first draft of small group ERR rule.
	2.D.vii. By 4.15.2012, hold informal stakeholder meeting re second draft of small group ERR rule.
	2.D.viii. By 6.15.2012, hold informal stakeholder meeting re third draft of small group ERR rule.
	2.D.ix. By 10.15.2012, file Notice of Proposed Rulemaking for small group ERR rule.
	2.D.x. By 11.15.2012 hold public hearing for small group ERR rule.
	2.D.xi. By 12.15.2012, close comment on proposed small group ERR rule.
	2.D.xii. By 3.15.2013, file final proposed rule with GRRC for small

**Health Insurance Rate Review Grant Program
Cycle I Quarterly Report: Quarter 4 (C1Q4)**

GOAL 2: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTH INSURANCE PREMIUMS BY DEVELOPING THE PROCESSES AND SYSTEMS TO COMPLY WITH ACA REQUIREMENTS FOR COLLECTING, REVIEWING AND REPORTING HEALTH INSURANCE RATES.	
OBJECTIVE	MILESTONE
	group ERR.
	2.D.xiii. 5.04.2013: Estimated GRRC public hearing on small group ERR rule
	2.D.xiv. 5.04.2013: Estimated immediate implementation date for small group ERR rule.
	2.D.xv. 7.04.2013: Estimated regular implementation date for small group ERR rule.
MEASURABLE OBJECTIVE 2.E. Transition from relying on ADOI internal database and programs for all aspects of managing rate and form filings to using SERFF exclusively.	2.E.i. By 12.31.2011, develop SERFF Exports and ADOI programming needs for Exports data – retain consultant.
	2.E.ii. By 01.01.2012, require submission of all PPACA filings to be submitted on SERFF.
	2.E.iii. By 04.01.2012, require submission of all life and annuity filings on SERFF.
	2.E.iv. By 05/31/2012, develop, correct and implement programs for using SERFF Export data.
	2.E.v. By 01.2012, submission of all non-PPACA health, LTC and Med Supp filings on SERFF.
	2.E.vi. By 09.01.2012, require submission of all filings on SERFF.

PART II: HEALTH INSURANCE RATE DATA COLLECTION

ADOI submitted its C1Q4 data through HIOS on October 21, 2011, using a download from SERFF. The SERFF download for C1Q4 accurately represents all of ADOI's reportable filings. As before, please note that SERFF Tables C – E do not show any filings for Arizona because ADOI does not receive any group rate filings.

**Health Insurance Rate Review Grant Program
Cycle I Quarterly Report: Quarter 4 (C1Q4)**

ATTACHMENTS

Attachment	Description
A	Revised P 124 Form/Rate Filings
B	Revised P 124 Rate Revision Filings
C	ADOI Revised Template to Actuarial Memorandum for Form/Rate Filings
D	ADOI Revised Template to Actuarial Memorandum for Rate Revision Filings
E	Draft Template for a standardized small group annual actuarial certification
F	Draft Templates for the annual submission of small group base premium and index rates with cover letter
G	Health Filing Access Interface (HFAI) State Implementation Guide
H	Rulemaking process flow chart
I	Updated Budget Spreadsheet
J	Redlined Updated Workplan and Timeline for C1Q4

Health Insurance Rate Review Grant Program

Cycle 1 Quarterly Report: Quarter 4 (C1Q4) Attachments

Find enclosed the Attachments A-J for the Cycle 1, Quarter 4 Report

ATTACHMENT A

Revised P 124 Form/Rate Filings



Department of Insurance
State of Arizona
Life and Health Division
Telephone: (602) 364-2393
Facsimile: (602) 364-2175

JANICE K. BREWER
Governor

2910 North 44th Street, Suite 210
Phoenix, Arizona 85018-7269
www.id.state.az.us

CHRISTINA URIAS
Director of Insurance

CERTIFICATION OF QUALIFIED ACTUARY FOR FORM/RATE FILINGS

To accompany Actuarial Memorandum required for rate filings under Arizona Administrative Code R20-6-607.

COMPANY NAME: _____ NAIC #: _____

POLICY FORM NUMBER: _____

PRODUCT NAME: _____

1. Name of Qualified Actuary who signed the Actuarial Memorandum (include address and phone number if different than that of company): _____

2. Form Renewability: ☐ Non-Cancelable ☐ Guaranteed Renewable
☐ Conditionally Renewable ☐ Optionally Renewable

3. The anticipated loss ratio standard required by AAC R20-6-607 for this type of renewability is: _____%.

4. The anticipated loss ratio based on the rates proposed under this rate submission is: _____%.

a. Present value of expected benefits over the entire period for which the rates in this filing are computed: _____.

b. Present value of expected premiums over the entire period for which the rates in this filing are computed: _____.

5. A schedule of requested rates which shows the amount to be charged to policyholders is attached to the Form Schedule of this filing.

I hereby certify that, to the best of my knowledge and belief, (1) the rate filing submitted herein is in compliance with all applicable laws and regulations of Arizona, including AAC R20-6-607, (2) that the anticipated loss ratio submitted herein is expected to develop over the period for which the rates are computed to provide coverage; and (3) that the benefits of the policy form affected by the rate filing are reasonable in relation to the premiums charged.

Date

Signature of Qualified Actuary (rubber stamp, copy, or facsimile **NOT ACCEPTED**)

FRP-124, 8/2011

ATTACHMENT B

Revised P 124 Rate Revision Filings



Department of Insurance
State of Arizona
Life and Health Division
Telephone: (602) 364-2393
Facsimile: (602) 364-2175

JANICE K. BREWER
Governor

2910 North 44th Street, Suite 210
Phoenix, Arizona 85018-7269
www.id.state.az.us

CHRISTINA URIAS
Director of Insurance

CERTIFICATION OF QUALIFIED ACTUARY FOR RATE REVISION FILING

To accompany Actuarial Memorandum Titled _____, dated _____ and signed by _____ (Qualified Actuary).

NOTE TO FILER: THE INFORMATION YOU PROVIDE BELOW MUST APPLY TO ALL FORMS LISTED IN ITEM 1. If any question would require a separate answer for one or more forms, please complete a separate RRP-124 for each such form.

COMPANY NAME: _____ **NAIC #:** _____

1. THIS RATE REVISION APPLIES TO THE FOLLOWING FORM(S).

FORM NUMBER	PRODUCT NAME	FORM STILL SOLD IN ARIZONA? Y/N	NUMBER OF ARIZONA POLICY HOLDERS	NUMBER OF ARIZONA ENROLLEES	NUMBER OF RATE REVISIONS IN LAST 5 YEARS

*FOR DETAIL ON EACH RATE REVISION, SEE ATTACHMENT A

2. THESE REVISIONS ARE REQUESTED IN THIS FILING.

- a. Minimum rate increase requested: _____%.
- b. Maximum rate increase requested: _____%.
- c. Average rate revision requested in this filing: _____%.

