

MASS

**Massachusetts Division of Insurance
DUNS No. 034094027**

**COMMONWEALTH OF MASSACHUSETTS
DIVISION OF INSURANCE**

**“Grants to States for Health Insurance
Premium Review – Cycle 1”**

APPLICATION AND SUPPORTING DOCUMENTATION

Submitted: July 7, 2010

ATTACHMENT C

APPLICATION COVER SHEET AND CHECK-OFF LIST

Page 1 of 2

Identifying Information:

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

DUNS #: 034094027 Grant Award: \$1 million

Applicant Commonwealth of Massachusetts Division of Insurance

Primary Contact Person, Name: Margaret Parker

Telephone Number: 617-521-7313 Fax number: 617-521-7758

Email address: margaret.parker@state.ma.us

APPLICATION COVER SHEET AND CHECK-OFF LIST

Page 2 of 2

REQUIRED CONTENTS

A complete proposal consists of the following material organized in the sequence below: Please ensure that the project narrative is page-numbered. The sequence is:

- Cover Sheet
- Forms/Mandatory Documents (Grants.gov).

The following forms must be completed with an original signature and enclosed as part of the proposal:

- SF-424: Application for Federal Assistance
- SF-424A: Budget Information
- SF-424B: Assurances-Non-Construction Programs
- SF-LLL: Disclosure of Lobbying Activities
- Additional Assurance Certifications
- Required Letter of support and Memorandum of Agreement
- Applicant's Application Cover Letter
- Project Abstract
- Project Narrative
- Work plan and Time Line
- Proposed Budget (Narrative/Justifications)
- Required Appendices
- Resume/Job Description for Project Director and Assistant Director

Massachusetts Division of Insurance
DUNS No. 034094027

FORMS/MANDATORY DOCUMENTS

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 grant application is intended to be used to apply for the federal funding opportunity/relevant title.

If the federal funding opportunity 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: MA Division of Insurance Application

Mandatory Documents

Move Form to Complete

Move Form to Delete

Mandatory Documents for Submission

Budget Narrative Attachment Form

Project Narrative Attachment Form

Budget Information for Non-Construction Program Attachments

Assurances for Non-Construction Programs (SF-424)

Optional Documents

Basic Work Plan

Project Abstract Summary

Other Attachments Form

Move Form to Submission List

Move Form to Delete

Optional Documents for Submission

Instructions

- 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.
- 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.
- 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:**

- Preapplication
- Application
- Changed/Corrected Application

*** 2. Type of Application:**

- New
- Continuation
- Revision

*** If Revision, select appropriate letter(s):**

*** Other (Specify):**

*** 3. Date Received:**

Completed by Grants.gov upon submission.

4. Applicant Identifier:

034094027

5a. Federal Entity Identifier:

046002284

5b. Federal Award Identifier:

State Use Only:

6. Date Received by State:

7. State Application Identifier:

8. APPLICANT INFORMATION:

*** a. Legal Name:** Commonwealth of Massachusetts Division of Insurance

*** b. Employer/Taxpayer Identification Number (EIN/TIN):**

046002284

*** c. Organizational DUNS:**

0340940270000

d. Address:

*** Street1:** 1000 Washington Street
Street2: Suite 810
*** City:** Boston
County/Parish: _____
*** State:** MA: Massachusetts
Province: _____
*** Country:** USA: UNITED STATES
*** Zip / Postal Code:** 02118-6204

e. Organizational Unit:

Department Name: Housing and Economic Developme
Division Name: Division of Insurance

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

Prefix: Miss *** First Name:** Margaret
Middle Name: Claire
*** Last Name:** Parker
Suffix: _____
Title: Aide to the Commissioner

Organizational Affiliation: _____

*** Telephone Number:** 617-521-7313 **Fax Number:** 617-521-7758

*** Email:** margaret.parker@state.ma.us

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:**

RPA-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:**

Enhancements to the Massachusetts Health Insurance Rate Review Practice: Promoting Transparency and Protecting Massachusetts Consumers

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

b. Program/Project

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:**

Commonwealth of Massachusetts Division of Insurance

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

*** Contact 1 Project Role:** Project Manager

Prefix: Mr.

* First Name: Kevin

Middle Name: Patrick

* Last Name: Beagan

Suffix:

Title: Deputy Commissioner

Organizational Affiliation:

Health Care Access Bureau

* Street1: 1000 Washington Street

Street2: Suite 810

* City: Boston

County:

* State: MA: Massachusetts

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 02118-6200

* Telephone Number: 617-521-7323

Fax: 617-521-7758

* Email: kevin.beagan@state.ma.us

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:

DUNS Number:

* Street1:

Street2:

* City: County:

* State:

Province:

* Country:

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

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:

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

Additional Location(s)

[Add Attachment](#)

[Edit Attachment](#)

[View Attachment](#)

Objective Work Plan

Project:

Enhancements to the Massachusetts Health Insurance Rate Review Practice: Promoting Transparency and Protecting Massachusetts Consumers

*** Year:** *** Funding Agency Goal:**

1 Department of Health and Human Services Grants to States for Health Insurance Premium Review - Cycle 1

*** Objective:**

The objective of the Massachusetts Division of Insurance's grant proposal is to help make private health insurance more accessible and affordable and increase the transparency of the health insurance system by providing new oversight of health insurance companies.

*** Results or Benefits Expected:**

The Division of Insurance's proposed measures are expected to allow for the thorough examination of companies' rate filings, by so doing, consumers benefit from less extreme rate increases and greater access to information from carriers.

