

IDAHO DEPT. OF INSURANCE BUDGET NARRATIVE
GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM REVIEW – CYCLE I
CFDA: 93.511

Estimated Budget Total: The DOI estimates project costs at \$811,985, plus an additional

\$50,000 for Data Center Funding. The majority of the funding will be applied to contract legal and actuarial services needed to expand and implement the DOI's rate review powers. The DOI is requesting approval to carryover amounts remaining from the full one million dollar grant to the next fiscal year. A line item budget breakdown is provided as an attachment to this narrative.

Current State Funding for Health Insurance Rate Reviews: For FY 2010, the DOI spent

\$11,499 on actuarial services related to rate review activities. The DOI does not have any employees assigned solely to health insurance rate reviews and does not track the portion of staff time or costs related to rate review activities. This project does not propose the use of any grant funds to reimburse DOI costs related to staff time involved in new rate review activities arising from the grant, except that a portion of the grant funds will be used to pay for some employee travel and lodging associated with meetings that would not otherwise be attended.

Estimated Funding Requirements Breakdown:

Personnel/Fringe Benefits: Although the DOI will not use grant funds to reimburse the state for staff time needed to implement the rate review enhancement project, it does propose to use some grant funding to reimburse staff travel costs associated with NAIC meetings and any other meetings or training associated with rate review enhancements. Reimbursement will be limited to staff members involved in rate review activities who would not otherwise attend the meetings due to budget constraints. The purpose is to improve staff understanding of federal and national changes related to health insurance rates. This amount has been estimated at \$8,000, consisting of four meetings at \$2,000 per meeting for airfare and hotel.

Contractual Costs - Legal: A key part of the project is amending state laws to expand the DOI's authority to review health insurance rates and to report rate filing information to comply
Idaho Dept. of Insurance Budget Narrative
Page 1

with federal requirements. This part of the project will require contracting with a qualified law firm to review Idaho laws, federal laws, and other state laws relating to rating to develop a legislative package of amendments that will provide the DOI with the necessary authority to implement rate review enhancements and meet federal reporting and public disclosure objectives. This has been estimated at a total cost of \$152,000 based on 608 billed hours at an average charge of \$250 per hour. Travel and miscellaneous charges for this phase are estimated at \$7,980.

Contractual Costs – Actuarial: The DOI does not have a staff actuary, so all actuarial work must be handled by contract actuaries. Services will include development of standardized forms and rate review processes, staff training, and complete rate filing reviews. The total cost is estimated at \$491,625, based on 1,625 total hours at rates of either \$180 or \$225 per hour, depending on which contractor is used. Travel and miscellaneous expenses associated with these services are estimated at \$16,500.

Contractual Costs – Examinations: The DOI proposes to use contract examiners to undertake five rate testing examinations of carriers with significant market share in the state. The purpose of the examinations will be to determine whether the carriers are complying with the rates they have filed in Idaho. The total cost of the examinations is estimated at \$67,000, of which \$13,000 is for travel and per diem.

Information Technology Costs: The DOI will use grant funds for its share of the cost of SERFF enhancements related to federal rate reporting requirements, estimated at \$18,880. It has also budgeted \$50,000 to research and obtain rate filing analysis software.

Data Center Funding: The DOI is also requesting \$50,000 (5% of the total grant amount) for Data Center Funding.

State of Idaho
DEPARTMENT OF INSURANCE

C.L. "BUTCH" OTTER
Governor

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone (208) 334-4250 Fax (208) 334-4298
<http://www.doi.idaho.gov>

WILLIAM W. DEAL
Director

July 7, 2010

Office of Consumer Information
and Insurance Oversight
Dept. of Health & Human Services
Washington, D.C. 20201
Via Email

RE: HHS Health Insurance Rate Review Grants – Cycle I

The Idaho Department of Insurance (Department) is applying for \$1million in grant funding to enhance its health insurance rate review and reporting capabilities. The Department is the agency charged with regulating all aspects of insurance in the State of Idaho, including rates. The grant funding will be used to expand the Department's authority to review rate increases to enable it to meet federal review and reporting standards. In addition, it will fund actuarial reviews of past and future rate filings, provide for staff training and standardization of the Department's rate review processes, and provide funding for electronic tracking and reporting of rate filing information.

Shad Priest, Deputy Director of the Department, will act as the Rate Review Project director. The other key members of the team responsible for the project will be Joan Krosch, Health Care Policy Specialist, Donna Daniel, Senior Insurance Analyst and Georgia Siehl, Bureau Chief/Chief Examiner. Each of these persons is a supervisory level employee who will devote as much time as necessary to bring the project to a successful conclusion within the grant period.

During the past two and a half years, the Department has been working to improve its oversight of health insurance rates. Because the agency does not have any staff actuaries, all actuarial work must be handled by contracting actuaries. The ability to utilize contracting actuaries is, of course, limited by the agency's budget, which has meant that many filings did not receive any actuarial review. The grant funding will provide the resources to make certain that all filings receive some level of actuarial review and will provide an opportunity to improve the rate review skills of the Department's staff. The grant funds will not be used to subsidize any Department employee salaries, nor will the funds supplant any state funding that would otherwise be used for rate review purposes. The funding will be used solely to enhance existing rate review efforts, and not as a substitute for existing funding for such efforts.

Shad Priest
Deputy Director
208/334-4214
shad.priest@doi.idaho.gov

APPLICATION COVER SHEET

Identifying Information:

Grant Opportunity: **HHS Health Insurance Rate Review Grants-Cycle I**

DUNS #: 8250160740000

Grant Award: \$1 million

Applicant: IDAHO DEPARTMENT OF INSURANCE

Primary Contact Person, Name: SHAD PRIEST

Telephone Number: 208-334-4214

Fax number: 208-334-4398

Email address: shad.priest@doi.idaho.gov



C. L. "BUTCH" OTTER
GOVERNOR

June 21, 2010

Honorable Kathleen Sebelius
Secretary of Health and Human Services
Washington, DC 20201

Dear Secretary Sebelius,

Thank you for your letter of June 7, 2010, announcing the first cycle of Health Insurance Premium Review Grants to be provided under the Affordable Care Act.

One of the requirements for the grant application is a letter from the applying state's Governor officially endorsing the grant application and the proposed health insurance rate review activities or enhancements.

Please accept this letter as my official endorsement of the accompanying grant application and the proposed health insurance rate review activities and enhancements set forth therein. The State of Idaho will comply with the terms and conditions of the grant, and grant funding will not be used to supplant any funding currently used by the state for rate review purposes.

If you require any additional information from this office, please do not hesitate to contact me.

As Always – Idaho, "Esto Perpetua"

A handwritten signature in black ink, appearing to read "C.L. Butch Otter".

C.L. "Butch" Otter
Governor of Idaho

CLO/dk

Opportunity Title:	"Grants to States for Health Insurance Premium Review-C
Offering Agency:	Ofc of Consumer Information & Insurance Oversight
CFDA Number:	93.511
CFDA Description:	Affordable Care Act (ACA) Grants to States for Health I
Opportunity Number:	RFA-FD-10-999
Competition ID:	ADOBE-FORMS-B
Opportunity Open Date:	06/07/2010
Opportunity Close Date:	07/07/2010
Agency Contact:	Gladys Melendez-Bohler Grant Specialist E-mail: Gladys.Melendez-Bohler@fda.hhs.gov Phone: 301-827-7168

This electronic grants application is intended to be used to apply for the specific Federal funding opportunity referenced here.

If the Federal funding opportunity listed is not the opportunity for which you want to apply, close this application package by clicking on the "Cancel" button at the top of this screen. You will then need to locate the correct Federal funding opportunity, download its application and then apply.

This opportunity is only open to organizations, applicants who are submitting grant applications on behalf of a company, state, local or tribal government, academia, or other type of organization.