3. THE FOLLOWING ARE THE SIGNIFICANT FACTORS IN THE REQUEST TO REVISE RATES

- a. ☐ Medical Inflation
- b. ☐ Utilization
- c. ☐ Benefit Changes
- d. ☐ Non-Claims Expense
- e. ☐ Other (please specify) _____
- f. ☐ Other (please specify) _____
- g. ☐ Other (please specify) _____

CERTIFICATION OF QUALIFIED ACTUARY FOR RATE REVISION FILING (CONT'D)

4. FORM RENEWABILITY: ☐ Non-Cancelable ☐ Guaranteed Renewable
 ☐ Conditionally Renewable ☐ Optionally Renewable
5. THE ANTICIPATED LOSS RATIO STANDARD REQUIRED BY AAC R20-6-607(G) FOR THIS TYPE OF RENEWABILITY IS ____%.
6. BASED ON THE RATE REVISION REQUESTED IN THIS RATE FILING, THE ALR DESCRIBED IN AAC R20-6-607(H)(1) IS ____%.
7. BASED ON THE RATE REVISION REQUESTED IN THIS RATE FILING, THE ALR DESCRIBED IN AAC R20-6-607(H)(2) IS ____%.

I hereby certify that, to the best of my knowledge and belief, (1) the rate filing submitted herein is in compliance with all applicable laws and regulations of Arizona, including AAC R20-6-607, (2) that the anticipated loss ratio submitted herein is expected to develop over the period for which the rates are computed to provide coverage; and (3) that the benefits of the policy form affected by this rate revision are reasonable in relation to the premiums charged.

Date

Signature of Qualified Actuary (rubber stamp, copy, or facsimile **NOT ACCEPTED**)

ATTACHMENT A

FIVE-YEAR RATE HISTORY

Instructions:

1. Provide a five-year rate history for each Form Number. This information should come from Attachment C to the Actuarial Memorandum. Attachment C may have data for additional years that is not included here.
2. Report information for all rate filings that have been made.
3. The AVERAGE RATE INCREASE means the average rate increase listed in the P-124 for that filing.
4. The NUMBER OF ARIZONA POLICYHOLDERS and the NUMBER OF ARIZONA POLICY ENROLLEES means the average monthly value for the rate revision period.
5. Rows may be added as necessary.

FORM NUMBER	PRODUCT NAME	REVISION FILING DATE	AVERAGE RATE INCREASE	NUMBER OF ARIZONA POLICY HOLDERS	NUMBER OF ARIZONA ENROLLEES

ATTACHMENT C

ADOI Revised Template to Actuarial Memorandum for
Form/Rate Filings

**TEMPLATE FOR ACTUARIAL MEMORANDUM
ARIZONA INDIVIDUAL DISABILITY INSURANCE FORM/RATE FILING**

SECTION 1: COMPANY NAME: _____ NAIC #: _____

SECTION 2: FORM NUMBERS AND PRODUCT NAMES OF AFFECTED POLICY FORMS: _____

SECTION 3: SCOPE AND PURPOSE OF FILING:

- a. Reason for the filing.
- b. Compliance and identification of law(s) and/or regulation(s) that apply to the the filing.
- c. Identification of the actuary/actuaries responsible.
- d. Organization name and affiliation for each actuary.
- e. Other information provided flier.

SECTION 4: DESCRIPTION OF THE BASIS ON WHICH THE RATES WERE CALCULATED, INCLUDING WITHOUT LIMITATION:

- a. A description of the formulation of rates. If the company files a rate formula, provide a sample calculation showing how the proposed rate is arrived at for a typical enrollee.
- b. Assumptions used, including without limitation:
 1. An explanation of all factors that affected the development of rates.
 2. Substantiation of all load factors that apply to the rates by an explanation of the purpose of each load factor and the effect it has on the rates.
- c. A list of the factors used in the annual trend computation. such as inflation, utilization, change in medical costs, etc. Describe and support the use of each factor listed and attach as Attachment "A", a worksheet that exhibits the development and calculation of the annual trend from the factors listed here.
 1. For NAIC Type of Insurance (TOI) Major Medical (H16I) and TOI Hospital/Surgical/Medical Expense (H15I), provide the information required above, detailed by major service category, such as
 - i. Inpatient,
 - ii. Outpatient,
 - iii. Professional,
 - iv. Prescription drug, and
 - v. Other (please specify).
- d. The bases upon which you derived these rates.
 1. If you used nationwide experience with the same policy as a basis, please complete Attachment "B".
 2. For TOI Major Medical (H16I) and TOI Hospital/Surgical/Medical Expense (H15I), provide additional support for the following;
 - i. Details of administration expense including administrative costs related to programs that improve health care quality, other administrative costs (please specify), applicable taxes, licensing or regulatory fees, agent commissions, reserves, etc..
 - ii. Details for the provision of company capital and surplus requirements and related consideration in rate development.
- e. An actuarial validation of the rating methodology including
 1. Identification of the methods, procedures, assumptions and data used for rating to meet applicable laws and regulations.
 2. Any material deviations from generally accepted standards of practice.
 3. Other sources of data and other information, assumptions or methods that are used.

SECTION 5: DESCRIPTION OF CALCULATION OF THE ANTICIPATED LOSS RATIO

- a. Form Renewability: ☐ Non-Cancelable ☐ Guaranteed Renewable
 ☐ Conditionally Renewable ☐ Optionally Renewable.
- b. The anticipated loss ratio standard required by AAC R20-6-60 for this type of renewability is: _____%.
- c. The anticipated loss ratio based on the rates requested in this rate filing is: _____%.
- i. Present value of expected benefits over the entire period for which the rates are computed: _____.
- ii. Present value of expected premiums over the entire period for which the rates are computed: _____.
- d. Description and details for the calculation of the anticipated loss ratio, including the development of items 5.c.i and 5.c.ii.

REQUIRED ATTACHMENTS:

1. Requested Rates: to be attached to the filing Rate Schedule.
2. Attachment A to Actuarial Memorandum: "Trend Worksheet".
3. Attachment B, if applicable.

SIGNATURE OF QUALIFIED ACTUARY

ATTACHMENT A (TO BE FILLED OUT BY FILER)

TREND

ATTACHMENT B
NATIONAL LOSS EXPERIENCE

Instructions:

1. Provide nationwide experience data used for rate development.
2. You may combine experience under forms that provide substantially similar coverage as long as you specify which forms you are combining.
3. You may add rows to each table or add tables as necessary.