* Activities	* Position Responsible	* Time Period Begin	* Time Period End	* Non-Salary Personnel Hours
We will be investigating administrative expense and contribution to surplus in Massachusetts and nationally to understand trends and how these have contributed to rate need.	Kevin Beagan	08/09/2010	09/01/2011	694
We will be increasing our review of underlying claims trends to understand utilization and unit cost pressures that have increased the need for rate increases.	Kevin Beagan	08/09/2010	09/01/2011	694
We are expanding the array of materials that we collect from filing companies and plan to use outside actuaries to identify individual company rate factors and develop tools to question the assumptions companies are using to develop rates.	Kevin Beagan; Chet Lewandowski	09/01/2010	09/01/2011	1,600
We are working with our IT department to enhance and standardize methods used to collect rate review information.	Kevin Beagan; Nicholas Obodo	08/09/2010	09/01/2011	160

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	\$ 0.00	\$ 0.00	\$ 1,000,000.00	\$ 0.00	\$ 1,000,000.00
2.						
3.						
4.						
5. Totals		\$	\$	\$ 1,000,000.00	\$	\$ 1,000,000.00

SECTION C - NON-FEDERAL RESOURCES					
(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS	
8. <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	
9. <input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	
10. <input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	
11. <input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	
12. TOTAL (sum of lines 8-11)	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	
SECTION D - FORECASTED CASH NEEDS					
	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>
14. Non-Federal	\$ <input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>
15. TOTAL (sum of lines 13 and 14)	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>
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. <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	
17. <input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	
18. <input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	
19. <input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	
20. TOTAL (sum of lines 16 - 19)	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	\$ <input style="width: 95%;" type="text"/>	
SECTION F - OTHER BUDGET INFORMATION					
21. Direct Charges: <input style="width: 95%;" type="text"/>	22. Indirect Charges: <input style="width: 95%;" type="text"/>				
23. Remarks: <input style="width: 95%;" type="text"/>					

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><i>[Handwritten Signature]</i></p> <p>Completed on submission to grants.gov</p>	<p>* TITLE</p> <p>Deputy Commissioner of Administration</p>
<p>* APPLICANT ORGANIZATION</p> <p>Commonwealth of Massachusetts Division of Insurance</p>	<p>* DATE SUBMITTED</p> <p>Completed on 07-07-2010 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: as: <input checked="" type="checkbox"/> Prime <input type="checkbox"/> SubAwardee * Name: Commonwealth of Massachusetts Division of Insurance * Street 1: 1000 Washington Street, Suite 810 Street 2: _____ * City: Boston State: MA: Massachusetts Zip: 02118-6200 Congressional District, if known: MA-008		
5. If Reporting Entity in No.4 is Subawardee, Enter Name and Address of Prime: _____		
6. * Federal Department/Agency: OCIO-BBS	7. * Federal Program Name/Description: Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review CFDA Number, if applicable: 93.511	
8. Federal Action Number, if known: _____	9. Award Amount, if known: \$ 1,000,000.00	
10. a. Name and Address of Lobbying Registrant: Prefix _____ * First Name n/a _____ Middle Name _____ * Last Name n/a _____ Suffix _____ * Street 1 _____ Street 2 _____ * City _____ State _____ Zip _____		
b. Individual Performing Services (including address if different from No. 10a) Prefix _____ * First Name n/a _____ Middle Name _____ * Last Name n/a _____ Suffix _____ * Street 1 _____ Street 2 _____ * City _____ State _____ Zip _____		
11. Information requested through this form is authorized by title 31 U.S.C. section, 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when the transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.		
* Signature: Completed on 07/07/2010 * Name: Prefix Mrs. First Name Mary Middle Name _____ * Last Name Guay Suffix _____ Title: Deputy Commissioner of Administration Telephone No.: 617-521-7362 Date: Completed on 07/07/2010 Grants.gov		

Massachusetts Division of Insurance
DUNS No. 034094027

LETTER OF SUPPORT



OFFICE OF THE GOVERNOR
COMMONWEALTH OF MASSACHUSETTS
STATE HOUSE • BOSTON, MA 02133
(617) 725-4000

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

July 7, 2010

Honorable Kathleen Sebelius, Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201-0004

Dear Secretary Sebelius:

Please be informed that the Commonwealth of Massachusetts endorses the submission of the Division of Insurance's proposal for the Patient Protection and Affordable Care Act (PPACA) Grant to States for Health Insurance Premium Review – Cycle 1 in the amount of \$1,000,000.00. These funds would significantly enhance the process by which the Division reviews health insurance rates.

These proposed enhancements are to be implemented under the direction of the Division of Insurance and will allow for greater transparency and a more thorough analysis of health insurance rate filings. In addition, I provide my assurance that any grant funds received will be used only to enhance the current rate review efforts of the Division and will not be used as a substitute for existing funding for such efforts.

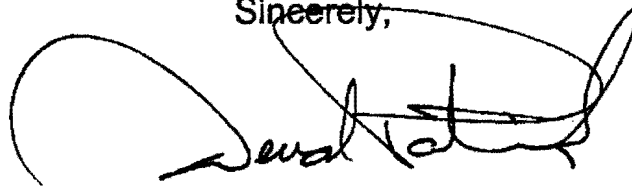
In October of 2009, I charged my Secretaries of Housing and Economic Development, Health and Human Services, and Administration and Finance with exploring and evaluating all reasonable options to address the rising costs of health coverage impacting Massachusetts' small businesses. These agencies continue to work diligently on this directive in an effort to bring both

Secretary Sebelius
July 7, 2010
Page Two

immediate and long-term relief to Massachusetts' residents. The Division's proposal to enhance its existing health insurance rate review measures is perfectly aligned with this mission.

