Health Insurance Rate Review Grant Program
Cycle I Quarterly Report

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State:	**Arizona**
Project Title:	**HHS Rate Review Grant: Ensuring That Consumers Get Value for Their Dollars**
Project Quarter Reporting Period:	**Quarter 3 (04/01/2011 – 06/30/2011) ("C1Q3")**

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Health Insurance Rate Review Grant Program
Cycle I Quarterly Report: Quarter 3 (C1Q3)

PART I: PROJECT NARRATIVE

A. Introduction

A. BRIEF OVERVIEW OF PROJECT

Arizona has applied for a grant with a 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. This report sets forth the work undertaken and completed to achieve these milestones during the first reporting period from August 9, 2010 through December 31, 2010 ("Cycle 1, Quarter 1" or "C1Q1"), and outlines ADOI's next steps in the coming months.

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.

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.

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 institute a requirement that insurers submit the federal "threshold disclosure form" with all rate increase filings, not just those that HHS categorizes as "unreasonable"; (iv) to expand and update web postings with data from TDFs; (v) to develop at least one consumer-friendly key indicator of individual rate filings; (vi) to develop at least one consumer-friendly key indicator from insurers' annual small group base premium and index rate submissions; (vii) to develop the IT capacity to periodically and automatically update web postings with data from TDFs and consumer-friendly rate filing components; and (viii) to make consumer-friendly rate filing components available to the public online.

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.

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) if the conclusion from Milestone iii above is that ADOI cannot generally rely on the current actuarial certification, to determine the reasons why not, obtain stakeholder input, include a consumer-friendly key indicator (from 1Av) and make proposed revisions to the current forms or process; (v) if the conclusion from Milestone iii is that ADOI can rely on the actuarial certification, to include a consumer-friendly key indicator (Milestone from 1.A.v), obtain stakeholder input, and make proposed revisions to the current forms or process; and (vi) to finalize revisions to the existing form and related filing requirements and publish for implementation on a future designated date.

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 comply with the law, and if it is not, to develop a standardized form that is a reliable tool.

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 2011.

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 two Objectives for accomplishing our second goal. Each Objective has its own milestones.

Objective 2.A
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;" (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) by 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 are: (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.

B. Program Implementation Status

1. ACCOMPLISHMENTS TO DATE

a. Continued Training and Support for RR Staff (Applies to Entire Grant Program)
During C1Q3, 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 also continued its substantive review of rate filings for the quarter.

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

i. Actuary Review and Analysis
During C1Q3, through meetings, e-mails and phone conversations, ADOI continued its RR grant work with its actuarial consulting firm, Mercer. Mercer assisted with or timely completed work the following milestones:

- Milestone 1.A.v. On May 10, 2011, Mercer recommended consumer-friendly ("transparency") key indicators for individual rate filings, which included:
  - A carrier's rate increase history for the past five years.
  - A carrier's incurred claims and earned premiums by year, for the past five years.
  - Whether a specific policy is in a closed block of business.

- Milestone 1.A.vi: On May 10, 2011, Mercer recommended consumer-friendly (transparency) key indicators for annual small group base premium and index rate submissions, which included:
  - A text or link for statutory requirements for small group rating.
  - A glossary of terms for small-group rate requirements.
  - Carriers' most significant rating factors.

- Milestone 1.B.ii, 1.B.iii and 1.B.iv. Mercer completed its substantive review of 100% of administratively complete new rate filings and 81.3% of rate revision filings submitted between November 1, 2010 and April 30, 2011. There were 38 new rate filings and 26 rate revision filings in this review. See Attachment A for a summary of the results. Mercer determined that the actuarial certification of compliance ("P-124") was not always supported by the content of the

filing and that ADOI could not necessarily rely on the P-124 to assess compliance. See Attachment "B" for Mercer's written assessment. Indications of the lack of reliability include:

- The filer completed the Actuarial Certification (P-124) accurately in only 43 out of 63 Filings.
- Some P-124 requirements are ambiguous. For example, Question 7 asks for the filing's average rate increase without defining how the average should be calculated.
- Calculation of the anticipated loss ratio stated on the P-124 was only described in the actuarial memorandum in 33 out of 63 filings, despite a specific regulatory requirement for such a description in AAC R20-6-607(C).

See Attachment "C", slides 21 to 23, for more information.