Form No.: _____

Type of Form (Policy, Rider, etc.): _____

Date Form Approved: _____

Nationwide	Calendar Yr.	Earned Premium	Paid Losses	Incurred Losses
No. of enrollees: _____				

ATTACHMENT D

ADOI Revised Template to Actuarial Memorandum for
Rate Revision Filings

**TEMPLATE FOR ACTUARIAL MEMORANDUM
ARIZONA INDIVIDUAL DISABILITY INSURANCE RATE REVISION FILING**

SECTION 1: COMPANY NAME: _____ NAIC #: _____

SECTION 2: FORM NUMBERS AND PRODUCT NAMES OF AFFECTED POLICY FORMS: _____

SECTION 3: SCOPE AND PURPOSE OF THIS RATE REVISION. Items to be addressed include, without limitation:

- a. Whether this rate revision applies to new business only, in force business only, or both.
- b. The average rate revision requested in this filing (the weighted average used by CCIIO; see SERFF instructions for Rate Review Detail).
- c. Reason for the filing.
- d. Compliance and identification of law(s) and/or regulation(s) the filing fulfills.
- e. Identification of the actuary/actuaries responsible.
- f. Organization name and affiliation for each actuary.
- g. Other information specified by filer.

SECTION 4: DESCRIPTION OF THE BASIS ON WHICH THE REVISED RATES WERE CALCULATED, INCLUDING WITHOUT LIMITATION:

- a. A description of the formulation of rates. If the company files a rate formula, provide a sample calculation showing how the proposed rate is arrived at for a typical enrollee.
- b. Assumptions used, including without limitation:
 1. An explanation of all factors that affected the development of rates.
 2. Substantiation of all load factors that apply to the rates by an explanation of the purpose of each load factor and the effect it has on the rates.
 3. Provide the following information only for NAIC Type of Insurance (TOI) Individual Health Major Medical (H16I) and TOI Hospital/Surgical/Medical Expense (H15I)
 - i. Impact and disclosure of cost-sharing changes by major service categories.
 - ii. Impact and disclosure of benefit changes.
 - iii. Impact and disclosure of changes in enrollee risk on the rates.
 - iv. Impact and disclosure of any overestimate or underestimate of medical trend of prior years related to the rate increase.
 - v. Impact and disclosure of changes in reserve needs.
- c. A list of the factors used in the annual trend computation, such as inflation, utilization, change in medical costs, etc.. Describe and support the use of each factor listed. Attach as Attachment "A" a worksheet that exhibits the development and calculation of the annual trend from the factors listed here.
 1. For TOI Individual Health Major Medical (H16I) and TOI Hospital/Surgical/Medical Expense (H15I), provide the same information by major service category, such as
 - i. Inpatient,
 - ii. Outpatient,
 - iii. Professional,
 - iv. Prescription drug, and
 - v. Other (please specify)
- d. If this rate revision increases premiums, you must justify any increase in expense category, such as administrative, agent commissions, reserves, etc. This justification must identify which expenses are fixed and which are variable.
 1. For TOI Individual Health Major Medical (H16I) and TOI Hospital/Surgical/Medical Expense (H15I) you must justify any increase in expense category including

- i. Administrative costs related to programs that improve health care quality, other administrative costs (please specify), applicable taxes, licensing or regulatory fees, agent commissions, reserves etc. This justification must identify which expenses are fixed and which are variable.
 - ii. Changes in capital and surplus with company provision description for any consideration of impact these may have to the rate increase.
- e. Complete Attachment "B" regarding Arizona and national experience for these rates, including earned premiums, losses paid and losses incurred.
- f. Complete Attachment "C" regarding the history of rate revisions, including the dates and average percentage of each revision.
- g. An actuarial validation of the rating methodology.
- h. A schedule of current rates, attached as Attachment "D".

SECTION 5: DESCRIPTION OF CALCULATION OF THE ANTICIPATED LOSS RATIOS

- a. Form Renewability: ☐ Non-Cancelable ☐ Guaranteed Renewable
☐ Conditionally Renewable ☐ Optionally Renewable
- b. The anticipated loss ratio standard required by AAC R20-6-607(G) for this type of renewability is ____%.
- c. Based on the rates requested in this rate filing, the ALR described in AAC R20-6-607(H)(1) is ____%.
 - i. Present value of expected benefits over the entire future period for which the rates are computed: _____.
 - ii. Present value of expected premiums over the entire future period for which the rates are computed: _____.
 - iii. Description and details for the calculation of the ALR described in AAC R20-6-607(H)(1), including the development of items 5.c.i and 5.c.ii. .
- d. Based on the rates requested in this rate filing, the ALR described in AAC R20-6-607(H)(2) is ____%.
 - i. The sum of the accumulated benefits, from the original effective date of the form or the effective date of this regulation, whichever is later, to the effective date of the revision, and the present value of future benefits is _____.
 - ii. The sum of the accumulated premiums from the original effective date of the form or the effective date of the regulation, whichever is later, to the effective date of the revision, and the present value of future premiums is _____.
 - iii. With regard to Section 5.d.i and 5.d.ii above, such present values are taken over the entire period for which the revised rates are computed to provide coverage, and such accumulated benefits and premiums include an explicit estimate of the actual benefits and premiums from the last date as of which an accounting has been made to the effective date of the revision.
 - iv. Interest has the following significance in this loss ratio (Filer must select one of the options below):
 - a. ____ Interest is a significant factor in the calculation of this loss ratio and has been used in the calculation of these accumulated benefits and premiums and present values.
 - b. ____ Interest is not a significant factor in the calculation of this loss ratio and has not been used in the calculation of these accumulated benefits and premiums and present values.

- v. Description and details for the calculation of the ALR described in AAC R20-6-607(H)(1), including the development of items 5.d.i and 5.d.ii.

REQUIRED ATTACHMENTS:

- RevRP-124 8/2011: To be attached the filing Supporting Documentation
- Requested Rates: To be attached to the filing Rate Schedule
- Attachment A to Actuarial Memorandum: "Trend Worksheet"
- Attachment B to Actuarial Memorandum: "Arizona and National Loss Experience"
- Attachment C to Actuarial Memorandum: "Rate Revision History"
- Attachment D to Actuarial Memorandum: "Schedule of Current Rates"

SIGNATURE OF QUALIFIED ACTUARY

ATTACHMENT A (TO BE FILLED OUT BY FILER)

TREND

ARIZONA AND NATIONAL LOSS EXPERIENCE

1. Provide experience data for each calendar year since the form was first issued in Arizona. You may combine data for the calendar years prior to the most recent five years.
2. You may combine experience under forms that provides substantially similar coverage as long as you specify which forms you are combining.
3. You may add rows to each table or add tables as necessary.