As health care costs and health premiums are continuing to rise at alarming rates, the actions described in this proposal are necessary and overdue.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald R. Sebelius". The signature is written in a cursive style with a large, sweeping initial "D".

cc: Joseph G. Murphy, Commissioner of Insurance

Massachusetts Division of Insurance
DUNS No. 034094027

COVER LETTER



COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

1000 Washington Street, Suite 810 • Boston, MA 02118-6200
(617) 521-7794 • FAX (617) 521-7758
<http://www.mass.gov/doi>

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

GREGORY BIALECKI
SECRETARY OF HOUSING AND
ECONOMIC DEVELOPMENT

BARBARA ANTHONY
UNDERSECRETARY OF CONSUMER AFFAIRS
AND BUSINESS REGULATION

JOSEPH G. MURPHY
COMMISSIONER OF INSURANCE

July 7, 2010

Mr. Jay Angoff
Director
Office of Consumer Information and Insurance Oversight, HHS
Room 738 G, HHH Building
200 Independence Avenue, SW
Washington, DC 20201

Re: Grants to States for Health Insurance Premium Review – Cycle I
CFDA: 93.511

Dear Mr. Angoff:

The Commonwealth of Massachusetts Division of Insurance (“Division”), is respectfully submitting our application for a grant in the amount of \$1,000,000 for the “Grants to States for Health Insurance Premium Review – Cycle I” made available by the Patient Protection and Affordable Care Act of 2010 (“PPACA”). Massachusetts has been at the forefront of the effort to ensure that all residents have adequate health coverage and, as a result, is well aware of the challenges in controlling health costs in that environment. The Division has already initiated efforts to begin review of insurance carriers’ premiums and rate increases and is committed to continuing and enhancing those efforts. This grant will allow the Division to develop additional guidelines and mechanisms to assist with premium review, increase capacity for handling reviews, develop mechanisms to improve transparency and broaden the scope of the types of rates reviewed.

As Deputy Commissioner of the Division of Insurance and Director of the Health Care Access Bureau, I will be the Project Director of the grant project. My contact information is:

Kevin Beagan
Deputy Commissioner
Division of Insurance
1000 Washington Street, Suite 810
Boston, MA 02118

Phone 617-521-7323
Fax 617-521-7750
e-mail address Kevin.beagan@state.ma.us

Mr. Jay Angoff

July 5, 2010

Page 2

The Division has the existing authority to oversee and coordinate the proposed activities and is capable of convening a suitable workgroup of all relevant members. In addition, I provide my assurance that any grant funds received will only be used to enhance the current rate review efforts of the Division, and will not be used as a substitute for existing funding for such efforts.

Thank you for your consideration of this application. If you have any questions about this application or the activities proposed, please feel free to contact me. You may also contact Margaret C. Parker at 617-521-7313 or margaret.parker@state.ma.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin P. Beagan". The signature is written in a cursive style with a large initial "K".

Kevin P. Beagan
Deputy Commissioner of Insurance

Massachusetts Division of Insurance
DUNS No. 034094027

PROJECT ABSTRACT

The Commonwealth of Massachusetts Division of Insurance ("Division") submits this proposal that is intended to enhance the current rate review process in several ways. The proposed enhancements include development of additional tools for reviewing and determining the reasonableness of rate proposals, expansion of the array of materials collected from filing companies, expansion of the scope and types of rates reviewed, development of additional technical tools to assist in review, and development of new consumer oriented website materials to provide additional transparency into the review process and the rates offered.

The Division has to date only been able to complete a cursory analysis of claim cost trends, administrative expenses and contribution of surplus needs of those companies filing small group health insurance rates. The Division intends to commission various studies to evaluate Massachusetts market conditions and structures that affect the cost drivers leading to rate increases; examine utilization, technology and unit cost trends in the market; and look at ways to impact the increase in health costs.

Based on recent analysis, it is apparent that the Division must expand the array of materials collected from filing companies in order to more fully explore the detailed actuarial basis for requested rate increases. Working with contracted consultants, the Division intends to examine materials that focus on individual company rate factors and to develop tools to question the assumptions that companies use in developing rates. In addition, the Division intends to develop new tools that would require filers to provide separate claims trends and administrative costs in order to track spending in these areas; devote additional research to evaluating filers' positions on contributions to surplus and investment income; and develop internal models to assist the actuaries in evaluating utilization forecasts.

The Division has currently completed rate reviews for only certain types of small group and individual plans and only utilizing limited review elements. The Division intends to continue the types of reviews already undertaken on an ongoing basis, increase the scope of material analyzed as part of the reviews, and add additional types of plans to the review process, including review of large group rates.

The Division intends to develop new tools that will require companies to separately report claims trends and administrative costs so that spending can be tracked in such areas and to develop models to assist the actuaries in evaluating utilization forecasts and to develop enhanced and standardized methods to collect rate review information so that it can be aggregated and effectively reviewed by actuarial staff.

Finally, the Division intends to standardize the data received in the rate review process, to enhance the consumer information that is made available on the Division's website associated with the rates of all the products that are available in the market, and provide more ready access to information on the rate review process.

Massachusetts Division of Insurance
DUNS No. 034094027

PROJECT NARRATIVE

**Enhancements to the Massachusetts Health Insurance Rate Review Practice:
Promoting Transparency and Protecting Massachusetts Consumers**

a) Current Health Insurance Rate Review Capacity and Process

General health insurance rate regulation information

In the Commonwealth of Massachusetts insurance companies are licensed and regulated by the Division of Insurance under M.G.L. c. 175. Health maintenance organizations (HMOs) are licensed and regulated under M.G.L. c. 176G and regulation 211 CMR 43.00. Non-profit hospital service corporations (Blue Cross) and medical service corporations (Blue Shield) are organized and regulated under M.G.L. c. 176A and M.G.L. c. 176B respectively. In addition, the individual market and the small group market are regulated together (the merged market) under M.G.L. c. 176J and regulation 211 CMR 66.00. Certain closed individual plans continue to be regulated under M.G.L. c. 176M and regulation 211 CMR 41.00.

