TO: Alexandra Shafer, Asst. Director
(ADOI, Life & Health Division)

FROM: Kathy Zatari, Rate Review Grant Manager
(ADOI, Life & Health Division)

RE: Rate Review Grant Project: Transparency Objective
Meeting Summary

Date: 14 April 2011

This memo sets forth topics discussed at the April 14, 2011 meeting convened by the Arizona Department of Insurance (ADOI), as part of its Rate Review Grant activities.

The Rate Review Grant requires ADOI to improve the transparency and effectiveness of rate review by, among other things, providing consumers with meaningful information about individual and small group health insurance rates. To this end, ADOI has put together an informal group of internal and external advisors from a variety of constituencies. So far, this "Transparency Team" includes two producers (agents), representatives of two insurers, the director of Arizona's SHIP program, a representative of St. Luke's Health Initiative (an Arizona non-profit organization whose work includes community health and health coverage issues), America's Health Insurance Plans and staff from several ADOI divisions.

Meeting Participants

- Laura Meyer — Vice President and Deputy General Counsel, BCBS AZ
- Susan Navran — Executive Vice President of Internal Operations, BCBS AZ
- Leanne Gassaway — Senior Regional Director – State Affairs, AHIP
- David Childers — Kutak Rock LLP
- Brett Morris — President, Health Net AZ
- Gay Ann Williams — Vice President, Health Net-Via Speaker Phone, CA Office (Legislative & Regulatory Compliance)
- Kristine Kassel — Insurance Producer & Owner, Benefits by Design
- Kevin Lurito — FSA, MAAA, Principal, Mercer Consulting
- Ron Betz — MAAA, Mercer Consulting
- Kevin Russell — Mercer Consulting
- Alexander Shafer — Asst. Director (Life& Health), ADOI
- Erin Klug — Public Information Officer, ADOI
- Mary Butterfield — Asst. Director (Consumer Affairs), ADOI
- Kathy Zatari — Rate Review Grant Manager, ADOI
- Steven Noble — Rate Review Administrative Assistant, ADOI
- Cathy O' Neil — Consumer Affairs, ADOI

Not Attending

- Anne Marie Grande — Agency on Aging, Phoenix area
- Kim Van Pelt — Associate Director, Arizona Health Futures
- Susie Lesmeister — Supervisor, (Consumer Affairs), ADOI

A Transparency Team meeting was held at the ADOI offices on April 14, 2011, from 10:15 a.m. to 11:45 a.m. The purpose of the meeting was to continue our joint discussion about rate review grant activities, and to de-brief attendees on grant activities to date.

To begin, Kathy Zatari made a presentation about second quarter grant activities. These included consumer meetings throughout Arizona, in both January and March 2011. Kathy explained that these meetings were designed to elicit consumer comment and feedback on the grant objectives for transparency and meaningful, easy-to-understand information. Kathy also noted that a website survey posed in February had gathered 283 responses as of 3/31/2011, and discussed survey results generally. Kathy also mentioned that a draft rate review fact sheet and draft FAQ's have been completed; Kathy provided copies of these to all attendees, and requested that they provide any feedback or suggestions on these by April 21, 2011, because the deadline to post final versions on the ADOI website is April 29, 2011.

Next, Kathy highlighted consumer activities scheduled for the third quarter. These include an additional series of meetings throughout the State in May and June 2011, where consumers will have the opportunity to provide feedback

on rate review website postings, and suggestions for consumer-friendly key indicators for both individual and small group filings.

Alix Shafer then made a presentation about continuing work with NAIC on the transparency piece of the grant program. This includes a program NAIC is developing to permit the public direct access to SERFF filings, from their own internet access, rather than having to travel to state insurance offices and log on to SERFF. She explained that at this point, states may decide whether or not to become part of this program, and ADOI has not yet determined whether the program would be useful for Arizona consumers. It hasn't been determined whether or not there would be any sort of summary or condensed versions of these filings, and simply providing thousands of pages of data might not be helpful to consumers.

Alix then briefly discussed ADOI's work with Mercer, to review both individual policy rate filings and filings related to small group policies. She explained that meetings with industry would be scheduled in the upcoming months to discuss possible changes to individual filing requirements checklist which would be within existing Arizona statutes and regulations. She further explained that ADOI may propose templates for insurers to use when making their required annual submissions regarding small group rates, again, with the idea that industry input would be obtained prior to developing any of these items.

Mercer actuaries then made a presentation about their review, to date, of individual rate filings in the past calendar year. Kevin Lurito made some introductory remarks, explaining that at this point, Mercer's review has focused on obtaining data, and Mercer would not make any final recommendations without stakeholder input, including industry. Ron Betz and Kevin Russell discussed areas where filings for individual policies either did not include the correct documentation, or failed to include it altogether. These included matters relating to the checklists, ALR documentation, actuarial validation, load factors, actuarial certification, effective dates, renewability, historical data, current requested rates, and signatures of actuaries. Kevin Lurito then discussed areas involving small group filings. These included the wide range of submissions of attestations of statutory compliance and submissions of base premiums & index rates, from very brief to very detailed.

Kathy and Alix concluded the meeting by letting attendees know that dates for the industry meetings would be scheduled in the coming weeks, and thanking them for their continued involvement and participation.