* Application Filing Name:

Mandatory Documents

Move Form to Complete

Move Form to Delete

Mandatory Documents for Submission

Optional Documents

Move Form to Submission List

Move Form to Delete

Optional Documents for Submission

Instructions

- 1** Enter a name for the application in the Application Filing Name field.

 - This application can be completed in its entirety offline; however, you will need to login to the Grants.gov website during the submission process.
 - You can save your application at any time by clicking the "Save" button at the top of your screen.
 - The "Save & Submit" button will not be functional until all required data fields in the application are completed and you clicked on the "Check Package for Errors" button and confirmed all data required data fields are completed.
- 2** Open and complete all of the documents listed in the "Mandatory Documents" box. Complete the SF-424 form first.

 - It is recommended that the SF-424 form be the first form completed for the application package. Data entered on the SF-424 will populate data fields in other mandatory and optional forms and the user cannot enter data in these fields.
 - The forms listed in the "Mandatory Documents" box and "Optional Documents" may be predefined forms, such as SF-424, forms where a document needs to be attached, such as the Project Narrative or a combination of both. "Mandatory Documents" are required for this application. "Optional Documents" can be used to provide additional support for this application or may be required for specific types of grant activity. Reference the application package instructions for more information regarding "Optional Documents".
 - To open and complete a form, simply click on the form's name to select the item and then click on the => button. This will move the document to the appropriate "Documents for Submission" box and the form will be automatically added to your application package. To view the form, scroll down the screen or select the form name and click on the "Open Form" button to begin completing the required data fields. To remove a form/document from the "Documents for Submission" box, click the document name to select it, and then click the <= button. This will return the form/document to the "Mandatory Documents" or "Optional Documents" box.
 - All documents listed in the "Mandatory Documents" box must be moved to the "Mandatory Documents for Submission" box. When you open a required form, the fields which must be completed are highlighted in yellow with a red border. Optional fields and completed fields are displayed in white. If you enter invalid or incomplete information in a field, you will receive an error message.
- 3** Click the "Save & Submit" button to submit your application to Grants.gov.

 - Once you have properly completed all required documents and attached any required or optional documentation, save the completed application by clicking on the "Save" button.
 - Click on the "Check Package for Errors" button to ensure that you have completed all required data fields. Correct any errors or if none are found, save the application package.
 - The "Save & Submit" button will become active; click on the "Save & Submit" button to begin the application submission process.
 - You will be taken to the applicant login page to enter your Grants.gov username and password. Follow all onscreen instructions for submission.

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): _____ * Other (Specify): _____
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* 3. Date Received: Completed by Grants.gov upon submission.	4. Applicant Identifier: _____
--	--

5a. Federal Entity Identifier: _____	5b. Federal Award Identifier: _____
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State Use Only:

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

*** a. Legal Name:** Idaho Department of Insurance

* b. Employer/Taxpayer Identification Number (EIN/TIN): 826000952	* c. Organizational DUNS: 8250160740000
---	---

d. Address:

* Street1:	P.O. Box 83720
Street2:	700 W. State Street
* City:	Boise
County/Parish:	_____
* State:	ID: Idaho
Province:	_____
* Country:	USA: UNITED STATES
* Zip / Postal Code:	83720-0043

e. Organizational Unit:

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

Prefix: Mr.	* First Name: Shad
Middle Name: _____	
* Last Name: Priest	
Suffix: _____	

Title: Deputy Director

Organizational Affiliation:
Idaho Department of Insurance

* Telephone Number: 208-334-4214	Fax Number: 208-334-4398
---	---------------------------------

*** Email:** shad.priest@doi.idaho.gov

Application for Federal Assistance SF-424

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

A: State Government

Type of Applicant 2: Select Applicant Type: *

Type of Applicant 3: Select Applicant Type:

* Other (specify):

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

Ofc of Consumer Information & Insurance Oversight

11. Catalog of Federal Domestic Assistance Number:

93.511

CFDA Title:

Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review

*** 12. Funding Opportunity Number:**

RFA-FD-10-999

* Title:

"Grants to States for Health Insurance Premium Review-Cycle I" Office of Consumer Information and Insurance Oversight (OCIIO)

13. Competition Identification Number:

ADOBE-FORMS-B

Title:

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

Add Attachment

Delete Attachment

View Attachment

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

Premium Review Grant

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant ID

b. Program/Project ID-All

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

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="1,000,000.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="1,000,000.00"/>

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

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

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

- Yes No

If "Yes", provide explanation and attach

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

** I AGREE

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

Authorized Representative:

Prefix: * First Name:
Middle Name:
* Last Name:
Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

Key Contacts Form

*** Applicant Organization Name:**

Idaho Department of Insurance

Enter the individual's role on the project (e.g., project manager, fiscal contact).

*** Contact 1 Project Role:** Project Director

Prefix:

* First Name: Shad

Middle Name:

* Last Name: Priest

Suffix:

Title: Deputy Director

Organizational Affiliation:

Idaho Department of Insurance

* Street1: P.O. Box 83720

Street2: 700 W. State Street

* City: Boise

County: Ada

* State: ID: Idaho

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 83720-0043

* Telephone Number: 208-334-4214

Fax: 208-334-4398

* Email: shad.priest@doi.idaho.gov

Delete Entry

Previous Person

Next Person

Key Contacts Form

*** Applicant Organization Name:**

Idaho Department of Insurance

Enter the individual's role on the project (e.g., project manager, fiscal contact).

*** Contact 2 Project Role:** Staff - Contract Actuary Oversight

Prefix: Ms.

* First Name: Georgia

Middle Name:

* Last Name: Siehl

Suffix:

Title: Bureau Chief/Chief Examiner

Organizational Affiliation:

Idaho Department of Insurance

* Street1: P.O. Box 83720

Street2: 700 W. State Street

* City: Boise

County: Ada

* State: ID: Idaho

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 83720-0043

* Telephone Number: 208-334-4314

Fax: 208-334-4398

* Email: georgia.siehl@doi.idaho.gov

Delete Entry

Previous Person

Next Person

Key Contacts Form

*** Applicant Organization Name:**

Idaho, Department of Insurance

Enter the individual's role on the project (e.g., project manager, fiscal contact).

*** Contact 3 Project Role:** Staff - Rate Filing Review

Prefix: Ms.

* First Name: Donna

Middle Name:

* Last Name: Daniel

Suffix:

Title: Senior Insurance Analyst - Rates & Forms

Organizational Affiliation:

Idaho Dept. of Insurance

* Street1: P.O. Box 83720

Street2: 700 W. State Street

* City: Boise

County: Ada

* State: ID: Idaho

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 83720-0043

* Telephone Number: 208-334-4362

Fax: 208-334-4398

* Email: donna.daniel@doi.idaho.gov

Delete Entry

Previous Person

Next Person

Key Contacts Form

*** Applicant Organization Name:**

Idaho Department of Insurance

Enter the individual's role on the project (e.g., project manager, fiscal contact).

*** Contact 4 Project Role:** Assistant Project Manager

Prefix: Ms.

*** First Name:** Joan

Middle Name:

*** Last Name:** Krosch

Suffix:

Title: Health Care Policy Specialist

Organizational Affiliation:

Idaho Dept. of Insurance

*** Street1:** P.O. Box 83720

Street2: 700 W. State St.