Merged Market (individual and small group markets combined)

Individual plans and small group plans are combined and regulated together under M.G.L. c. 176J and 211 CMR 66.00. Premiums are adjusted community rated and must be established according to the following:

- The group base premium rates may not exceed two times the group base premium rate that could be charged by a carrier to the eligible small group or eligible individual with the lowest group base premium rate for that rate basis type within that class of business in that group's or individual's geographic area.
- The carrier must develop a base premium rate for each rate basis type and may develop and use one or more of the following rate adjustment factors, provided that together the adjustments fall within a range between 0.66 and 1.32. Factors include age, industry rate, participation-rate, wellness program rate, and tobacco use rate.
- The carrier may apply additional factors that would apply outside the 0.66 to 1.32 equivalent rate band. Factors include benefit level, area rate, rate basis type [single, two adults, one adult and child(ren), family], group size, and intermediary discount.
- The carrier may not charge a premium rate based on the eligible individual's or eligible small business' health status, duration of coverage, or actual or expected claims experience.
- The carrier must annually file with the Division an actuarial opinion that the carrier's rating methodologies and rates comply with the requirements of M.G.L. c. 176J and 211 CMR 66.00.

Effective in 2010, HMOs and Blue Cross Blue Shield must submit proposed small group base rates for all small group products at least 90 days prior to the proposed effective date(s) according to 211 CMR 43.00.

Large Group Market

Effective in 2010, HMOs and Blue Cross Blue Shield must submit proposed large group base rates for all products at least 90 days prior to the proposed effective date(s) according to 211 CMR 43.00.

Closed Individual Plans

Individual guaranteed issue plans issued prior to the merging of the individual and small group market continue to be regulated under M.G.L. c. 176M and 211 CMR 41.00. These plans may establish premiums considering the following:

- The carrier may establish an area rate adjustment for each different geographic region that must range from .80 to 1.20.
- The carrier may establish an age rate adjustment which may range from 0.67 to 1.33.

In reviewing the submitted rates, the Division computes an average adjusted composite rate for each type of closed guaranteed issue health plan and calculates the standard deviation for the submitted adjusted composite rates. A rate filing will be subject to further review if it is determined that the adjusted composite rate filed by the carrier exceeds the average adjusted composite rate for that type of guaranteed issue health plan or closed guaranteed issue health plan by more than two standard deviations and the proposed composite rate also exceeds 110% of the carrier's current composite rate for the plan. The carrier may adjust the rate proposal based on the review.

Information Technology (IT) and systems capacity

The Division currently participates in the System for Electronic Rate and form Filing (SERFF). All filers are required to transmit all rate filings via SERFF.

No other use is made of IT systems at this time in the review of rate filings and no further use had been contemplated prior to the development of this grant proposal.

Consumer Protections

Rate filings are public record and available for public viewing upon completion of the internal review. The Massachusetts Public Records Law, M.G.L. c.66, sections 10(a) and (b) and c.4, section 7(26)(a-s), provides that all records made or received by an agency are public, unless they fall within one of the specifically enumerated exemption to the public records law. M.G.L. c.4, section 7(26)(d), commonly known as the deliberative process exemption, provides an exemption from disclosure for materials that if disclosed prematurely would taint the deliberative process, and applies to matters within an ongoing deliberative process. The Division of Insurance invokes this exemption for all rate filing during the internal review period. At such time as the review has been completed, all materials relative to the review of the rate filing become public record. Access to public documents at the Division of Insurance is available by appointment during business hours each day.

- *Are summaries of rate changes offered in plain language for consumers?*

The Division does not at this time provide any summaries of rate changes.

- *How much advanced notice is given to consumers prior to proposed rate changes? Are consumers provided with official comment periods to review and comment on proposed rate changes?*

The Division does not at this time provide an official comment period on rate review and rate changes.

Existing Rate Hearing Processes

Under Massachusetts law, the Division has the authority to disapprove the insured health plan rates offered in Massachusetts by Blue Cross and Blue Shield of Massachusetts, Inc. (M.G.L. c. 176B, § 4) and licensed Health Maintenance Organizations (M.G.L. c. 176G, § 16) if the rates are unfairly discriminatory, excessive, inadequate or unreasonable to the benefits provided.

On the regulatory front, in February 2010, Governor Patrick directed the Division to issue an emergency regulation, 211 C.M.R. 43.00, requiring carriers to file their proposed small group rates at least 30 days in advance starting with the with April 1, 2010 effective dates. Prior to this change, carriers filed their proposed rates on their effective date. This exercise required the carriers to file little more than an Excel spreadsheet with the Division. There was no opportunity for the Division to review these proposed rates before they became effective. Carriers are now required to file substantial documentation to support their proposed rates.

Under this new regulatory structure, in early March, the carriers filed their proposed base rate changes. These ranged from 6% at the low end to a high of 34%. Again, these are base rates. When you factor in the statutorily allowed rating factors (geography, group size, age, etc., these rates can be considerably higher). After reviewing the information DOI actuaries received from the carriers for the rate filings with April 1 effective dates, it was determined that in the vast majority of cases, the carriers failed to meet the statutory threshold that rates not be excessive or unreasonable in relation to the benefits provided.