Form No.: _____
Type of Form (Policy, Rider, etc.): _____
Date Form Approved in Arizona: _____

[illegible]

	Calendar Yr.	Earned Premium	Paid Losses	Incurred Losses
Nationwide				
No. of enrollees:				

COMPLETE HISTORY OF RATE REVISIONS

1. Provide data for each rate revision form for each form listed in Section 2 of the Actuarial Memorandum.
2. You may combine rate revisions for forms with the same field date and the same average percentage as long as you specify which forms you are combining.
3. You may add rows to the table or add tables as necessary.

[illegible][illegible]

ATTACHMENT D
SCHEDULE OF CURRENT RATES

ATTACHMENT E

Template for a standardized small group annual actuarial
certification

TEMPLATE ANNUAL ACTUARIAL CERTIFICATION

Date

[Attn:]

[ADOI address information]

Re: Small Employer Group Annual Actuarial Certification - A.R.S. § 20-2311(E)

Calendar Year:

AHP: *Name*

NAIC ID No.: *XXXXX*

Salutation

1. INTRODUCTION

- a. The purpose of this letter is for *[insert AHP name]* to provide the annual certification required by A.R.S. § 20-2311(E) that *[insert AHP name]* complies with ARS A.R.S. § 20-2311.
- b. *The signing actuary's relationship to the Accountable Health (AHP), their role and responsibilities*
- c. *The signing actuary's professional credentials and status with continuing professional development requirements*
- d. *The signing actuary's qualifications to provide the certification*
- e. Under my direction, appropriate testing of records and the review of assumptions and methods were completed to ensure compliance with all applicable provisions of A.R.S. § 20-2311 for all small employer group health policies associated with *[insert AHP name]*. *If a qualified statement is necessary, or material reliance was placed on another officer of the AHP, disclose the person's name, their role and responsibilities and details of the reliance here.*

2. COMPLIANCE WITH A.R.S. 20-2311(A).

As a result of the testing and review of *[enter the percent and number of total policies reviewed]*, I have determined that *[insert AHP name]* is in compliance with A.R.S. 20-2311(A). The premium rates that *[insert AHP name]* charged during calendar year 2010 for all health benefits plan issued to a small employer did not vary by more than sixty percent from the index rate for health benefits plans involving the same or similar coverage, family size and composition, and geographic area. *If any errors or deviations relevant to this determination were found during the testing or review process, identify the issue, quantify the number of policies impacted, and discuss the remedial action taken to correct the situation for both the AHP processes and the employer groups' premium rates.*

3. COMPLIANCE WITH A.R.S. 20-2311(B).

As a result of the testing and review of *[enter the percent and number of total policies reviewed]*, I have determined that *[insert AHP name]* is in compliance with

TEMPLATE ANNUAL ACTUARIAL CERTIFICATION

A.R.S. § 20-2311(B). In establishing premium rates for health benefits plans offered to small employers:

- a. *[Insert AHP name]* makes adjustments with respect to demographic characteristics, and those adjustments are applied consistently across all small employers.
- b. *[Insert AHP name]* utilizes geographic area factors in the development of premium rates for small employer groups. These factors are developed *[include a statement identifying how the geographic factors are developed and meet the criteria identified in this section]* which is not smaller than the smaller of either a county or an area that includes all areas in which the first three digits of the zip code are identical.

If any errors or deviations relevant to this determination were found during the testing or review process, identify the issue, quantify the number of policies impacted, and discuss the remedial action taken to correct the situation for both the AHP processes and the employer groups premium rates.

4. COMPLIANCE WITH A.R.S. 20-2311(C).

As a result of the testing and review of *[enter the percent and number of total policies reviewed]*, I have determined that *[insert AHP name]* is in compliance with A.R.S. § 20-2311(C). The percentage increase in the premium rate that is charged to a small employer for a new rating period does not exceed the sum of the following:

- a. The percentage change in the base premium rate.
- b. Fifteen percentage points.
- c. Any adjustment due to a change in coverage, family size or composition, geographic area or demographic characteristics.

If any errors or deviations relevant to this determination were found during the testing or review process, identify the issue, quantify the number of policies impacted, and discuss the remedial action taken to correct the situation for both the AHP processes and the employer groups premium rates.

5. COMPLIANCE WITH A.R.S. 20-2311(D).

[Insert AHP name] complies with A.R.S. § 20-2311(D). For each health benefits plan offered to a small employer, *[insert AHP name]* fully disclosed to the employer all of the following:

- a. The rating practices of *[insert AHP name]* for small employer health benefits plans, including rating practices for different populations and benefit designs.
- b. The extent to which premium rates for the small employer are established or adjusted based on the actual or expected variation in claims costs or health condition of the employees of the small employer and their dependents.

TEMPLATE ANNUAL ACTUARIAL CERTIFICATION

- c. *[Insert AHP name]*'s right to change premium rates, the extent to which premiums can be modified and the factors that affect changes in premium rates.

If any deviations relevant to this determination were found during the review process, identify the issue, quantify the number of policies impacted, and discuss the remedial action taken to correct the situation for both the AHP's processes and the disclosure information provided to the employer groups.

6. OTHER PERTINENT INFORMATION

Insert any additional statements that the AHP would like to include in the annual certification. The AHP can also expand on each of the sections above, including disclosing more detail surrounding the rating practices and procedures used to determine compliance.

7. CERTIFICATION STATEMENT

Based on my examination, including a review of the appropriate records and of the actuarial assumptions of and methods used by *[insert AHP name]* in establishing base premium rates, index rates and premium rates for small employer health benefits plans for calendar year 2010, I certify that:

- a. *[Insert AHP name]* is in compliance with the applicable provisions of this article
- b. The processes of *[Insert AHP name]* are in compliance with the Actuarial Standards of Practice No. 26, and
- c. The rating methods of *[Insert AHP name]* are actuarially sound

Closing statement to include:

- *Contact information*
- *Signature*
- *Title*

ATTACHMENT F

Draft Templates for the annual submission of small group
base premium and index rates with cover letter

**State of Arizona
Base Premium Rates and Index Rates**

Accountable Health Plan:

NAIC ID#:

Effective Date:

Plan Design:

Product Name *[E.G., " Full Coverage Group Plan"]*

Policy Form Number

Description *[E.g., HMO/PP0; Co-ins. or deductible summary; applicable riders]*

Rating Characteristics *[E.g., most popular plan design; lowest cost HMO product; rating variables such a census or geographic area; other pertinent information]*