*** City:** Boise

County: Ada

*** State:** ID: Idaho

Province:

*** Country:** USA: UNITED STATES

*** Zip / Postal Code:** 83720-0043

*** Telephone Number:** 208-334-4300

Fax: 208-334-4398

*** Email:** joan.krosch@doi.idaho.gov

Delete Entry

Previous Person

Next Person

Project/Performance Site Location(s)

Project/Performance Site Primary Location I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

Organization Name: Idaho Department of Insurance

DUNS Number: 8250160740000

* Street1: 700 W. State Street

Street2: P.O. Box 83720

* City: Boise County: Ada

* State: ID: Idaho

Province:

* Country: USA: UNITED STATES

* ZIP / Postal Code: 83720-0043 * Project/ Performance Site Congressional District: ID-All

Project/Performance Site Location 1 I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

Organization Name:

DUNS Number:

* Street1:

Street2:

* City: County:

* State:

Province:

* Country: USA: UNITED STATES

* ZIP / Postal Code: * Project/ Performance Site Congressional District:

Additional Location(s)

ATTACHMENTS FORM

Instructions: On this form, you will attach the various files that make up your grant application. Please consult with the appropriate Agency Guidelines for more information about each needed file. Please remember that any files you attach must be in the document format and named as specified in the Guidelines.

Important: Please attach your files in the proper sequence. See the appropriate Agency Guidelines for details.

1) Please attach Attachment 1	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
2) Please attach Attachment 2	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
3) Please attach Attachment 3	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
4) Please attach Attachment 4	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
5) Please attach Attachment 5	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
6) Please attach Attachment 6	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
7) Please attach Attachment 7	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
8) Please attach Attachment 8	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
9) Please attach Attachment 9	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
10) Please attach Attachment 10	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
11) Please attach Attachment 11	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
12) Please attach Attachment 12	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
13) Please attach Attachment 13	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
14) Please attach Attachment 14	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment
15) Please attach Attachment 15	<input type="text"/>	Add Attachment	Delete Attachment	View Attachment

Objective Work Plan

Project:

Premium Review Grant

*** Year:**

*** Funding Agency Goal:**

1

WORK PLAN AND TIME LINE ARE INCLUDED AS AN ATTACHMENT TO THE APPLICATION PER JULY 1 Q&A #4.

*** Objective:**

*** Results or Benefits Expected:**

* Activities	* Position Responsible	* Time Period Begin	* Time Period End	* Non-Salary Personnel Hours

Objective Work Plan

* Activities	* Position Responsible	* Time Period Begin	* Time Period End	* Non-Salary Personnel Hours

* Criteria for Evaluating Results or Benefits Expected:

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Objective Work Plan

You may attach up to 17 additional Objective Work Plan forms here. To extract, fill and attach each additional form, follow these steps:

- Select the "Select to Extract the Objective Work Plan Attachment" button below.
- Save the file using a descriptive name to help you remember the content of the supplemental form that you are creating. When assigning a name to the file, please remember to give it the extension ".pdf" (for example, "Objective_1.pdf"). If you do not name your file with the ".pdf" extension you will be unable to open it later, using Adobe Reader.
- Use the "Open Form" tool on Adobe Reader to open the new form you just saved.
- Enter your additional Objective information in this supplemental form, similar to the Objective Work Plan form that you see in the main body of your application.
- When you have completed entering information in the supplemental form, save and close it.
- Return to this page and attach the saved supplemental form you just filled in, to one of the blocks provided on this "attachments" form.

Important: Attach additional Objective Work Plan forms, using the blocks below. Please remember that the files you attach must be Objective Work Plan PDF forms that were previously extracted using the process outlined above. Attaching any other type of file may result in the inability to submit your application to Grants.gov. Note: It is important to attach completed forms only. Attach ONLY PDF (.pdf) forms where ALL required fields are filled out. Incomplete or missing data will cause your application to be rejected.

Select to extract the Objective Work Plan Attachment

1) Please attach Attachment 1			
2) Please attach Attachment 2			
3) Please attach Attachment 3			
4) Please attach Attachment 4			
5) Please attach Attachment 5			
6) Please attach Attachment 6			
7) Please attach Attachment 7			
8) Please attach Attachment 8			
9) Please attach Attachment 9			
10) Please attach Attachment 10			
11) Please attach Attachment 11			
12) Please attach Attachment 12			
13) Please attach Attachment 13			
14) Please attach Attachment 14			
15) Please attach Attachment 15			
16) Please attach Attachment 16			
17) Please attach Attachment 17			

Project Abstract

The Project Abstract must not exceed one page and must contain a summary of the proposed activity suitable for dissemination to the public. It should be a self-contained description of the project and should contain a statement of objectives and methods to be employed. It should be informative to other persons working in the same or related fields and insofar as possible understandable to a technically literate lay reader. This Abstract must not include any proprietary/confidential information.

* Please click the add attachment button to complete this entry.

Add Attachment

Delete Attachment

View Attachment

Project Narrative File(s)

* Mandatory Project Narrative File Filename:

Add Mandatory Project Narrative File

Delete Mandatory Project Narrative File

View Mandatory Project Narrative File

To add more Project Narrative File attachments, please use the attachment buttons below.

Add Optional Project Narrative File

Delete Optional Project Narrative File

View Optional Project Narrative File

Budget Narrative File(s)

* Mandatory Budget Narrative Filename:

Add Mandatory Budget Narrative

Delete Mandatory Budget Narrative

View Mandatory Budget Narrative

To add more Budget Narrative attachments, please use the attachment buttons below.

Add Optional Budget Narrative

Delete Optional Budget Narrative

View Optional Budget Narrative

BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 4040-0006
Expiration Date 07/30/2010

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Grants to States for Health Insurance Premium Review - Cycle 1	93.511	\$ []	\$ []	\$ 1,000,000.00	\$ []	\$ 1,000,000.00
2. []	[]	[]	[]	[]	[]	[]
3. []	[]	[]	[]	[]	[]	[]
4. []	[]	[]	[]	[]	[]	[]
5. Totals		\$ []	\$ []	\$ 1,000,000.00	\$ []	\$ 1,000,000.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	A GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
Grants to States for Health Insurance Premium Review - Cycle 1					
a. Personnel	\$	\$	\$	\$	\$
b. Fringe Benefits					
c. Travel	41,800.00				41,800.00
d. Equipment					
e. Supplies					
f. Contractual	816,505.00				816,505.00
g. Construction					
h. Other	3,680.00				3,680.00
i. Total Direct Charges (sum of 6a-6h)	861,985.00				\$ 861,985.00
j. Indirect Charges					\$
k. TOTALS (sum of 6i and 6j)	\$ 861,985.00	\$	\$	\$	\$ 861,985.00
7. Program Income	\$	\$	\$	\$	\$

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SECTION C - NON-FEDERAL RESOURCES

	(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8.		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
9.					
10.					
11.					
12. TOTAL (sum of lines 8-11)		\$	\$	\$	\$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 861,985.00	\$ 228,333.00	\$ 231,453.00	\$ 185,100.00	\$ 217,099.00
14. Non-Federal	\$				
15. TOTAL (sum of lines 13 and 14)	\$ 861,985.00	\$ 228,333.00	\$ 231,453.00	\$ 185,100.00	\$ 217,099.00

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

	(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
		(b) First	(c) Second	(d) Third	(e) Fourth
16.	Grants to States for Health Insurance Premium Review - Cycle 1.	\$ 861,985.00	\$	\$	\$
17.					
18.					
19.					
20. TOTAL (sum of lines 16 - 19)		\$ 861,985.00	\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:		22. Indirect Charges:	
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23. Remarks: Applicant is requesting approval to roll unused grant funds into following cycle. Any unobligated funds will be returned by end of FY2014.

ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

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

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to:
 - (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

<p>* SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL</p> <p>Completed on submission to Grants.gov</p>	<p>* TITLE</p> <p>Deputy Director</p>
<p>* APPLICANT ORGANIZATION</p> <p>Idaho Department of Insurance</p>	<p>* DATE SUBMITTED</p> <p>Completed on submission to Grants.gov</p>

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C.1352

Approved by OMB
0348-0046

1. * Type of Federal Action: <input type="checkbox"/> a. contract <input checked="" type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. * Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input checked="" type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. * Report Type: <input checked="" type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change
4. Name and Address of Reporting Entity: <input checked="" type="checkbox"/> Prime <input type="checkbox"/> SubAwardee * Name: <input type="text" value="Idaho Department of Insurance"/> * Street 1: <input type="text" value="700 W. State Street"/> Street 2: <input type="text" value="P.O. Box 83720"/> * City: <input type="text" value="Boise"/> State: <input type="text" value="ID: Idaho"/> Zip: <input type="text" value="83720-0043"/> Congressional District, if known: <input type="text" value="ID-All"/>		
5. If Reporting Entity in No.4 is Subawardee, Enter Name and Address of Prime: 		
6. * Federal Department/Agency: <input type="text" value="Ofc of Consumer Information & Insurance"/>	7. * Federal Program Name/Description: <input type="text" value="Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review"/> CFDA Number, if applicable: <input type="text" value="93.511"/>	
8. Federal Action Number, if known: <input type="text" value="RFA-FD-10-999"/>	9. Award Amount, if known: \$ <input type="text" value="1,000,000.00"/>	
10. a. Name and Address of Lobbying Registrant: Prefix: <input type="text"/> * First Name: <input type="text" value="Not Applicable"/> Middle Name: <input type="text"/> * Last Name: <input type="text" value="NA"/> Suffix: <input type="text"/> * Street 1: <input type="text" value="NA"/> Street 2: <input type="text"/> * City: <input type="text" value="NA"/> State: <input type="text"/> Zip: <input type="text"/>		
b. Individual Performing Services (including address if different from No. 10a) Prefix: <input type="text"/> * First Name: <input type="text" value="Not Applicable"/> Middle Name: <input type="text"/> * Last Name: <input type="text" value="NA"/> Suffix: <input type="text"/> * Street 1: <input type="text" value="NA"/> Street 2: <input type="text"/> * City: <input type="text" value="NA"/> State: <input type="text"/> Zip: <input type="text"/>		
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Basic Work Plan

1. Estimated date of established funding agreement with State:

Note: Tasks starting before this date are not eligible for funding, and cannot be counted toward matching funds.

Describe the tasks in the work plan:

2 a. Describe this task or milestone:

b. Name of person or organization responsible for carrying out task:

c. How long will this task take to complete? months

d. Justify how this project task contributes to project completion: (800 character limit - about 133 words)

Project Abstract Summary

Program Announcement (CFDA)

93.511

*** Program Announcement (Funding Opportunity Number)**

RFA-FD-10-999

*** Closing Date**

07/07/2010

*** Applicant Name**

Idaho Department of Insurance

*** Length of Proposed Project**

Application Control No.

Federal Share Requested (for each year)

*** Federal Share 1st Year**

\$

*** Federal Share 2nd Year**

\$

*** Federal Share 3rd Year**

\$

*** Federal Share 4th Year**

\$

*** Federal Share 5th Year**

\$

Non-Federal Share Requested (for each year)

*** Non-Federal Share 1st Year**

\$

*** Non-Federal Share 2nd Year**

\$

*** Non-Federal Share 3rd Year**

\$

*** Non-Federal Share 4th Year**

\$

*** Non-Federal Share 5th Year**

\$

*** Project Title**

Premium Review Grant

Project Abstract Summary

*** Project Summary**

[Empty box for Project Summary]

*** Estimated number of people to be served as a result of the award of this grant.**

[Empty box for estimated number of people to be served]

Other Attachment File(s)

* Mandatory Other Attachment Filename:

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IDAHO DEPT. OF INSURANCE PROJECT ABSTRACT
GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM REVIEW – CYCLE I
CFDA: 93.511

The Idaho Department of Insurance is applying to participate in the Department of Health and Human Services *Grant to States for Health Insurance Premium Review – Cycle I*. The goal of the Department's proposed project is to enhance the ability of the Department to collect, analyze, respond to and report rate filing information. To this end, grant funds will be used to:

- Contract with a qualified law firm for a complete review of Idaho laws and rules relating to health insurance rates in Idaho. This will also include a review of federal requirements relating to rates. The contractor will identify laws that restrict the Department's rate review authority or may conflict with or prevent compliance with any federal requirements arising out of PPACA. It will then draft recommended changes to existing laws to improve the Department's ability to evaluate and respond to health insurance rate changes and to implement federal rate review and reporting requirements.
- Improve the training and experience of the Department's rate review staff and develop standardized filing and review procedures for health insurance rate changes, including, to the extent possible, electronic systems. The purpose of this process will be to enable the Department to handle expanded rate review responsibilities with existing staffing.
- Use contract actuaries to work closely with Department staff to review all large group, small group and individual health insurance rate filings. This process will give the Department's rate review team the necessary experience and training to identify rate filings that present issues that require a complete actuarial review and those that can be handled in a more routine manner without outside assistance.
- Fund five examinations of insurers targeting rating practices. Contract examiners will conduct rate testing to determine whether insurer rating practices in Idaho are consistent with their rate filings.
- Identify and provide funding to a qualified entity to establish a data center to compile and publish fee schedule information.

The estimated cost of the project is \$861,985. This amount is made up of estimated expenditures of \$159,980 for legal services and expenses, \$508,125 for actuarial services and expenses, \$67,000 for contract examiners, \$68,880 for IT costs, \$8,000 for Department staff travel and \$50,000 for optional data center funding.

The Department is requesting approval to roll any unused grant funds to the next grant cycle and agrees to return any funds unobligated by end of FY 2014. All grant funds will be used solely to enhance the Department's existing health insurance rate review processes and will not in any way supplant any existing or future state funding intended for rate review activities.

IDAHO DEPT. OF INSURANCE PROJECT NARRATIVE
GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM REVIEW – CYCLE I
CFDA: 93.511

The Idaho Department of Insurance (“Department”) is applying to participate in the Department of Health and Human Services *Grants to States for Health Insurance Premium Review – Cycle I*. All grant funds will be used solely to enhance the Department’s existing health insurance rate review processes and will not supplant any existing or future state funding intended for rate reviews. Throughout the grant period, the Department will continue to devote, at a minimum, the same level of state funding and resources as devoted to health insurance rate analysis and regulation during the past fiscal year. This grant narrative consists of four sections. Section I sets forth required information regarding the Department’s current rate review resources and processes. Sections II through IV identify the proposed uses of grant funding.

I. Current Health Insurance Rate Review Capacity and Process

a. Idaho Health Insurance Rate Regulation Overview

Products and Market Segments Regulated: The Department of Insurance is responsible for regulation of the insurance industry in the state of Idaho, including all types of health insurance and managed care plans, and, to the extent not preempted by ERISA, self-funded employer health plans. Entities offering these products must be licensed or registered with the Department. Health insurance products offered in Idaho must be filed with the Department prior to use in Idaho. Idaho is a “file and use” state, so a formal approval is not required prior to use.

Idaho’s health insurance market is dominated by the state’s two domestic health insurance companies: Blue Cross of Idaho and Regence BlueShield of Idaho. These two companies account for around 70% of the direct written health insurance premiums in Idaho, and the percentage is even higher for the small group and individual markets. Both carriers are non-profit mutual insurers and offer a range of products that include managed care plans, PPO plans

and traditional insurance plans. Managed care plans, PPO plans and nonprofit insurers in Idaho are subject to the same regulatory requirements as other insurers and insurance products.

Idaho's laws regulating rates for health insurance products apply only to products offered in the small group and individual markets. Large employer products (defined as more than 50 employees) are not subject to any statutory restrictions, so are not filed or reviewed. A portion of the requested grant funds will be used to revise Idaho laws and put in place review processes to meet large group rate review and reporting requirements arising out of federal laws and HHS regulations.