Under this regulatory scheme, the carriers have the option to appeal those disapprovals through an adjudicatory hearing process before independent hearing officers at the Division. The Attorney General's Office also has the option intervene in those hearings. Additionally, the carriers may resubmit modified rate filings at any time for consideration by Division technical staff.

As the carriers file rates quarterly, on June 1, DOI received proposed rates for the July 1 quarter. Division technical staff is currently reviewing those rates and determining if any of those rates should be disapproved.

Consumer Inquiries and Complaints

The Consumer Services Section (CSS) of the Massachusetts Division of Insurance handles all manner of consumer inquiries and complaints through a phone hotline and through a formal complaint process.

During 2008 and 2009 combined, approximately 52,000 calls came in to the CSS phone hotline. Nearly 15,000 of these calls involved some sort of question or inquiry regarding a health insurance product or health insurer. Another 2,600 calls are actual complaints about health insurance. Among those 2,600 complaint calls, the most common reasons were: Denial of Claim; Coordination of Benefits; Delays;

Coverage; and, Further Consumer Education. Complaints regarding the rates or premiums for group or individual coverage were infrequent during this two year period.

During the same time, CSS handled nearly 3,300 formal written complaints against insurance companies and producers. Approximately 750 of those formal complaints concerned health insurance. The vast majority of these health insurance complaints involved some sort of claims issue such as a denials, delays or coordination of benefits. Another common complaint among individual products is marketing issues such as misrepresentation. Complaints involving rates amounted to less than 1% of all health complaints and consisted of billing issues rather than complaints about underlying rates.

For the Division of Insurance, most complaints regarding health insurance rates in the individual or small group market come in as individual letters to the Commissioner or complaints to legislators that are forwarded to the Division. During 2008 and 2009, the Division handled approximately 100 such inquiries. These communications universally involve either individuals or owners of very small businesses who have endured a series of large rate increases for their individual or small group health insurance policy. They all relate stories of repeated rate increases each of which is much higher than the rate of inflation. These consumers frequently decide to scale back coverage as an initial strategy for dealing with the rate hikes, but they then face similar increases on the scaled back coverage the following year. By the time they contact their legislator or the Division, they have reached the outer limit of their ability to absorb increases for minimum creditable coverage.

The relatively small number of these direct complaints on health insurance rates is due in part to the pathways of communication used by the Division of Insurance. Our consumer hotline and formal complaint process are designed to assist consumers with a solvable problem or provide a referral to an appropriate agency. The inability to afford basic health insurance is not a problem the CSS can effectively "solve." Most consumers faced with unaffordable insurance premiums understand that the Division does not simply set a price for each consumer. That being said, the Division needs the stories, ideas and feedback from consumers in the individual and small group markets – the people who directly pay for the cost of their health coverage. We presently do not have a sufficient social media presence that can elicit meaningful data from this segment of the health insurance market. The addition of an employee dedicated to marketing activities on health insurance issues and information could raise the Divisions profile among the consumers who can offer the most information to us about their insurance experience.

Resources and Capacity for Reviewing Health Insurance Rates - Budget and Staffing

The Division of Insurance has a budget of \$12.761 million for FY2010. It is estimated that the Division will be responsible for revenue of approximately \$32.550 million for this period.

The Health Care Access Bureau within the Division of Insurance is responsible to monitor access to and the affordability of insured health coverage in Massachusetts. The Health Care Access Bureau has a budget of \$1.1 million for FY2010. It is estimated that the Division will only be able to expend approximately \$700,000 of this budget during the fiscal year. The budget is fully funded by assessment on the insured health industry within Massachusetts. There is no specific breakdown of resources segregating the review of the individual/small group markets from all other health insurance markets.

Qualifications for Rate Review Staff

The Health Care Access Bureau is statutorily composed of a deputy commissioner, an actuary, a researcher and a finance expert

The Deputy Commissioner is a 15 year DOI supervisor of health coverage with Masters in Public Health and Public Policy

The Actuary is a Fellow of the Society of Actuaries with over 25 years of experience in the life and health fields.

The Researcher has 5 years of experience in the insurance industry with a Masters degree in Business Administration.

The Finance Expert is a CPA with over 25 years of experience in the review of health carriers' financial systems.

Due to hiring freezes, the DOI has not been able to hire additional staff and relies on external actuarial firms with Fellows of the Society of Actuaries from large and small consulting firms knowledgeable about the Massachusetts market participating in the reviews.

- *If available, provide the total number of health insurance rate filings that are received for the individual and/or group markets (annually and/or monthly), and the average amount of time that is required to complete the review process.*

During the April 2010 process, health carriers submitted filing materials that pertain to 274 small group base rates. It is anticipated that the Division will get at least this number of filings each quarter or filings for over 1000 base rates per year. Based on the initial reviews, and not building in the cost of rate hearings, the average review could take 5 hours per base rate.

b) Proposed rate review enhancements for health insurance

Expanding the scope of current review and approval activities

Under Massachusetts law, the Division of Insurance has the authority to disapprove the insured health plan rates offered in Massachusetts by Blue Cross and Blue Shield of Massachusetts, Inc. (M.G.L. c. 176B, § 4) and licensed Health Maintenance Organizations (M.G.L. c. 176G, § 16) if the rates are unfairly discriminatory, excessive, inadequate or unreasonable to the benefits provided. Following the promulgation of emergency regulatory changes to 211 CMR 43.00 and the issuance of Bulletin 2010-05 in February 2010, the Division implemented procedures to collect rate filing information for small group plans beginning March 1, 2010 for rates effective April 1, 2010. Regulations have been slightly modified since that time to extend the review period to 90 days for rates intended to be effective on and after October 1, 2010. Our Division is continuing to seek legislative changes that would extend the Division's review authority to all types of insured health plans and to change the standards that would apply to the rate review process.