- Milestone 1.C.ii. Mercer summarized the information and variations in A.R.S. § 20-2311(E) non-standardized actuarial certifications, and in A.R.S. § 20-2311(G) non-standardized base premium and index rate submissions for calendar years 2009 and 2010. See Attachment "D". Mercer's summary reflects wide variation in the content, consistency and reliability of these submissions, including:
    - Whether the certifications captured all the statutory requirements
    - The type of review described in the certification, for example, whether the actuary reviewed actuarial assumptions and rating methods or identified non-compliance and remedial action.
    - The number of policies reviewed
    - Whether the filer provided an NAIC number, review period or effective date.
    - The signing actuary's qualifications

  See attachment "C", slides 33 to 38, for more information.

- Milestones 1.A.v and 1.A.vi. During C1Q3, Mercer attended ADOI's three consumer-stakeholder meetings held in May and June, 2011 either in person or by telephone. See Section I.B.1.c.ii, below. This allowed Mercer to hear first-hand from consumers and producers regarding consumer-friendly key indicators for individual and small group rates.

- Milestone 1.B.iv-b. Mercer worked with ADOI on preparing for and conducting ADOI's first industry-stakeholder meeting on June 23, 2011. To prepare for the meeting, Mercer worked with ADOI on a PowerPoint summary of Mercer's findings. See Attachment C". During the meeting, Mercer actuaries described how they evaluated ADOI's review requirements and processes and they participated in the discussion of Mercer's findings and possible ADOI improvements.

- Milestones 1.B.iv-a and 1.C.iii. After the June 23, 2011 stakeholder meeting, Mercer completed:

- Draft changes to the existing filing requirements for individual new rates, see Attachment "E", and individual rate revision filings. See Attachment "F".
- A draft template for a standardized form for the small group actuarial certification. See Attachment "G".
- A draft template for the annual submission of small group base premium and index rates with a cover letter. See Attachment "H".

ii. Actuarial Deliverables for C1Q3

Actuarial Deliverable	Mile-stone	Date
Transparency key indicators: individual	1.A.v.	5.10.11
Transparency key indicators: small group	1.A.vi.	5.10.11
Findings from rate-filings review	1.B.ii.	6.20.11
Draft changes to filing requirements for individual rate filings	1.B.iv-a	6.30.11
Summary of annual small group submissions	1.C.ii	6.13.11
Template for annual small group actuarial certification and base premium/index rates.	1.C.iii	6.30.11

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

i. Website Postings during C1Q3
ADOI posted notices, agenda, and discussion summaries from each of the three May/June stakeholder meetings at:
http://www.id.state.az.us/RateReview/2011-06-2_Public_Mtg_Minutes.pdf (Prescott meeting)
http://www.id.state.az.us/RateReview/2011-05-24_Public_Mtg_Minutes.pdf (Yuma meeting)
http://www.id.state.az.us/RateReview/2011_05_17_Public_Mtg_Minutes.pdf (Phoenix meeting)

ADOI also posted its C1Q2 report to HHS at http://www.id.state.az.us/RateReview/Arizona_C1Q2_Report_4_29_2011.pdf

ADOI maintained an on-line consumer from February 14 through June 10, 2011. ADOI received 392 survey responses. See Attachment "I" for a compilation of the survey results.

Milestone 1.A.ii. ADOI posted a set of rate review FAQs and key facts at http://www.id.state.az.us/publications/FAQsfinal26ap11.pdf.

ii. Public Meetings
As part of working on Milestones 1.A.v and 1.A.vi In May and June 2011, RR staff held three stakeholder meetings, one in Phoenix, one in Yuma and one in Prescott. ADOI sent notices to both public and private organizations, as well as media outlets throughout the state, advertising

these meetings. See Attachment "J". The primary purposes of the meetings were, (1) to continue and expand the consumer education and dialogue ADOI began in January about rate review, and (2) was to obtain feedback on transparency key indicators ADOI and Mercer had developed so far. See Attachment "K" for ADOI's PowerPoint presentation. ADOI's minutes for these meetings are available through the links in Section I.B.1.c.i, above, and ADOI's significant findings are summarized below in Section I.B.1.d.i, below.

iii. Collaboration

In addition to its work with consumer stake-holders, ADOI held a meeting with insurance stakeholders on June 23, 2011. See Attachment C for a copy of the PowerPoint presentation that ADOI and Mercer prepared together. The insurers that attended were Blue Cross Blue Shield of Arizona, Health Net, United Healthcare, Golden Rule, Aetna, CIGNA, Humana and AFLAC. At the meeting

- ADOI summarized its transparency and compliance activities under the rate review grant.
- Mercer actuaries described how they evaluated ADOI's review requirements and processes
- ADOI summarized Mercer's findings
- ADOI proposed options for improvements to its current rate review and rate oversight processes
- Insurers, Mercer and ADOI had a productive discussion about Mercer's findings and ADOI's proposed improvements.