Rating Rules: Two chapters of the Idaho Insurance Code and two administrative rules regulate rates for small group and individual health insurance products. These laws apply to traditional insurance products as well as PPO and managed care plans. The rating laws are found at Chapters 47 (small group) and 52 (individual) of Title 41 of the Idaho Code. The administrative rules are IDAPA 18.01.69 and 18.01.72. Relevant portions of these laws and rules regulating rates are set forth in Project Narrative attachments 1A (Individual Rate Laws) and 1B (Small Group Rate Laws).

In 1993, Idaho adopted legislation based on a model law developed by the National Association of Insurance Commissioners (NAIC) that was intended to promote the availability of health insurance coverage to small employers. In 1994, nearly identical protections were adopted for the individual market. These laws include rate bands and restrictions on rate increases. They also include guaranteed issue and renewability, limits on pre-existing condition exclusions, limits on classes of business, and a reinsurance program that was intended to hold down rates by spreading among all carriers in the market costs associated with high risk groups and individuals.

Both the small group and individual laws impose rate bands. Originally, rates could not vary by more than 25% of the index (average) rate for a class of business. In 2002, at the urging of Idaho health insurers, the Legislature expanded the rate bands to 50%. The purpose of the change was to improve the ability of insurers to offer lower rates to younger, healthier customers in hopes that adding healthier lives to insurer's coverage pools might slow down the rate of premium increases.

In addition to rate bands, the small group and individual rating laws limit rate increases with a three factor formula (Idaho Code §§ 41-4706 and 41-5206). The percentage increase in the premium rate charged an individual or small group in a rating period may not exceed the sum of: (i) the percentage change in the new business premium rate (expected to reflect the overall trends in health care costs), plus (ii) an adjustment of up to fifteen percent annually based on claims experience, health status or duration of coverage; plus (iii) any adjustment due to a change in coverage or change in case characteristics. Case characteristics allowed under Idaho law are age, tobacco use, geography and gender.

The two administrative rules implementing the small group and individual health reform laws are also based on NAIC models. The rules governing rates are found in the Idaho Administrative Code at IDAPA 18.01.69, subsection 036 (small employer) and IDAPA 18.01.72, subsection 036 (individual). These rules require that carriers develop rate manuals from which all their rates must be computed. A carrier must adhere to the rating procedures set out in its rate manual and may not modify the rating method used in its manual unless the change is approved by the Director of the Department of Insurance. The Director must find that the change is reasonable, actuarially appropriate, and consistent with applicable laws and rules. The administrative rules also prescribe the information required from carriers seeking to change their

rating methods, and discuss the manner in which the statutory restrictions relating to changes in premium rates should be applied.

A key component of the Department's proposed project is a complete review of Idaho's laws and rules governing rates with the objective of developing proposed legislative changes to improve the scope of the Department's review authority and to assure that the Department has all necessary authority to effectively meet any federal requirements arising out of PPACA.

b. Idaho Health Insurance Rate Review and Filing Requirements

Types of Data Included in Rate Filings: The Department does not currently require a standardized rate filing template. As a result, rate filings may vary significantly from one insurer to another. Project Narrative attachment 2 is an example of a short rate filing. Carriers are required to file: a rate manual that describes the application of risk and case characteristics and the formulas for calculating any rate that will be used in Idaho, including new business and/or renewal rates; copies of policies and certificates along with descriptions of any changes to previously filed plans; information regarding any policy fee; administrative expense information; data supporting trend factors; and an explanation of any change in rating method. A portion of the grant funding will be used to fund the cost of actuarial services to develop and implement standardized rate filing templates that will improve the rate analysis process and allow for tracking and reporting of rate trends in accordance with federal requirements.

Rate Review Process and Staffing: There is no Idaho law that expressly mandates that insurers file their rates with the Department; however, the Department views the small group and individual rating laws as implicitly requiring that insurers file rates for these products. Because the two domestic health insurance companies account for the majority of the insurance market in Idaho, particularly with respect to the small group and individual markets, rate review resources

are focused upon products offered by these two carriers. All small group and individual rate filings by these carriers receive some level of review. Rates from other carriers are reviewed as resources permit, or in response to specific complaints or past problems.

Filings are received electronically via the NAIC's electronic filing system, SERFF, by the Department's Rates and Forms Section. The section has four employees, consisting of a Senior Insurance Analyst, who supervises the section, an Insurance Analyst, and two Technical Records specialists. These personnel are responsible for reviewing all types of insurance filings, including property & casualty, life, annuities, long term care, and health forms. No staff members are devoted full time to health insurance rate reviews.

Legal Authority and Evaluation Process: Idaho Code § 41-1812 requires insurers to file all policies and related contract forms with the Department. Idaho Code § 41-1813 requires that the Director disapprove any form that violates Idaho law, uses inconsistent, ambiguous or misleading clauses or conditions, or is unfairly prejudicial to the policyholder. Idaho is a "file and use" state, so a form may be used once it is deemed filed by the Department. The four person Rates and Forms Section is not able to review all filings received, so certain categories of filings receive priority, while the remainder of filings are reviewed as resources allow. Health insurance filings are considered a priority and most receive some level of review before they are filed. All rate filings are required to have an actuarial certification that they are in compliance with Idaho law.

When a health insurance rate filing is received, it is made available to the Senior Insurance Analyst, the Health Care Policy Specialist, a Consumer Affairs Officer, and the Company Activities Bureau Chief. These parties review the case characteristics, risk characteristics, geographic areas and age/gender factors for compliance with applicable laws and

rules. If significant issues are identified, the carrier is contacted to discuss the reviewers' concerns, or the issue is discussed with the Department's consulting actuary for rate matters, David Pepler. If the issues cannot be resolved, the Department's legal staff may be consulted or a meeting may be arranged between senior representatives of the company and Department staff members to seek a resolution. Because current law permits rate increases based on a statutory formula rather than a reasonableness or fairness analysis, most rating issues are ultimately resolved by agreement on the correct application of the statutory rating formula. If it is determined that a carrier has not applied the formula correctly, the carrier is required to bring rates into compliance in a manner that is fair to affected policyholders.

Implementing Legal Authority and Rate Evaluation: Historically, most rating issues have been resolved through discussions or meetings with company representatives without resorting to formal legal actions. If rate issues cannot be resolved by the review staff and their insurance company counterparts, it has been the practice of the Department's current Director to require the attendance of the carrier's legal counsel and senior staff to meet with Department staff to discuss an appropriate resolution. This process has been successful in reaching agreements on the proper interpretation and implementation of Idaho's rate laws and avoiding formal actions. Formal enforcement of insurance laws requires the filing of an administrative complaint seeking imposition of penalties, followed by an administrative hearing.

Grounds for rate approval, modification or rejection: Idaho is not a prior approval state, so carriers may implement rate changes once they are filed with the Department. Rates may be submitted quarterly, semi-annually or annually. Because of their impact on the Idaho health insurance market, a review of filings by the two dominant carriers is generally undertaken before the proposed rate change is accepted for filing. If problems are noted, the carrier is notified of

the Department's concerns and the process of resolving the issue begins. If no problems are identified or the Department is unable to complete a timely review, the company is sent a letter stating that the filing has been accepted on a "file and use" basis. The letter warns the carrier that any issues identified with respect to the rate filing will have to be corrected. Attachment 3 to this narrative is an example of the letter. After a filing has been accepted, any problems identified later are generally discovered due to consumer complaints.

Rate Filing Disapproval: If problems are identified when a rate filing is made, the Department will notify the carrier and request clarification or explanation. If the carrier fails to timely respond or correct a filing, the Department issues a notice to the carrier that the filing is disapproved for use in Idaho because it does not comply with applicable law and the proposed rate change may not be implemented. The letter will likely be followed by face to face meetings with company representatives to discuss the proper application of the law to a particular situation. During this time, the rate change is held in abeyance. The carrier has the option of requesting review of the decision through an administrative hearing.