During March 2010, the Division shifted internal resources to review the April 1, 2010 small group filings and disapproved 235 out of 274 small group base rates. Following this disapproval, members of Division staff have been actively involved in administrative rate hearings to review the disapproval decisions. These hearings are expected to not be complete until later this summer. While these hearings are going on, the Division's staff and consulting actuaries are actively reviewing submitted rate filings intended to be effective July 1, 2010. These reviews and hearings have only been in place for three months, but they have already created substantial shifts in the use of Division resources away from the regulation of other items. The cost of such reviews are expected to increase by fourfold over the next fiscal year as this is applied to a full year's worth of rate filings and to an expanded array of products, including large group rates and those offered by insurance companies.

It is estimated that this will require approximately \$150,000 of additional legal support to work on the new regulatory tools and participate in the hearings that are associated with any disapprovals.

In addition to the company-by-company rate reviews, the Division's Health Care Access Bureau has commissioned actuarial studies of Massachusetts market conditions and structures to evaluate the cost drivers that are leading to the insured health plan rate increases. Recognizing that Massachusetts' carriers' medical loss ratios are in the 85-90% range, the Division is aware that much of the rate increase pressure is due to increased use of services and the use of more expensive services. The Division has devoted a large share of its health care budget to study drivers so that it may contribute to the debate about ways to best impact the increase in health costs.

It is estimated that this will require approximately \$250,000 of additional support to examine utilization, technology and unit cost trends in the overall market to evaluate their impact on the cost of coverage in the market.

Improving Rate Filing Requirements

In its initial March 2010 review, the Division was only able to do a quick analysis of the claim cost trends, administrative expenses and contribution of surplus needs of those companies filing small group health insurance rates. Based on our first review, we are aware that we in the Health Care Access Bureau need to expand the array of materials that we collect from filing companies that explore the detailed actuarial basis for the requested rate increases. Working with external actuaries, we intend to examine the materials that will zero in on individual company rate factors and develop the tools to question the assumptions that companies are using to develop rates. We do intend to develop new tools that will require companies to separate claims trends and administrative costs into standardized buckets so that we can track spending in certain areas and we do intend to devote additional research to evaluate company positions on contributions to surplus and investment income. We also expect to develop internal models that will assist actuaries to evaluate utilization forecasts.

It is estimated that this will require approximately \$100,000 of contracted actuarial support to conduct the analysis and develop the new tools for us to collect and review the rate filings in a more in-depth manner.

Enhancing Rate Review Process – Staffing

In its initial March 2010 review, the Division was only able to do a quick analysis of 274 small group rate increase filings intended to be effective April 1, 2010. In order to conduct this one review, the Division hired 2 external actuarial firms to assist in the review of the rates at a cost of over \$50,000. It is anticipated that the cost of conducting the review of rates intended to be effective July 1, 2010 will also cost this amount.

It is estimated that this will require approximately \$400,000 of additional contracted actuarial support to conduct the reviews necessary for the next fiscal year, especially if we expand the scope of each review and look at more than small group rate filings.

Enhancing Rate Review Process-IT Capacity

In its initial March 2010 review, the Division was only able to do a quick analysis of the claim cost trends, administrative expenses and contribution of surplus needs of those companies filing small group health insurance rates. Based on our first review, we are aware that we in the Health Care Access Bureau need to expand the array of materials that we collect from filing companies that explore the detailed actuarial basis for the requested rate increases. Working with external actuaries, we intend to examine the materials that will zero in on individual company rate factors and develop the tools to question the assumptions that companies are using to develop rates. We do intend to develop new tools that will require companies to separate claims trends and administrative costs into standardized buckets so that we can track spending in certain areas and we do intend to devote additional research to evaluate company positions on contributions to surplus and investment income. We also expect to develop internal models that will assist actuaries to evaluate utilization forecasts.

It is estimated that this will require approximately \$50,000 in consultant work to pay for enhanced and standardized methods to collect rate review information so that it can be aggregated and effectively reviewed by actuarial staff. This will improve the reliability of information collected from filing companies and standardize the materials that are reviewed by the internal and external actuaries reviewing submitted rate filings.

Enhancing Consumer Protection Standards

It is estimated that this will require approximately \$50,000 in consultant work to improve the transparency of information on the Division's website associated with the rates of all the products that are available in the market.

c) Reporting to the Secretary on Rate Increase Patterns

During the April 2010 process, health carriers submitted filing materials electronically that would allow us to report on the majority of the identified data elements. We are aware that we in the Health Care Access Bureau need to expand the materials and data that we collect from the companies as part of the rate filings. In addition, we will need to expand our reporting capabilities so that we can develop an automated process to provide the noted data to the Secretary. Working with the Division's IT staff, we intend to improve our IT systems to allow us to capture and report on the noted data elements, and also to allow for more robust internal analysis of the rate filings received from the companies. We will also need to work with our IT staff to create a process to collect and report on the aggregate data for rate filings in each market segment in an efficient manner. It is estimated that this will require

Grant Narrative – Massachusetts Division of Insurance

DUNS No. 034094027

Page 8 of 8

approximately \$50,000 of additional IT support and system development to provide data on the health insurance rate trends.

