

KANSAS



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

July 6, 2010

The Honorable Kathleen Sebelius
Secretary, Department of Health & Human Services
200 Independence Avenue, SW
Washington, DC 20201

Subject: Insurance Premium Review Grant Program – Cycle 1 (CFDA 93.511).

Dear Secretary Sebelius:

The Kansas Insurance Department is applying for grant funding under the Premium Review Grant Program, Section 1003 of the Patient Protection and Affordable Care Act of 2010. As you know, our Department is responsible for conducting health insurance rate reviews and we share your interest in protecting consumers from unreasonable, unjustified and/or excessive rate increases while also ensuring that the companies doing business in Kansas remain solvent.

Our grant proposal seeks funding for two critical improvements. First, with the assistance of an actuarial consultant, we will be doing a careful review and analysis of our current rate review process and procedures to determine if there are ways to enhance our current practices. In addition, we are looking to improve our IT foundation and its functionality. Our overall effort to improve and upgrade our rate review process will be overseen by Linda Sheppard, Director of our Accident and Health Division.

The Department will not use the awarded grant funds for matching, direct services, or otherwise to supplant existing funds but will maintain its current efforts in reviewing rates and ensure that allocated resources will not be less than 2009. Grant funds will be dedicated to enhancing existing efforts, not as a substitute for existing funding.

We are eager to conduct this review of our current practices and to strengthen our capacity to review rates and to ultimately disclose more meaningful information to the public. On behalf of the Kansas Insurance Department we welcome and appreciate this grant opportunity.

Sincerely,

A handwritten signature in cursive script that reads "Sandy Praeger".

Sandy Praeger
Commissioner of Insurance



OFFICE OF THE GOVERNOR

Mark Parkinson, Governor

www.governor.ks.gov

July 6, 2010

The Honorable Kathleen Sebelius
Secretary of the Dept. of Health & Human Services
200 Independence Avenue, SW
Washington, DC 20201

RE: Grants to States for Health Insurance Premium Review - Cycle I
CFDA: 93.511

Dear Secretary Sebelius:

I would like to express my support for the premium review grant application being submitted by the Kansas Insurance Department to enhance the Department's review of health insurance premium rates. We believe that enhancement of this process will be of great benefit to all of our current and future Kansas health insurance consumers.

Commissioner Praeger and her staff, operating under the authority granted by the Kansas Legislature, have done an excellent job of reviewing rates and working with the companies doing business in our state. However, with the changes in the health insurance market and new requirements for health insurance companies and state insurance regulators included in the Patient Protection and Affordable Care Act we understand the need to upgrade and improve the Department's procedures and technological resources. We appreciate the opportunity that Health and Human Services is providing with this grant and strongly support the awarding of this grant to the Kansas Insurance Department to accommodate and comply with the new requirements under federal law.

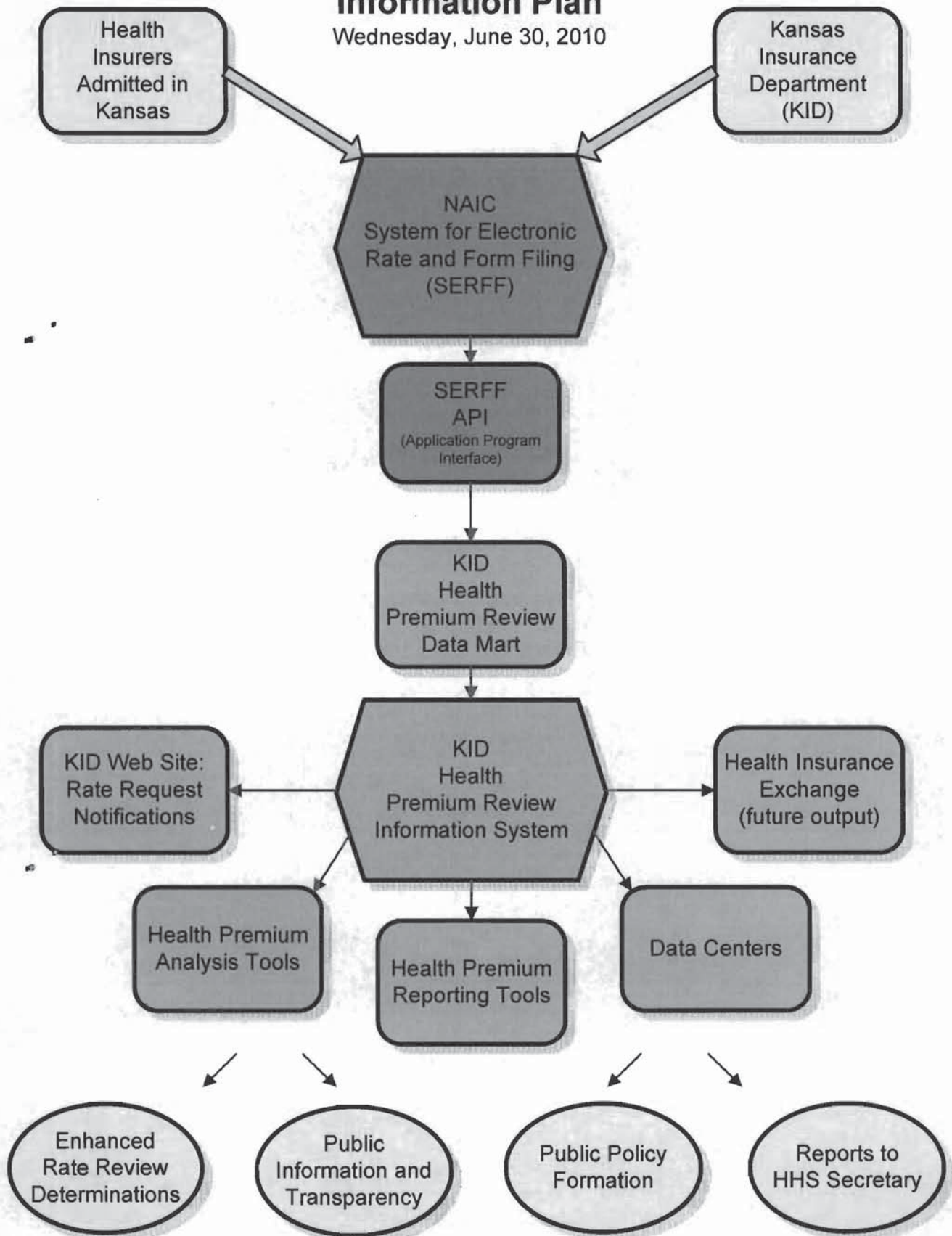
If I may be of any other assistance, please contact me.