Factors that Trigger Retrospective Review: In cases where the Department is unable to review a filing prior to use due to lack of resources, or if problems are missed during the initial review, rating problems most often come to light as a result of individual consumer complaints regarding excessive rate increases. This will trigger a review by members of the Department's Consumer Affairs Section, which handles complaints, with assistance from the Department's staff members responsible for rate issues. If problems are found, the carrier will be required to correct the problem. The Department has not had any cases in the past two years for which broad consumer rebates were required, but has required rebates by an insurer with a relatively small market share (discussed below).

Instances where Rate Modification or Negotiation Resulted in Lower Rates: Beginning in 2007 and through 2008, the Department received a number of complaints regarding rate increases imposed by the state's largest health insurer. After reviewing the carrier's rating practices, it appeared the new business rates for some products reflected the overall experience of those products, rather than being limited to general health care expense trends. As a result, poorly performing products received higher increases than better performing products, which meant that some poorly performing product groups received higher increases than they should have, while better performing products received lower increases than they would have if the law had been properly applied. Eventually a compromise was reached in which the carrier agreed to revise its rating method to conform to the Department's interpretation of the applicable laws. This resulted in the carrier backing off on some proposed rate increases. More recently, it was determined that a carrier had been using rates that had not been filed with the Department. The company agreed to issue refunds totaling \$20,274 to 544 policyholders. See attachment 4.

c. Resources & Capacity – Information Technology

Virtually all filings are received through the NAIC SERFF system. The Department does not currently utilize any other IT systems for analyzing or tracking rate filings. A portion of the grant funds will be used to obtain improvements of SERFF that will assist the Department in complying with federal reporting and tracking requirements and to research and develop or purchase improvements for more automated analysis of filings.

d. Resources & Capacity – Budget and Staffing

Budget for Department of Insurance: The Department's fiscal year runs from July 1 to June 30. The total budget for FY 2010 was \$7,270,600, of which \$6,230,100 was used to fund insurance regulatory activities and \$1,040,500 was used to fund the State Fire Marshal's Office.

The Department is funded entirely from fees paid by the persons and entities it regulates. The amount of fee revenue that the Department may spend each fiscal year is determined through the legislative appropriations process. Fees in excess of expenditures revert to the state's general fund. Due to the poor economy, Idaho agencies have been expected to maintain budgets at or below current levels for the past three fiscal years, and this is not likely to change.

Resources Allocated to Health Insurance Rate Review: The Department does not track staff time or costs associated with health insurance rate reviews. The annual budget of the Department's Rates and Forms Section is \$220,928. For the Department's fiscal year 2010 (July 1, 2009 to June 30, 2010), the Department spent \$11,499 for actuarial services related to health insurance rate reviews. This amount includes one-time costs associated with bringing the contracting rate review actuary, David Pepler, to Idaho to work in person with Department staff in an effort to improve the Department's rate review procedures and to consult on some specific rating issues. This trip was not specifically budgeted for, but was the result of lower than expected expenditures in the Department's examination budget for the fiscal year.

Staff Background and Qualifications: Initial rate reviews are the responsibility of the Senior Insurance Analyst, the Health Care Policy Specialist and the Company Activities Bureau Chief. Donna Daniel, the Senior Insurance Analyst, has more than 22 years of experience working in the Department's Rates and Forms Section. She has attended training seminars put on by the NAIC and other entities, and has extensive experience working with actuaries and interpreting Idaho's laws that relate to health insurance rates. The Department's Health Policy Specialist, Joan Krosch, has more than 25 years of experience with the Department and has also attended seminars and meetings relating to health insurance rates and policy issues, including all NAIC meetings. Ms. Krosch was closely involved with the drafting and implementation of all

current laws in Idaho regulating health insurance rates, and participated in NAIC meetings that developed the model laws upon which Idaho's laws are based. The Company Activities Bureau Chief and Chief Examiner, Georgia Siehl, has 17 years with the Department of Insurance. She is a Certified Public Accountant and a Certified Financial Examiner. Questions of legal interpretation or process are referred to one of three Deputy Attorneys General assigned to represent the Department of Insurance in legal matters. In addition, rating issues may also be discussed with the Department's Deputy Director, Shad Priest, who is an attorney with more than 15 years of experience handling insurance regulatory matters and holds a degree in Finance and a Masters in Business Administration.

Although the Department does not have an actuary on staff, the Department has regularly sought assistance on complex rating issues from consulting actuaries and from actuaries working for other state insurance departments. Approximately two years ago, the Department began a special contracting relationship with an independent health insurance actuary based in Indiana named David Pepler. Mr. Pepler is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries with more than 25 years of experience specializing in individual and group health benefits. He is familiar with the Actuarial Standards of Practice and Guidelines for Professional Conduct. He is available to the Department's rate review staff for consultation on an "as needed" basis (as budget permits). Consultation is by telephone and email, although this year the Department was able to fund the cost of bringing Mr. Pepler to the Department for a two day meeting with the rate review staff. The rate review actuary is paid from general funding earmarked for actuarial services in the Company Activities budget, which is used to cover the cost of actuarial services related to insurer examinations. As a result, the Department's ability to use actuarial services for rate review purposes may be limited by budget

demands arising from company examinations (the Department pays exam costs from this budget, which vary from year to year).

• *Number of Rate Filings:* For the current fiscal year (July – June), the Department received 45 small group and individual rate filings. Of these, 34 were reviewed, with 4 disapproved and 10 still under review. Staff time devoted to a typical review varies greatly, but averages around 3 to 6 hours if no significant issues are identified. Since the Department consults with the actuary only on an as needed basis and as its budget permits, there is no average review time for actuarial services. Large group rates are not regulated or filed with the Department.

e. Consumer Protections

Public Disclosure: Insurers are required to maintain at their principal place of business a complete and detailed description of their rating practices and renewal underwriting practices, including information that demonstrates that the insurer's rating methods and practices are based on sound and commonly accepted actuarial assumptions. Although the Department may access this information, Idaho Code sections 41-4707(5) and 41-5206(4) designate this information as proprietary and trade secret information that shall not be disclosed to persons outside the Department without the consent of the insurer. Accordingly, the Department does not make small group and individual carrier rate filings public or otherwise disseminate information to consumers regarding rate filings, and consumers are not provided an opportunity to comment on rate changes before they take effect. Insurers are required, however, to make a "reasonable disclosure" of their rating practices in connection with the offering for sale of any health benefit plan. See Idaho Code §§ 41-4706(4) and 41-5206(3) at attachments 1A and 1B. Marketing materials used by health insurers are filed with and reviewed by the Department's Rates and

Forms Section. There is no process in place for public meetings or public hearings on rate increases.

Consumer Inquiries and Complaints: The Department does not track rate inquiries. Attachment 5A identifies the number and types of rate complaints received by the Department for the periods October 2008 to September 2009 and July 2009 to June 2010. Attachment 5B is an example of a Department response to a consumer rate complaint.

f. Examination and Oversight

In a recent combined financial and market conduct examination, a Department examiner reviewed individual and small group rate renewals for compliance with Idaho law and found violations of Idaho Code Section 41-4706(1)(c), and IDAPA 18.01.69.036.16 with regard to small groups, whereby the renewal rate increase as a result of claim expense and/or health status exceeded the 15% cap set forth at Idaho Code Section 41-4706. The company has agreed to change its rating formula as a result of this exam. The examination report has not yet been filed and further action has not been determined. Since the matter is still under review, no information regarding it has been made public. No formal hearings involving rates have been held during the past two plan years.

II. Proposed Rate Review Enhancements for Health Insurance

The Department proposes to use grant funds for the following rate review enhancements. Expected dollar amounts associated with each of these activities are set out in the accompanying Budget Narrative. To the extent that the costs of enhancements for Cycle I are less than the amount of funds awarded, the Department requests permission to carry the funds over to the subsequent year and agrees to return any funds unobligated at the end of FY 2014.

a. Expanding Regulatory Authority Over Health Insurance Rates

The Department proposes to use a portion of the grant funds to contract with a qualified law firm for a complete review of the state's existing health insurance rate laws and regulations.