Mercer used feedback from the attendees to complete its deliverables under Milestones 1.B.iv-a and 1.c.iii.

On April 14 ADOI met with its Transparency Team. This informal group of advisors includes industry representatives, local producers, advocacy groups and other public agencies. See Attachment "L" for the attendance roster and minutes of this meeting. ADOI provided an update on grant activities since the group's last meeting in February, distributed a draft set of FAQs for comment and described the activities planned for may and June, including three more consumer meetings and a first meeting with industry stakeholders on June. ADOI invited Mercer to attend this meeting in order to give the group a preview of the information to be presented to industry stakeholders.

On April 21, 2011 ADOI participated in a multi-state collaboration call with SERFF representatives on May 19, 2011 to discuss recent enhancements to SERFF to make PPACA health insurance rate filings available directly to the public via the Internet. ADOI sent written comments to SERFF about this proposed function and participated in follow-up call on May 19, 2011. SERFF released the function to states on June 21, 2011. During C1Q4, ADOI will consider whether to implement it this function in Arizona.

d. ADOI Data Collection, Analysis and Ongoing Rate Review (Applies to Objectives 1.A and 1.B)

i. Consumer Concerns (Milestones 1.A.v and 1.A.vi)

RR staff compiled and prioritized the comments it received at its May and June consumer meetings and in C1Q4 will consider the most significant findings in conjunction with Mercer's key indicator recommendation. The most significant findings that C1Q3 attendees raised more often than, or in addition to, concerns raised by C1Q1 attendees included:

- How often a company raises rates over a certain period of time may be more useful to know than how much a company raises rates.
- A simple breakdown of factors that went into a rate increase is just as meaningful to consumers as the percentage amount of increases.
- Consumers do not know that insurers have to make a new rate review filing every time they change rates. ADOI should clarify.
- Some small groups and some producers may not realize that ARS 20-2311(D) requires an insurer to make certain disclosures to small group employers about how the insurer calculates rates.
- Small group employers often want to know how their rates compare to the rates of similarly situated groups. Producers are sometimes surprised at the range of rates that different companies propose to provide similar coverage to similar groups.

In addition, RR staff combined the online consumer survey results collected during C1Q3 with the results collected during C1Q2 (and reported in ADOI's C1Q2 Report. See Attachment M for a summary and analysis of all the survey data. Significant results include:

- For individual policies, 66% to 76% of respondents indicated that learning how insurance companies set health insurance rates, how frequently they raise rates, how they determine what to charge in premiums, and how to obtain rate information from ADOI would all be "very helpful".
- For small group policies, 69% to 72% of respondents stated that learning how insurance companies set health insurance rates, how frequently they raise rates, how they determine what to charge in premiums, and how to obtain rate information from ADOI would be "very helpful".

ii. Rate Filings and Rate-Related Submissions

In C1Q3 ADOI completed substantive review of 30 individual rate filings. These include the six filings reported to HHS through SERFF, as described in Part II below. Sixteen of these 30 filings were rate revisions and 14 were new rates submitted with new forms. Thirteen other filings were closed during C1Q3 without going through substantive review for one of the following reasons: (i) the filer withdrew the filing; (ii) the filing was exempt from filing requirements, (iii) the filing was rejected as administratively incomplete, or (iv) the filing was "informational" and not subject to review.

In C1Q3, ADOI began implementing some new review practices, based on Mercer's preliminary findings and recommendations. For example, ADOI now requires a filer who states its anticipated loss ratio without precision (e.g., >55%" or "55 to 75%") to revise the filing to specify an exact anticipated loss ratio (e.g., "55%"). In addition, ADOI met with Mercer for a "tutorial" on rate data detail now included in PPACA rate filings, included calculation of the "weighted average: defined by CCIIO.

e. Internal Information Systems Modifications

Currently ADOI maintains an Access database which has much of the same data that SERFF does. ADOI uses the 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, 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. This situation complicates and even undermines ADOI's efforts at transparency in part because it is an obstacle to timely and efficiently updating web postings with reliable data from filings. However, until C1Q3, ADOI has not explored the possibility that it could do the necessary research on SERFF.