Massachusetts Division of Insurance
DUNS No. 034094027

PROJECT TIMELINE

**Proposed Timeline for Implementation of Enhancements to Premium Review Process
 for Massachusetts Division of Insurance
 July 7, 2010**

Action	Description	Responsible Party	Considerations	Target Dates
<i>Information utilized in determining feasibility of process or program dates/requirements</i>				
Develop research projects designed to provide additional information to enhance rate review process (e.g., national, regional and local medical trends, national, regional and local medical costs by provider type, administrative cost trends, etc.)	Determine types and scope of research projects	K. Beagan C. Lewandowski	Timeline may be affected by availability of existing information and/or need to field surveys to collect data.	09/09/10
	Procure consultants to complete the research			09/23/10
	Work with consultants to refine the projects			09/23 – 10/31/10
	Review progress with consultants			12/14/10
	Review draft reports			3/31/11
	Receive final reports			4/30/11
Utilizing information from research, develop enhanced review criteria	Identify additional information to obtain from health carriers	K. Beagan C. Lewandowski		5/31/11
	Draft guidelines for submission of new information and enhanced review criteria			6/30/11

Increase number and types of health plan rate reviews				
Increase number of rate filings reviewed.	Increase number of contracted actuaries to assist in completion of rate reviews.	K. Beagan		8/1/10 to 01/01/11
Increase legal staff work on rate hearings and other legal activities related to rate reviews.	Increase number of contracted actuaries to assist in completion of rate reviews.	K. Beagan		8/1/10 to 06/30/11

Phase II				
Software to assist in rate review	Review available software	N. Obodo C. Lewandowski		10/09/10
	Evaluate which software would be most useful in rate review			11/09/10
	Purchase any appropriate software			11/23/10
	Install and test software			12/15/10
DOI website to include information on rate review proposals/reviews.	Develop plan to purchase or develop website information	N. Obodo C. Lewndowski	Costs of either developing or purchasing such web access to information could be very costly	10/31/10
	Follow-up on development of website information			12/01/10
	Install			12/15/10
	Develop user friendly summaries of rate reviews to post on DOI website			03/31/11
Database of quality/cost information	Examine existing databases and where maintained	K. Beagan		11/01/10
	Determine ways to improve existing databases or develop new ones.			12/31/10
	Determine method to display/share information in database.			6/30/10

Massachusetts Division of Insurance
DUNS No. 034094027

PROPOSED BUDGET

DRAFT Budget – Massachusetts Division of Insurance				
DUNS No. 034034027				
BUDGET SUMMARY				
<u>Category</u>	<u>Federal Request</u>	<u>Total</u>		
MGMT & LEGAL PERSONNEL	\$139,952.97	\$139,952.97		
FRINGE ON PERSONNEL	\$44,547.03	\$44,547.03		
CONTRACT CONSULTANTS	\$347,050.00	\$347,050.00		
CONTRACT ACTUARIES	\$400,000.00	\$400,000.00		
EQUIPMENT & IT COSTS	\$50,000.00	\$50,000.00		
TOTAL DIRECT COSTS	\$981,550.00	\$981,550.00		
INDIRECT COSTS*	\$18,450.00	\$18,450.00		
TOTAL PROJECT COSTS	\$1,000,000.00	\$1,000,000.00		
*Jerry Stephenson will calculate indirect cost rate for FY2011 by 9/01/2010				
PERSONNEL - Federal Request				
<u>Position</u>	<u>Name</u>	<u>Annual Salary/Rate</u>	<u>Level of Effort</u>	<u>Cost</u>
Proj Dir	Kevin Beagan	\$105,237.34	10%	\$10,523.73
Ass Proj Dir and Actuary	Chet Lewandowski	\$105,000.00	60%	\$63,000.00
Legal Support 1	TBD	\$80,021.00	35%	\$28,007.35
Legal Support 2	TBD	\$73,901.00	30%	\$22,170.30
Legal Support 3	TBD	\$65,006.35	25%	\$16,251.59
			Total	\$139,952.97
FRINGE BENEFITS - Federal Rate		31.83% of salary		\$44,547.03

CONTRACT CONSULTANTS (Projects to Improve Rate Review Process)				
<u>Group</u>	<u>Name</u>	<u>Contract Rate</u>	<u>Hours</u>	<u>Cost</u>
Study 1	n/a	\$250.00	400	\$100,000.00
Study 2	n/a	\$250.00	400	\$100,000.00
Study 3	n/a	\$250.00	302	\$75,500.00
Study 4	n/a	\$250.00	286.2	\$71,550.00
		Total	1388.2	\$347,050.00
CONTRACT ACTUARIES (To conduct additional rate reviews)				
<u>Group</u>	<u>Name</u>	<u>Contract Rate</u>	<u>Hours</u>	<u>Cost</u>
Actuary 1	n/a	\$250.00	400	\$100,000.00
Actuary 2	n/a	\$250.00	400	\$100,000.00
Actuary 3	n/a	\$250.00	400	\$100,000.00
Actuary 4	n/a	\$250.00	400	\$100,000.00
		Total	1600	\$400,000.00
EQUIPMENT				
	<u>Type</u>	<u>Cost</u>		
Hardware	HP Server	\$25,000.00		
Software	Laserfiche Software	\$15,000.00		
Other		\$10,000.00		
			Total	\$50,000.00
INDIRECT COST RATE - Federal Rate		10.00% of salary		\$18,450.00

MASS
Massachusetts Division of Insurance
DUNS No. 034094027

RESUME

KEVIN BEAGAN, PROJECT MANAGER

KEVIN PATRICK BEAGAN

GOVERNMENT AND INSURANCE EXPERIENCE

Massachusetts Division of Insurance - Boston, MA 1994-2010

Deputy Commissioner, Health Care Access Bureau and Director of State Rating Bureau

Directs staff in the review of all health, life and property/casualty products offered by commercial insurers in Massachusetts, including the State Rating Bureau filings that are part of statutory rate setting processes for automobile, workers' compensation, Medicare Supplement hearings.