This will include identifying areas where Idaho laws are inconsistent with or inadequate to meet federal rate review and reporting requirements. It will also include drafting proposed legislative changes to remove inconsistencies and to provide the Department with the necessary authority to meet the review and reporting requirements of PPACA. The contractor will review existing state laws and rules, PPACA and federal regulations regarding rates, and the laws of other states to identify the best approach for Idaho given its staffing and resources. This project will be undertaken as soon as possible following the grant award in order to have a proposed legislative package ready by early October 2010 for introduction into the 2011 State Legislature in January (Idaho's legislative session runs from January through March). Items to be addressed are:

(i) Expanding rate review authority to large group products. Currently the Department has no regulatory oversight authority over large group rates and there are no state laws imposing standards for these rates.

(ii) Expanding the Department's authority to review rates for reasonableness. The only limitation in current law is a 15% cap on adjustments for health or experience. There are no limitations on increases in the base or new business rate, which drives overall increases.

(iii) Developing express requirements for filing rates with the Department for review, including the format and the information that must be included. Currently, no provision of Idaho law expressly requires that rates be filed with the Department prior to use.

(iv) Clarifying the extent to which rate filing information may be shared with HHS and the public to improve transparency and to comply with federal reporting requirements. Also, creating standards for public disclosure by insurers of their rating practices.

b. Enhancements to the Rate Review Process

During the past fiscal year, Department staff was able to review 34 rate filings. It is expected that requiring large group rates to be filed will more than double the number of filings received each year. Given Idaho's current budget constraints, additional staffing to deal with the increased number of rate filings and the new tracking and reporting requirements arising out of PPACA is not an option. The Department proposes to meet the new requirements by improving the filing and review process through the use of standardizing filings, improved staff training, automating processes, and increasing the use of qualified contracting actuaries for reviews.

Standardized Filings: The Department will contract with an actuary familiar with Actuarial Standards of Practice and Guidelines for Professional Conduct to develop standardized rate filing templates and review processes that reduce the time needed for reviews by Department staff. The templates will incorporate all information required for federal tracking and reporting, and will be designed to allow the Department's non-actuarial staff to quickly identify problems that require additional scrutiny or referral for actuarial review.

Improve Staff Training: It is expected that standardized rate review practices will become a significant focus of NAIC meetings. Therefore, grant funds will be used to fund the attendance of an additional staff member involved in rate reviews at each NAIC meeting and any additional meetings or seminars relating to rate review. In addition, the grant will be used to fund up to eight visits to the Department by contracting actuaries for the purpose of working with the Department's rate review staff to improve their understanding of rating issues.

Information Technology: The Department receives rate and form filings through the NAIC's SERFF system. The NAIC has proposed enhancements to SERFF to allow states to meet HHS grant requirements (attachment 6). The Department supports this approach and will

use a portion of grant funds to pay its share of the cost of the enhancements. In addition, the Department proposes to undertake development of in-house rate tracking and data reporting based on data from the standardized template. The Department will also research and fund IT solutions to assist with rate filing analysis, rate reporting and data exchange.

• *Use of Contracting Actuaries:* Until standardized templates, better training and new processes are in place, expanding the Department's review of rates to include all individual, small group and large group rate filings will exceed the capacity of the Department's current staffing. Therefore, it is expected that a significant portion of the grant funds will be used to fund rate reviews by contracting actuaries. This will be particularly necessary to handle the initial review of rate manuals that have not been previously submitted to the Department.

Insurer Examinations: The project will include five examinations of insurers to test for compliance with their Idaho rate filings. These will be handled by contract examiners.

III. Reporting to the Secretary on Rate Increase Patterns

The Department will comply with the reporting requirements outlined in statute. The Department has not compiled rate trend data in the past, so cannot report on past rate trends. If awarded the grant, the Department will begin requiring insurers to use the uniform template developed by the Secretary for data reporting. Grant funding will be used to put in place electronic systems for reporting the data to the Secretary.

IV. Optional Data Center Funding

The Department supports the use of data centers to bring greater transparency to medical costs and proposes the use of five percent of the grant award for this purpose in accordance with the requirements set forth in the grant application.

**IDAHO DEPT. OF INSURANCE
PROJECT STAFFING
GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM REVIEW – CYCLE I
CFDA: 93.511**

Project Director: Shad Priest, Deputy Director

Job Description: Oversees the Insurance Division of the Idaho Department of Insurance (see accompanying organization chart).

Background: Administrator/Deputy Director Idaho Dept. of Insurance from 1999 to present; Lead Deputy Attorney General assigned to Idaho DOI 1996 to 1999; Idaho Attorney General's Office 1990 to 1999. JD, MBA, BBA Finance.

Project Duties: Will devote approximately 15% of his time to general oversight and coordination of the project.

Email: Shad.Priest@doi.idaho.gov; *Phone:* 208-334-4214

Project Assistant Director: Joan Krosch, Health Care Policy Specialist

Job Description: Responsible for monitoring state and federal laws relating to health insurance, working with Legislature and other state and federal agencies on health policy initiatives, works closely on review of health insurance rates and other health insurance issues affecting consumers.

Background: More than 25 years with the Idaho Dept. of Insurance. During her time with the Department, Ms. Krosch has been involved with virtually every legislative change affecting health insurance adopted in Idaho and has also been a part of NAIC committees drafting model laws affecting health insurance.

Project Duties: Will devote approximately 30% of her time to coordinating staff and consultants to make certain project milestones are timely met. Will be responsible for setting up staff training and will work closely with Senior Insurance Analyst to coordinate rate review activities with consulting actuaries and handle reporting to HHS.

Email: Joan.Krosch@doi.idaho.gov; *Phone:* 208-334-4300

Donna Daniel, Senior Insurance Analyst

Job Description: Oversees the Department's Rates & Forms Section. Responsible for all rate and form review activities for the Department. Works closely with Health Care Policy Specialist on health insurance rating issues.

Background: More than 22 years of experience working with state laws affecting insurance rates and forms. Ms. Daniel has also worked closely with consulting actuaries on a wide variety of health insurance rating issues.

Project Duties: Will devote approximately 25% of her time to health insurance rate review activities related to the project. These will include working with the Health Care Policy Specialist to assign reviews to and monitor review activities of consulting actuaries, and arranging staff training.

Email: Donna.Daniel@doi.idaho.gov; *Phone:* 208-334-4362

Georgia Siehl, Bureau Chief/Chief Examiner

Job Description: Oversees the Department's Company Activities Bureau which is responsible for company licensing, solvency monitoring, market conduct reviews and rates and forms filings.

Background: More than 17 years with the Department. Ms. Siehl is a Certified Public Accountant and Certified Financial Examiner who has attended many training sessions relating to company solvency and market conduct.

Project Duties: Will devote approximately 15% of her time to the project. She will be responsible for contracting with consulting actuaries, reviewing their work product and overseeing activities of the Rates & Forms Section.

Email: Georgia.Siehl@doi.idaho.gov; *Phone:* 208-334-4314

Consulting Actuaries:

David Pepler

Pepler Actuarial & Financial Consulting, LLC

Background: More than 25 years actuarial experience specializing in employee and individual health benefits, with expertise in product design, pricing, underwriting, and regulatory rate filings. Mr. Pepler has been providing consulting services on rates for the Idaho Dept. of Insurance for approximately two years. He is a Fellow of the Society of Actuaries and Member of the American Academy of Actuaries.

Project Duties: Will handle and consult on rate reviews, provide training to Department staff and assist in the development of more standardized rate review processes.