In C1Q3, a team of ADOI permanent staff and RR staff met several times and exchanged e-mails and phone calls with two members of SERFF staff 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's conclusion is 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 will pursue with SERFF and programming consultants a plan to enable ADOI export the appropriate data and manage it for administrative and regulatory purposes. ADOI also will continue to develop the capacity to periodically and automatically update web postings with data from filings.

2. CHALLENGES AND RESPONSES

a. Transparency Despite Complexity

As noted in ADOI previous quarterly reports, RR staff faces a continuing challenge in educating consumers about health insurance rates, a subject that many consumers seem to love to hate, and in obtaining feedback that focuses on rate-setting and rate-review. Consumers at our consumer meetings throughout the grant period expressed frustration about limits on ADOI's authority to set and control rates. In response to our on-line survey, sixty percent (55/91) of people who provided comments in their own words did not address rate-setting or rate review *per se,* but dealt with the inability to obtain insurance, single payor coverage, too much or too little state and/or federal regulation of health insurance rates and practices, the absence of a high risk pool in Arizona, and benefits packages offered in individual or small

group policies. Attendees at our public meetings also voiced concerns about other subjects not directly related to rate review, such as pre-existing medical conditions, status of the exchanges, and comments about a single payer/public option health care system.

During C1Q3, we posted a comprehensive set of FAQs and key facts on the ADOI website (Milestone 1.A.ii) at http://www.id.state.az.us/publications/FAQsfinal26ap11.pdf. We solicited feedback on these posted items at our May and June community meetings and intend to revise them in C1Q4.

b. Continued Need to Train and Support RR Staff and Use Permanent ADOI Resources.

Maintenance of the RR grant program continues to require support from permanent staff and existing resources to. In order to sustain the program outcomes with pre-grant resources after the grant period ends, the program activities and objectives have to be transparent and geared to integration from the start. The Public Information Officer and the Information Technology Division staff continued to provide on-going advice and support while staff of the Life & Health and Consumer Affairs Divisions continued to work with RR staff on community outreach and public participation, substantive and procedural issues relating to rate review, systems and other technical support.

The first Rate Review Grant Manager resigned, effective June 23, 2011. ADOI hired a replacement, who began work on July 12, 2011. ADOI is experiencing a very smooth transition but there may be some efficiency lost in the short-term. In addition, because the insurance analyst for the grant program left the agency in January 2011, permanent ADOI staff continued to do a greater amount than planned of preparing the C1Q2 report, reviewing of filings, analyzing and summarizing Mercer's findings and working directly with stakeholders.

3. REQUIRED VARIATIONS FROM ORIGINAL TIMELINE
ADOI has met its milestones for C1Q3 and does not anticipate any variations to the timeline that it did not address in its C1Q1 or C1Q2 reports.

C. Significant Activities – Undertaken & Planned

1. SIGNIFICANT ACTIVITIES UNDERTAKEN
See Sections 1.b.1 and 1.B.2 above.

2. SIGNIFICANT ACTIVITIES PLANNED

a. Continuing Support for RR Staff (Applies to Entire Grant Program)
Permanent staff will continue to assist with ADOI's outreach and participation efforts, data collection and analysis and meeting reporting requirements, as well as providing on-going computer and other technical support.

b. Continuing Work with Actuaries (Applies to Objectives 1.A, 1.B, 1.C and 2.A)
In C1Q4, 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 help ADOI prepare a request for a no-cost extension of its rate review grant. ADOI will consult with Mercer regarding the implications of CCIIO designating Arizona as a state that does not do "effective rate review" in either the individual market or the small group market.

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

i. Website Postings
During C1Q4, 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.

ii. Industry Meeting and Collaborative Efforts
ADOI has scheduled a meeting on July 26, 2011 to follow up on its June 23 meeting with industry stakeholders and provide 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.

ADOI does not plan a meeting of the Transition Team (see Section B.1.c.iii, above) during C1Q3, although we do intend to work directly with some members of the team who represent consumer interests. In order to integrate transparency and enforcement improvements, we will ask them for feedback on the same forms and filing requirements that we have asked the industry to review to help us integrate transparency and enforcement improvements.

d. ADOI Data Collection, Analysis and On-Going Rate Review (Applies to Objectives 1.A and 1.B)

i. Consumer Concerns
During C1Q4, 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.

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.

e. Internal Information Systems Modifications

In C1Q4, ADOI will pursue with SERFF and programming consultants a plan to enable ADOI export the appropriate data and manage it for administrative and regulatory purposes, as well as for transparency purposes, including timely web posts and other communications.

f. Request for No-cost Extension
ADOI intends in C1Q4 to submit to CCIIO a request for a no-cost extension of its rate review grant.