Base Premium Rate

\$ -

Index Rate

\$ -

TEMPLATE COVER LETTER FOR ANNUAL SUBMISSION OF
BASE PREMIUM AND INDEX RATES UNDER A.R.S. § 20-2311(G)

Date

[Attn:]
[ADOI address information]

Re: *Accountable health plan name*
NAIC ID # *XXXXX*
Small Employer Group Base Premium and Index Rates - A.R.S. § 20-2311(G)

Salutation

The purpose of this letter is for *[insert accountable health plan name]* to comply with the requirement of A.R.S. § 20-2311(G), “*Each accountable health plan shall annually file with the director for informational purposes the accountable health plan’s base premium rates and index rates.*”

A.R.S. § 20-2301(A.3) provides, “*Base premium rate means, for each rating period, the lowest premium rate that could have been charged under a rating system by the accountable health plan to small employers for health benefits plans involving the same or similar coverage, family size and composition, and geographic area.*”

A.R.S. § 20-2301 (A.14) provides, “*Index rate means, as to a rating period, the arithmetic average of the applicable base premium rate and the highest premium rate that could be charged under a rating system by the accountable health plan to small employers for a health benefits plan involving the same or similar coverage, family size and composition, and geographic area.*”

State the signing actuary’s relationship to the accountable health plan, role, responsibilities and qualifications to provide the certification below

Based on my examination, including a review of the appropriate records, I certify that the attachment to this letter accurately presents the base premium and index rates in use by *[insert accountable health plan name]* as of *[insert effective date]*.

Closing statement to include:

- *Contact information*
- *Signature of Qualified Actuary*
- *Title*

ATTACHMENT G

Health Filing Access Interface (HFAI) State Implementation Guide



Health Filing Access Interface Implementation Guide

Following is an overview of steps and JavaScript code necessary to implement the Health Filing Access Interface (HFAI) authorization service on your state Web site.

Intended Audience

Appropriate state insurance department regulators (IT, Business staff) responsible for implementing the Health Filing Access Interface.

About HFAI

HFAI is a Web application written by the NAIC that provides easy access to Patient Protection & Affordable Care Act (PPACA) related public health filings hosted in the SERFF system. To make this possible, the application provides an authorization Web service that allows interested parties to obtain access credentials by visiting the participating state Web site. You only need to determine which page a consumer must visit in order to access the HFAI search page.

Implementing the HFAI Authorization Service

A custom authorization JavaScript code snippet will be provided when you contact us. You will copy and paste this snippet into the bottom of your selected web page, immediately before the `</body>` tag.

Next, create an HTML link on that page that calls the JavaScript function, `accessSERFF()`.

Example: `,a href="" onclick="accessSerff();" >Click here to Search Public Filings via the Health Filing Access Interface`

This JavaScript function will open a new window in the user's browser and display the simple search form to the user.

JavaScript Code Snippet

When you are ready to implement, please contact the SERFF team at serffmktg@naic.org and we will provide the appropriate snippet for your state.

About the JavaScript

The JavaScript uses HTML DOM-based JavaScript injection to download access credentials as JSONP from HFAI, avoiding the same origin policy of browsers. Although the HFAI authorization service sends only data and no additional JavaScript code, the script injection exposes your site visitors' DOM to SERFF*.



Where to Place the HFAI Link

We suggest that the link to access the HFAI search engine be placed on the Rate and Form area of your website. The HFAI link should be visible and easy to access. Interested parties shouldn't have to click through multiple links in order to reach the HFAI link.

Instructional Language for States Implementing HFAI

We suggest that a uniform message be displayed on all states' websites and ask that you consider the following overview/instructions:

The Patient Protection and Affordable Care Act (PPACA) is a federal statute that was signed into law on March 23, 2010. As part of the reform, states are encouraged to make health filings that meet PPACA eligibility requirements accessible to interested parties via the Internet.

The Health Filing Access Interface (HFAI) was developed in response to this request. Interested parties can use the HFAI to search and review PPACA-related filings submitted to the state since June 10, 2010.

All filings are subject to the state's public access statute. While all PPACA-related filings will display in the search, interested parties will only be able to view the details of the filing if it was marked eligible for public access by the state.

Click the following link to search the Health Filing Access Interface: (the link should say Search Public Filings via the Health Filing Access Interface).

For support please contact [INSERT DEPARTMENT CONTACT INFO]

To Implement HFAI

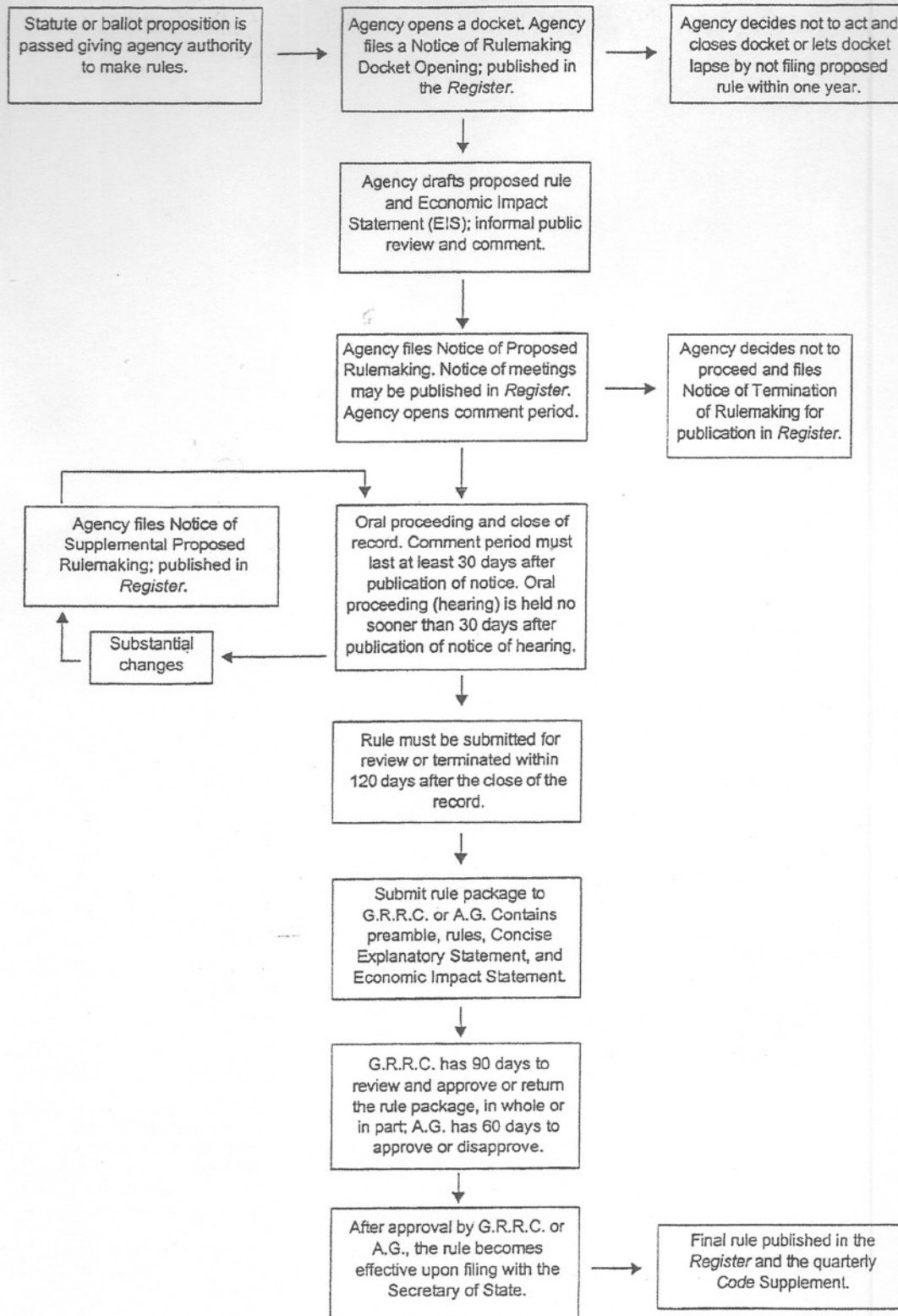
Please contact the SERFF Implementation Team at 816.783.8787 or serffmktg@naic.org.