Email: dave@pepleractuarial.com; *Phone:* 260-402-2744

Address: P.O. Box 9504

Fort Wayne, IN 46899-9504

Lewis & Ellis Actuaries and Consultants

Background: Full service actuarial firm that has been in business since 1968. L&E is regularly used by the Department for actuarial services related to company examinations.

Project Duties: The Department will use credentialed actuaries familiar with the Actuarial Standards of Practice and Guidelines for Professional Conduct from this firm to handle and consult on rate reviews, provide additional training to Department rate review staff and provide information on possible IT improvements to improve rate review, tracking and reporting.

Phone: 972-850-0850

Address: 2929 N. Central Expressway, Ste. 200

Richardson, TX 75080

P.O. Box 851857

Richardson TX 75085-1857

**IDAHO DEPT. OF INSURANCE PROJECT NARRATIVE
GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM REVIEW – CYCLE I
CFDA: 93.511**

GOAL: Enhance and expand the Idaho Department of Insurance rate review activities.

- *Objective 1:* Expand regulatory oversight over health insurance rates by preparing proposed legislative changes that will provide the Department of Insurance authority to comply with federal review and reporting requirements. (Responsible Persons: DOI Deputy Director and lead Deputy Attorney General for DOI.)
 - *Milestone 1:* Within 30 days following grant award, contract with a qualified law firm to review federal requirements and state laws relating to rates and to prepare proposed legislative changes.
 - *Milestone 2:* By third week in October, contractor delivers analysis of areas in need of change along with proposed amendments. Works with DOI staff to prepare legislative package. DOI then obtains approval from Governor to run the proposed legislative changes.
 - *Milestone 3:* January 2011, legislative package introduced into the Legislature with emergency clause.
 - *Milestone 4:* March 2011, enhanced rate review powers become law. DOI will continue to consult with contractor regarding implementation issues and need for additional changes to meet any new federal requirements.
- *Objective 2:* Develop standardized rate filing templates to improve efficiency of rate reviews and collect data necessary to meet HHS reporting requirements. (Responsible Persons: Health Care Policy Specialist and Senior Insurance Analyst.)
 - *Milestone 1:* Immediately following grant award, discussions begin with DOI's consulting rate review actuary regarding standardized templates, including review

of federal data collection requirements to the extent the requirements have been defined by HHS.

- *Milestone 2:* Within 60 days of grant award, draft templates are completed and circulated to contracting law firm for review to determine consistency with current laws and proposed changes. Also circulated to stakeholders for comments.
- *Milestone 3:* By November 2010, templates are finalized and DOI begins requiring that rate filings be made as set forth in templates. All insurers will be expected to use templates by January 1, 2011.
- *Objective 3:* Improve the skills of the DOI rate review staff and the processes used so that by the end of the grant period the DOI will be able to use its existing resources to conduct a thorough analysis of all types of health insurer rate filings it receives, including large group, and identify problem filings that require actuarial review or other action.
(Responsible Persons: Health Care Policy Specialist and Senior Insurance Analyst.)
 - *Milestone 1:* In addition to the Health Care Policy Specialist, the Senior Insurance Analyst or another staff member involved with rating issues will attend all regular NAIC meetings beginning in August 2010 and extending through the grant period. The Health Care Policy Specialist and the Senior Insurance Analyst will also attend any interim meetings sponsored by the NAIC, HHS or similar organizations relating to rate review issues.
 - *Milestone 2:* The DOI's consulting rate review actuary will be brought to the Department's home office a minimum of 4 times during the grant period to conduct staff training and to work in person with DOI staff on outstanding rating

issues. Four additional visits from consulting actuaries will also be scheduled to deal with specific rating issues and to assist with the transition to the new rating laws, including large group filings.

- *Milestone 3:* DOI's rate review team will work closely with contracting actuaries throughout the grant period to improve its ability to analyze filings and will put in place standard processes for reviews. By the end of the grant period, DOI staff will have the ability to do a first level review of all rate filings received in accordance with state law standards and standards developed by HHS. Staff will be able to identify problem filings that should be referred for a full actuarial review or reported to HHS.
- *Objective 4:* Increase the use of contract actuaries to assure that all health insurance rate filings, including large group, will be reviewed. (Responsible Persons: Bureau Chief for Company Activities, Health Care Policy Specialist and Senior Insurance Analyst.)
 - *Milestone 1:* Within 30 days from the date of grant award, the Department will have in place arrangements with actuarial firms to accept and review rate filings. After that time, all rate filings received by the Department will receive some level of review by either DOI staff or a contracting actuary. The Responsible Persons will closely monitor the work product of contracting actuaries to make certain the reviews are satisfactorily completed in accordance with Idaho law. This will also assist the staff in improving its review skills.
 - *Milestone 2:* After legislative changes expanding DOI rate review authority take effect in March 2011, large groups will be required to file complete rate manuals. Current DOI staffing and skill level is not sufficient to conduct a complete review

of these additional filings, so large group rate manuals will be forwarded to contracting actuaries for a complete review. Contracting actuaries will be briefed on all law changes by Department staff and contract legal counsel.

- *Milestone 3:* DOI staff will work with contracting actuaries to make certain that the initial filings of large group rate manuals are in compliance with applicable state and federal rules and laws. By the end of the grant period, all initial filings of large group rate manuals will be in compliance with applicable law or will be disapproved.
- *Objective 5:* Conduct five examinations of insurers to determine compliance with filed rates. Responsible Person: Bureau Chief Company Activities/Chief Examiner.
 - *Milestone 1:* Within 30 days of grant award, Department will identify contract examiners to be used and will begin process of scheduling examinations to take place during the grant cycle.
 - *Milestone 2:* By end of grant cycle, rate testing will have been completed for the five largest insurers offering individual and small group products in Idaho to determine compliance with Idaho laws.

GOAL: Meet requirements for reporting information to the Secretary about rate trends and health insurance coverage.

- *Objective 1:* Develop electronic rate filing and tracking processes that will facilitate compiling and reporting data required by the Secretary. (Responsible Persons: Deputy Director, Senior Insurance Analyst and DOI IT Supervisor.)
 - *Milestone 1:* Within 30 days following the grant award, the DOI will contract with SERFF to fund its share of proposed improvements to the system needed to meet the Secretary's data collection and reporting requirements.
 - *Milestone 2:* DOI will undertake website enhancements to disseminate insurer's rate filing information as permitted by state law. By June 2011, following enactment of proposed legislative changes permitting disclosure of rate filing information, DOI will begin posting rate filing information on its website.
 - *Milestone 3:* DOI will immediately begin researching the availability of software to assist with rate analysis and facilitate tracking rate trends and other information required by HHS. If suitable software is not available, DOI will contract for custom software development.
- *Objective 2:* Identify any provisions of existing state laws that will interfere with the ability of the DOI to collect and report data as requested by Secretary and begin process of seeking amendments.
 - *Milestone:* This will be a part of the legal review discussed under the preceding Goal. Any legislative changes will take effect March 2011.

- *Objective 3:* Begin collecting large group rate data that is not regulated or required to be filed under Idaho's current rate laws.
 - *Milestone:* Although the DOI does not currently have authority over large group rates, it will seek to collect rate information regarding large group rates by giving notice to carriers that it is requiring large group rate information pursuant to its general investigative powers. The information will be used to comply with HHS data reporting requirements.

GOAL: Begin process to establish a data center to compile and publish fee schedule information.

- *Objective:* Identify an academic or other nonprofit research institution that is willing to establish a data center that compiles fee schedule information for the state of Idaho, and provide it with start-up funding. (Responsible Persons: Deputy Director, Health Care Policy Specialist.)
 - *Milestone:* DOI will immediately begin contacting potential candidates to determine their level of interest in undertaking a data center. If a suitable candidate is identified, DOI will seek approval from HHS to provide funding.