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

1. We learned from consumers we met with or received survey responses from during C1Q3 that we were on the right track with out our initial ideas about transparency key indicators.

2. We learned from Mercer's analysis of individual rate filings that our most valued and heavily used review tool – the actuarial certification or "P-124" is – is not necessarily a reliable indicator of whether an individual rate filing complies with Arizona law.

3. We learned from Mercer's analysis of small group actuarial certifications and small group base premium and index rates that these annual submissions are need to be standardized to provide ADOI or consumers with credible or useful information.

4. We learned that with training and programming assistance we should be able to use SERFF extensively enough as a database for all kinds of filings to obviate a "parallel" or "legacy" system for filing- and data-management.

G. Updated Budget
ADOI proposed a budget of $550,441 on its grant application. During C1Q3, ADOI requested a grant amendment to move $18,014 from "Contractual" to "Fringe Benefits". Based on spending in C1Q1 through C1Q3 and anticipating the grant amendment, ADOI is revising that amount to $503,678 as summarized below. See Attachment "M" for an updated budget spreadsheet.

Personnel	$102,654
Fringe Benefits:	53,897
Travel:	5,300
Supplies:	19,105
Contractual	317,764
Other	4,958
Total Proposed Budget	$503,678

H. Updated Work Plan and Timeline

The tables below set forth ADOI's updated work plan and timeline for C1Q4.

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 January 31, 2011, gather public comment on consumer requirements for transparency and meaningful information. ***Completed***
	1.A.ii. By April 30, 2011, 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." ***Deferred, pending review of CCIIO determination that Arizona is not an effective rate review state.***
	1.A.iv. By three months after completion of 1.A.iii., expand and update web postings with data from TDFs received to date. ***Deferred, pending review of CCIIO determination that Arizona is not an effective rate review state.***
	1.A.v. 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.vi. 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. ***In Progress***
	1.A.viii. Throughout the grant year, coordinate with SERFF project for consumer-friendly, on-line rate-filing components. I***n Progress***
MEASURABLE OBJECTIVE 1.B. By September 30, 2011, 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 not, revise the	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***

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**
form.	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. ***In Progress***
	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. ***N/A, based on 1.B.iii. .***
	1.B.vi. By 9.15.2011, finalize revisions to the existing forms/filing requirements. Designate implementation date. ***In Progress***
MEASURABLE OBJECTIVE 1.C. By September 30, 2011, determine if the actuarial certification required by A.R.S. § 20-2311is a reliable tool for ADOI to determine small group rate–compliance. If not, develop a standard, reliable tool.	1.C.i. By 2.28,2011, identify key indicators for small group rate-setting. ***Completed***
	1.C.ii. By 4.30.2011, 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 6.30.2011, 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***
	1.C.iv. By 7.31.2011, obtain stakeholder input on standardized forms. ***In Progress***
	1.C.v. By 9.30, 2011,finalize/implement standardized forms for 2012. ***In Progress***

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.	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." ***Deferred, pending review of CCIIO determination that Arizona is not an effective rate review state.***
	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. ***Deferred, pending review of CCIIO determination that Arizona is not an effective rate review state.***
	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. ***Deferred, pending review of CCIIO determination that Arizona is not an effective rate review state.***

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.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)(2of 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***

PART II: HEALTH INSURANCE RATE DATA COLLECTION

ADOI has submitted its C1Q3 data through HIOS on July 15, 2011, using a download from SERFF. The SERFF download for C1Q3 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.

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ATTACHMENTS

Attachment	Description
A	Substantive Review Results Summary – Individual Rate Filings
B	Assessment of actuarial certification as tool for reviewing individual rate filings
C	PowerPoint presentation for ADOI meeting with industry stakeholders on June 23, 2011
D	Mercer summary of information and variations in small group submissions for 2009 and 2010.
E	Draft changes to the existing filing requirements for new individual rates.
F	Draft changes to the existing filing requirements for individual rate revisions.
G	Draft template for a standardized small group annual actuarial certification.
H	Draft templates for the annual submission of small group base premium and index rates with cover letter.
I	Summary and analysis of survey data.
J	Publicity contacts for consumer meetings in May and June, 2011
K	ADOI PowerPoint presentation for consumer meetings in May and June, 2011
L	Roster and minutes for April 14, 2011 Transparency Team meeting
M	Updated budget spreadsheet