*The intent of this initiative was to provide an application that is secure and also easy for the state staff to implement and maintain. If you have concerns about the content of the JSONP data sent from the authorization service and this DOM exposure, there are other alternatives although they do require more state effort for implementation. Contact SERFF web services support at wsreg@naic.org. In your email, request more information on bypassing the JSONP approach to HFAI access.

ATTACHMENT H

Rulemaking process flow chart

Regular Rulemaking Process



ATTACHMENT I

Updated Budget Spreadsheet

				CONTINUATION GRANT FUNDING:																
		Expend in FY11	Expend through August	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	13th mo.				Jul	Aug	Sep
PERSONAL SERVICES:																				
Aggregate Hourly Pay:					45.6731	45.6731	45.6731	45.6731	45.6731	45.6731	45.6731	45.6731	45.6731	45.6731				45.6731	45.6731	45.6731
Hours Paid in Month				ACTUAL	160	160	240	160	160	160	160	160	160	80				160	160	160
TOTAL PERSONAL SERVICES		67,608	17,480.53	7,307.61	7,307.70	7,307.70	10,961.54	7,307.70	7,307.70	7,307.70	7,307.70	7,307.70	7,307.70	3,653.85				7,307.70	7,307.70	7,307.70
				187,396.23 TOTAL PERSONAL SERVICES																
ERE:																				
> Noble				ACTUAL	1,056.78	1,056.78	1,585.17	1,056.78	1,056.78	1,056.78	1,056.78	1,056.78	1,056.78	528.39				1,056.78	1,056.78	1,056.78
> Donsky				ACTUAL	541.26	541.26	811.89	1,098.96	1,098.96	1,098.96	1,098.96	1,098.96	1,098.96	549.48				1,098.96	1,098.96	1,098.96
TOTAL ERE		31,762	4,875.31	1,548.06	1,598.04	1,598.04	2,397.06	2,155.74	2,155.74	2,155.74	2,155.74	2,155.74	2,155.74	1,127.94	<-ADJ'D			2,155.74	2,155.74	2,155.74
If not continued, assumes October will pay out 128 hours to each employee.																				
PROFESSIONAL/OUTSIDE:																				
> Actuarial Services				99,765	48,932.50	12,420.00	24,019.00													185,136.50
> Actuarial Services - Continuation							30,000.00	54,000.00	54,000.00	54,000.00	54,000.00	54,786.50								408,786.50
> Technology Consultants				18,808	-	25,000.00	45,000.00	20,000.00	10,960.00											119,768.00
> Project Coordinator					-	-	-													
TOTAL PROFESSIONAL/OUTSIDE		118,573	48,932.50	12,420.00	54,019.00	79,000.00	99,000.00	74,000.00	64,960.00	54,000.00	54,000.00	54,786.50	-	-						713,691.00
				713,691.00 TOTAL PROFESSIONAL/OUTSIDE																
TRAVEL																				
TOTAL TRAVEL		918.00			1,000.00								1,000.00				2,918.00			
				2,918.00 TOTAL TRAVEL																
OTHER OPERATING:																				
> Voice/data Charges				121.03	125	125	125	125	125	125	125	125	125				125	125	125	
> Public Meeting Space/Security/etc.								750					750							
> Office Supplies					99.69	100	100	100	100	100	100	100	100	63.97				100	100	100
> Statute Book						130														
> Postage					25	25	25	25	25	25	25	25	25				25	25	25	
TOTAL OTHER OPERATING		21,684	452.97	121.03	249.69	380.00	250.00	1,000.00	250.00	250.00	250.00	250.00	1,000.00	63.97			250.00	250.00	250.00	
				26,951.66 TOTAL OTHER OPERATING																
EQUIPMENT																				
TOTAL EQUIPMENT		4,735			4,735.00															
				4,735.00 TOTAL EQUIPMENT																
TOTALS		245,280	71,741	21,397	63,174	88,286	112,609	85,463	74,673	63,713	63,713	64,500	11,463	4,846	725,580		9,713	9,713	9,713	
				1,000,000.00																

725,580

ATTACHMENT J

Redlined Updated Workplan and Timeline for C1Q4

D. Updated Work Plan and Timeline

The tables below set forth ADOI's updated work plan and timeline for C1Q5 (part of C1Q6 and 7).