Advises the Commissioner of Insurance and the Legislative Joint Committee on Insurance regarding the impact of certain bills or products on the P&C coverage market in Massachusetts

Coordinates state development of consumer materials on P&C, life and health products.

Director of Bureau of Managed Care

Rewrote all the Massachusetts regulations affecting insured health benefit plans.

Coordinated implementation of managed care overhaul legislation affecting carriers' coverage, provider networks, managed care systems and financial reporting..

Director of Health Unit, State Rating Bureau

Supervised regulation of all health insurance products offered by HMO, Blue Cross/Blue Shield, and commercial insurers in Massachusetts. Coordinated review of insured managed care, small group, nongroup, Medicare supplement, long-term care insurance, disability income and dental plans according to the Commonwealth's statutes and regulations for health insurance

Coordinated project to review health insurance statistical reports; issued guidelines to insurance carriers to standardize reported data and facilitate the collection of information.

Recipient of 2001 and 2008 Manuel Carvalho Awardx for Excellence in Public Service.

Massachusetts State Budget Bureau - Boston, MA 1991-1994

Fiscal Policy Supervisor and Budget Analyst

Supervised staff evaluating agency spending/revenue budgets and facility consolidation plans,

Negotiated modifications to agency submissions, analyzed budgetary impact of agency and legislative initiatives, and developed spending recommendations for Budget Director's approval

Kaiser Foundation Health Plan

Senior Medical Economics Analyst - Washington, DC and Hartford, CT

1988-1991

Developed all membership and utilization forecasts for Northeast Region's budgets

OTHER PROFESSIONAL EXPERIENCE

Johnson & Higgins, Pension Plan Actuarial Assistant - NY, NY & San Francisco, CA 1984-1986

Kwasha Lipton Consulting, 401(K) Account Manager - Fort Lee, NJ

1983-1984

EDUCATION

U of California, Berkeley. Master of Public Policy (MPP), Master of Public Health (MPH) 1985-1988

Brown U, Providence, RI; Bachelor of Arts in Economics and International Relations 1978-1982

EDUCATION

Attleboro Youth Soccer, Recreation and Assstant Director -for over 800 children 2003-2008

Boy Scout Troop 25, Attleboro, Advancement Coorindator 2007-2010

Massachusetts Division of Insurance
DUNS No. 034094027

RESUME

**CHET LEWANDOWSKI, ASSISTANT
PROJECT MANAGER**

Chester T. Lewandowski

**326 Dartmouth Street
Boston, Ma. 02116
(617)-247-1176**

EXPERIENCE:

Massachusetts Division of Insurance

February, 2008 – Present

I am the health actuary with the Division of Insurance (DOI). In that role, I review health insurance rate filings to verify that the rates are neither excessive nor inadequate. Additionally I update various articles that assist consumers in making insurance choices. I also have done several special reports on topics, such as, long-term care insurance and rate increases on small group rate increases.

New England Life Insurance Company, Boston, Ma.

January, 1983 – August, 2005

Through 1996, New England Life was a mutual insurance company. In 1996, New England Life merged with Metropolitan Life Insurance Company with MetLife being the surviving legal entity. A stock life subsidiary of MetLife, called New England Life, was created in 1997. MetLife became a stock company in April, 2001.

I served as Vice President & Actuary for a \$10 billion dollar insurance company. I was the company's appointed actuary for 12 years. Additionally, I served as the appointed actuary for other MetLife insurance subsidiaries. I also was the valuation actuary for two offshore insurers used to provide surplus relief on AXXX products.

I managed a staff of 30 people in three locations: Boston, Bridgewater (NJ) and Tampa. My key responsibility was the completion of the Individual Business reserves for all of the MetLife legal entities.

I generated expense savings by closing down redundant reserve centers in Chicago, Los Angeles and Saint Louis. The calculation of reserves was centralized on PolySystems to create a more efficient Valuation Unit. I created meaningful analytical reports to explain reserve variances from one reporting to the next.

Key Achievements:

- Improved valuation systems and work procedures to report all MetLife Individual Business reserves on a monthly basis by the fifth business day.
- Created significant expense reductions through the elimination of Actuarial Valuation staffs in acquired companies, such as, General American and Security First.
- Completed asset adequacy analyses for New England Life and various other MetLife legal entities.
- Coordinated the implementation of GAAP accounting at New England Life.
- Supplied that actuarial valuation data required as part of the MetLife demutualization project.
- Implemented reserves required by new products, e.g., Universal Life with secondary guarantees, and new statutory or GAAP regulations, such as, SOP 03-01.
- Partnered with Accounting Department to create an analytical database of reserve variance explanations.
- Served as MetLife representative on Group of North American Insurance Executives committee. This committee was working with the IASB to formulate international GAAP accounting standards.

**United Insurance, Chicago, IL.
March 1972 – December 1982**

This was my initial actuarial position. I successively passed the actuarial exams while serving as a manager of Product Development and as manager of Financial Reporting.

Key Achievements

- Assisted the implementation of the GAAP Audit Guide for Stock Life Insurers.
- Priced life and health insurance products.
- Administered and valued reinsurance agreements.
- Valued proposed acquisitions.
- Coordinated the completion of the actuarial liabilities for monthly statutory and GAAP financial statements.
- Provided reserve variance analyses for senior management.

PROFESSIONAL DESIGNATIONS:

- Fellow Society of Actuaries, 1977
- Member American Academy of Actuaries, 1978