GOAL 1: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTHCARE INSURANCE PREMIUMS BY IMPROVING THE TRANSPARENCY AND EFFECTIVENESS OF RATE REVIEW.	
OBJECTIVE	MILESTONE
MEASURABLE OBJECTIVE 1.A. To provide consumers with new transparency and meaningful information about individual health insurance and small group insurance rates, using a mechanism that ADOI can sustain after the grant period ends.	1.A.i. By 1.31.11, gather public comment on consumer requirements for transparency and meaningful information. Completed
	1.A.ii. By 4.30.11, post to the ADOI website plain language FAQs and key facts about rate review in Arizona. Completed
	1.A.iii. After HHS adopts the final Rate Filing Disclosure Form and Justification Form (the "threshold disclosure form" or "TDF") institute a requirement that insurers submit the TDF with all rate increase filings, not just those that HHS categorizes as "unreasonable." Integrated into Measurable Objective Nos. 2.C and 2.D.
	1.A.iv. By three months after completion of 1.A.iii., expand and update web postings with data from TDFs received to date. Integrated into Measurable Objective Nos. 2.C and 2.D.
	1.A.iii. By 6.30.2011, develop at least one consumer-friendly key indicator of individual rate filings, e.g., an item on the individual actuarial certification showing per-capita increases to premium for each revision. Completed
	1.A.iv. By 6.30.2011, develop at least one consumer-friendly key indicator for insurers' annual small group base premium and index rates. Completed
	1.A.vii. By 8.31.2011, develop the IT capacity to periodically and automatically update web postings with data from TDFs and consumer-friendly component(s) of rate filings. Integrated into new Milestone Nos. 1.A.vii – 1.A.xv.
	1.A.viii. Throughout the grant year, coordinate with SERFF project for consumer-friendly, on-line rate filing components. Integrated into new Milestone Nos. 1.A.v – 1.A.xii.
	<u>1.A.v. By 12.31.2011, determine method for public access/disclosure of on-line preliminary rate justifications in open rate filings. Retain consultant if necessary.</u>
	<u>1.A.vi. By 12.31.2011, determine method for public comment on preliminary rate justifications in open rate filings open filings. Retain consultant if necessary.</u>
	<u>1.A.vii. By 12.31.2011, Determine method for public access/disclosure of on-line closed rate filings. Retain consultant if necessary.</u>
	<u>1.A.viii. By 03.01.2012, implement on-line public access/disclosure of closed rate filings, possibly as pilot program.</u>
	<u>1. A.ix. By 05/31/2012, obtain consumer and internal feedback re: online access to closed individual RR filings on or after 01/01/2012.</u>
	<u>1.A.x. By 06/01/2012, implement:</u> <ul style="list-style-type: none"> <u>public access/disclosure and comment mechanism for proposed rates</u> <u>public access/disclosure of on-line preliminary rate justifications</u>

GOAL 1: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTHCARE INSURANCE PREMIUMS BY IMPROVING THE TRANSPARENCY AND EFFECTIVENESS OF RATE REVIEW.	
OBJECTIVE	MILESTONE
	<u>1.A.xi. By 8.31.12 adjustments to online access to closed individual RR filings.</u>
	<u>1.A.xii. Evaluate, update and expand website and written materials relating to rate review, including its rate-review FAQs. <i>On-going</i></u>
MEASURABLE OBJECTIVE 1.B. To determine whether ADOI's existing actuarial certification form for individual health insurance rates is a reliable tool for determining whether individual rate filings comply with the law and make any necessary revisions.	1.B.i. By 12.21.2010 develop criteria/process for substantive review. Completed
	1.B.ii. By 4.30.2011, based on the new criteria and process, conduct substantive review of 100% of new rate filings and 75% of rate revision filings that insurers submit between 11.1.2010 and 4.30.2011. Completed
	1.B.iii. By 5.15.2011, for each filing reviewed under 1.B.ii., determine how often the actuarial certification is supported by the substantive review, that is, how often can ADOI rely on the actuarial certification. Completed
	1.B.iv. By 5.31.2011, if the conclusion in 1.B.iii. is that ADOI cannot generally rely on the actuarial certification, determine why. Completed
	1.B.iv-a. By 6.30. 2011, draft revisions to the existing form and filing requirements to make the actuarial certification reliable. Completed
	1.B.iv-b. By 8.15.2011, obtain stakeholder input on the draft revisions, changes proposed under 1.A.v. above, other administrative revisions and a reasonable implementation date for the revised forms. Completed 09.30.2011.
	1.B.v. By 8.15.2011, if the conclusion in 1.B.iii. is that ADOI can generally rely on the actuarial certification, obtain stakeholder input on other changes related to 1.A.v., other administrative revisions, and a reasonable implementation date for revised forms. <i>No longer applicable, based on 1.B.iii..</i>
	1.B.v. By <u>09.15.2011</u> , finalize revisions to the existing forms and filing requirements for individual RR filings. Designate implementation date. In progress.
	<u>1.B. vi. 02/01/2012. Implement new forms, filing requirements and templates for individual RR filings.</u>
	<u>1.B.vi. Monitor the use and effectiveness of templates for individual filings to determine the effectiveness of Year 1 compliance accomplishments as follows.</u>
	<u>1.B.vii-a. By 05.31.2012 complete actuarial review of R R Filings submitted from 02.01.2012 through at least 4.30.2012.</u>
	<u>1.B.vii-b. By 06.30.12, make compliance revisions to individual Filing requirements and templates.</u>
ASURABLE OBJECTIVE 1.C. To determine if the actuarial certification required by A.R.S. § 20-2311 is a reliable tool for ADOI to	1.C.i. By 02.28.2011, identify key indicators for small group rate-setting. Completed
	1.C.ii. By 04.30.2011, summarize information and variations in A.R.S. § 20-2311(E) actuarial certifications and § 20-2311(G) base premium and index rate submissions for 2009 and 2010. Completed
	1.C.iii. By 06.30.2011, based on 1.C.i. and 1.C.ii., draft a standardized form for the small group actuarial certification and for submission of base premium and index rates, to be used by insurers in 2012. Completed

GOAL 1: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTHCARE INSURANCE PREMIUMS BY IMPROVING THE TRANSPARENCY AND EFFECTIVENESS OF RATE REVIEW.

OBJECTIVE	MILESTONE
determine small group rate-compliance. If not, develop a standard, reliable tool.	1.C.iv. By 7.31.2011, obtain stakeholder input on standardized forms. Completed 9.30.2011
	1.C.v. By 09.30.2011 finalize/implement standardized forms for 2012. In Progress.
	<u>1.C.vi. Monitor the use and effectiveness of templates for small group submissions to determine the effectiveness of Year 1 compliance accomplishments as follows:</u>
	<u>1.C.vi-a. By 4.30.12, complete actuarial review 2012 small group submissions.</u>
	<u>1.C.vi-b. By 9.30.12 revise forms (small group Template for Annual Certification and Base Premium and Index Rates).</u>

GOAL 2: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTH INSURANCE PREMIUMS BY DEVELOPING THE PROCESSES AND SYSTEMS TO COMPLY WITH ACA REQUIREMENTS FOR COLLECTING, REVIEWING AND REPORTING HEALTH INSURANCE RATES.

OBJECTIVE	MILESTONE
MEASURABLE OBJECTIVE 2.A. As soon as practicable after HHS sets standards for “unreasonable” rates, review at least 95% of submissions that meet the ACA “unreasonable” standard, applying HHS criteria to determine if the increase is excessive or unjustified. <u>Integrated into Measurable Objective Nos. 2.C and 2.D.</u>	2.A.i. Implement, via SERFF, a forthcoming Rate Filing Disclosure Form and Justification Form (the “threshold disclosure form” or “TDF”) that federal law will require insurers to use if a rate request is “unreasonable.” <u>Integrated into Measurable Objective Nos. 2.C and 2.D.</u>
	2.A.ii. As soon as practicable after HHS promulgates standards for “reasonable” and “unreasonable” rate requests, apply forthcoming ACA criteria to determine if unreasonable rate increases are excessive or unjustified. <u>Integrated into Measurable Objective Nos. 2.C and 2.D.</u>
	2.A.iii. By three months after completion of 2.A.ii., incorporate conclusions with TDF data used to update and expand web postings for consumers. <u>Integrated into Measurable Objective Nos. 2.C and 2.D.</u>
MEASURABLE OBJECTIVE 2.B. To comply with ACA reporting requirements rate data and rate trends using HHS’s uniform reporting template.	2.B.i. Contract with SERFF to make the modifications necessary to address the data collection and reporting requirements defined in Section A.1(c)(1) and A.1(c)(2) of Grant Announcement. Completed
	2.B.ii. Obtain training from SERFF on system changes. Completed
	2.B.iii. Coordinate/develop SERFF’s ability to satisfy reporting requirements of the uniform template for data reporting within the SERFF system, including basic trending reports. Completed
MEASURABLE OBJECTIVE 2.C. <u>Achieve “effective rate review” status, as described in 45 C.F.R. §§ 154.101-</u>	<u>2.C.i. By 09.01.2011, request exception to Governor’s moratorium on rulemaking, in order to initiate effective rate review for individual & small group rules. Completed.</u>
	<u>2.C.ii. File Notices of Docket Opening (NDO) for individual & small group rules to support designation of Arizona as an ERR state. Completed.</u>

GOAL 2: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTH INSURANCE PREMIUMS BY DEVELOPING THE PROCESSES AND SYSTEMS TO COMPLY WITH ACA REQUIREMENTS FOR COLLECTING, REVIEWING AND REPORTING HEALTH INSURANCE RATES.

OBJECTIVE	MILESTONE
<u>154.301, for individual rate revisions.</u>	<u>2.C.iii. Dockets officially open upon publication of NDOs by the Secretary of State in Register. Completed.</u>
	<u>2.C.iv. By 11.15.2011, hold informal stakeholder meeting for discussion of individual ERR rule.</u>
	<u>2.C.v. By 02.15.2012, file Notice of Proposed Rulemaking for individual ERR rule.</u>
	<u>2.C.vi. By 03.15.2012, hold public hearing for individual ERR rule.</u>
	<u>2.C.vii. By 04.15.2012, close comment on proposed individual ERR rule.</u>
	<u>2.C.viii. By 06.15.2012, file final proposed rule with GRRRC for individual ERR.</u>
	<u>2.C.ix. 09.06.2012: Estimated GRRRC public hearing on individual ERR rule</u>
	<u>2.C.x. 09.06.2012: Estimated immediate implementation date for individual ERR rule.</u>
	<u>2.C.xi. 11.06.2013: Estimated regular implementation date for individual ERR rule.</u>
MEASURABLE OBJECTIVE 2.D. Achieve “effective rate review” status, as described in 45 C.F.R. §§ 154.101-154.301, for small group rate revisions.	<u>2.D.i. By 09.01.2011, request exception to Governor’s moratorium on rulemaking, in order to initiate effective rate review for individual & small group rules. Completed.</u>
	<u>2.D.ii. File Notices of Docket Opening (NDO) for individual & small group rules to support designation of Arizona as an ERR state. Completed.</u>
	<u>2.D.iii. Dockets officially open upon publication of NDOs by the Secretary of State in Register. Completed.</u>
	<u>2.D.iv. By 11.15.2011, hold informal stakeholder meeting regarding development of individual & small group ERR rules.</u>
	<u>2.D.v. By 12.15.2011, hold informal stakeholder meeting focused on small group ERR rules</u>
	<u>2.D.vi. By 2.15.2012, hold informal stakeholder meeting re first draft of small group ERR rule.</u>
	<u>2.D.vii. By 4.15.2012, hold informal stakeholder meeting re second draft of small group ERR rule.</u>
	<u>2.D.viii. By 6.15.2012, hold informal stakeholder meeting re third draft of small group ERR rule.</u>
	<u>2.D.ix. By 10.15.2012, file Notice of Proposed Rulemaking for small group ERR rule.</u>
	<u>2.D.x. By 11.15.2012 hold public hearing for small group ERR rule.</u>
	<u>2.D.xi. By 12.15.2012, close comment on proposed small group ERR rule.</u>
	<u>2.D.xii. By 3.15.2013, file final proposed rule with GRRRC for small group ERR.</u>
	<u>2.D.xiii. 5.04.2013: Estimated GRRRC public hearing on small group</u>

GOAL 2: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTH INSURANCE PREMIUMS BY DEVELOPING THE PROCESSES AND SYSTEMS TO COMPLY WITH ACA REQUIREMENTS FOR COLLECTING, REVIEWING AND REPORTING HEALTH INSURANCE RATES.

OBJECTIVE	MILESTONE
	<u>ERR rule</u>
	<u>2.D.xiv. 5.04.2013: Estimated immediate implementation date for small group ERR rule.</u>
	<u>2.D.xv. 7.04.2013: Estimated regular implementation date for small group ERR rule.</u>
<u>MEASURABLE OBJECTIVE 2.E.</u> <u>Transition from relying on ADOI internal database and programs for all aspects of managing rate and form filings to using SERFF exclusively.</u>	<u>2.E.i. By 12.31.2011, develop SERFF exports and ADOI programming needs for Exports data – retain consultant.</u>
	<u>2.E.ii. By 01.01.2012, all PPACA filings must be submitted on SERFF.</u>
	<u>2.E.iii. By 04.01.2012, all life and annuity filings must be submitted on SERFF.</u>
	<u>2.E.iv. By 05/31/2012, develop, correct and implement programs for using SERFF Export data.</u>
	<u>2.E.v. By 01.2012, all non-PPACA health, LTC and Med Supp filings accepted only on SERFF.</u>
	<u>2.E.vi. By 09.01.2012 All filings accepted only on SERFF.</u>