Sincerely,

Mark Parkinson
Governor of the State of Kansas

Kansas Insurance Department Health Insurance Premium Review Information Plan

Wednesday, June 30, 2010



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): <input type="text"/> * Other (Specify): <input type="text"/>
* 3. Date Received: Completed by Grants.gov upon submission.	4. Applicant Identifier: <input type="text"/>	
5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>	
State Use Only:		
6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>	
8. APPLICANT INFORMATION:		
* a. Legal Name: <input type="text" value="Kansas Insurance Department"/>		
* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="48-1124839"/>	* c. Organizational DUNS: <input type="text" value="8073637910000"/>	
d. Address:		
* Street1: <input type="text" value="420 SW Ninth Street"/>	Street2: <input type="text"/>	
* City: <input type="text" value="Topeka"/>	County/Parish: <input type="text"/>	
* State: <input type="text" value="KS: Kansas"/>	Province: <input type="text"/>	
* Country: <input type="text" value="USA: UNITED STATES"/>	* Zip / Postal Code: <input type="text" value="66612-1678"/>	
e. Organizational Unit:		
Department Name: <input type="text"/>	Division Name: <input type="text" value="Accident and Health"/>	
f. Name and contact information of person to be contacted on matters involving this application:		
Prefix: <input type="text"/>	* First Name: <input type="text" value="Linda"/>	
Middle Name: <input type="text" value="J"/>	* Last Name: <input type="text" value="Sheppard"/>	
Suffix: <input type="text"/>	Title: <input type="text" value="Director"/>	
Organizational Affiliation: <input type="text"/>		
* Telephone Number: <input type="text" value="785-296-7895"/>	Fax Number: <input type="text" value="785-296-2537"/>	
* Email: <input type="text" value="linda.sheppard@ksinsurance.org"/>		

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:**

Rate Review Enhancement in Kansas

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:**

Kansas Insurance Department

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

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

Prefix:

* First Name: Linda

Middle Name: J

* Last Name: Sheppard

Suffix:

Title: Director, Accident and Health Division

Organizational Affiliation:

Kansas Insurance Department

* Street1: 420 SW Ninth Street

Street2:

* City: Topeka

County:

* State: KS: Kansas

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 66612-1678

* Telephone Number: 785-296-7895

Fax: 785-296-2537

* Email: linda.sheppard@ksinsurance.org

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:

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)

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:
 Rate Review Enhancement in Kansas

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

*** 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:

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

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

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. Health Insurance Premium Review-Cycle I	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) ^e
	(1)	(2)	(3)	(4)	
	Health Insurance Premium Review-Cycle I				
a. Personnel	\$ 75,000.00				\$ 75,000.00
b. Fringe Benefits	15,000.00				15,000.00
c. Travel	25,000.00				25,000.00
d. Equipment	70,000.00				70,000.00
e. Supplies	10,000.00				10,000.00
f. Contractual	675,000.00				675,000.00
g. Construction	0.00				
h. Other	130,000.00				130,000.00
i. Total Direct Charges (sum of 6a-6h)	\$ 1,000,000.00				\$ 1,000,000.00
j. Indirect Charges	0.00				
k. TOTALS (sum of 6i and 6j)	\$ 1,000,000.00				\$ 1,000,000.00
7. Program Income	\$ 0.00				

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SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8. Health Insurance Premium Review-Cycle I	\$ 1,000,000.00	\$	\$	\$ 1,000,000.00
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)	\$ 1,000,000.00	\$	\$	\$ 1,000,000.00

SECTION D - FORECASTED CASH NEEDS

Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal \$ 1,000,000.00	\$ 277,500.00	\$ 252,500.00	\$ 237,500.00	\$ 232,500.00
14. Non-Federal				
15. TOTAL (sum of lines 13 and 14)	\$ 277,500.00	\$ 252,500.00	\$ 237,500.00	\$ 232,500.00

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. Health Insurance Premium Review-Cycle I	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
17.				
18.				
19.				
20. TOTAL (sum of lines 16 - 19)	\$	\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:	
22. Indirect Charges:	0
23. Remarks:	

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>Director, Accident and Health Division</p>
<p>* APPLICANT ORGANIZATION</p> <p>Kansas Insurance Department</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:

Prime SubAwardee

* Name:

* Street 1: Street 2:

* City: State: Zip:

Congressional District, if known:

5. If Reporting Entity in No.4 is Subawardee, Enter Name and Address of Prime:

6. * Federal Department/Agency: <input type="text" value="HHS"/>	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"/>	9. Award Amount, if known: \$ <input type="text" value="1,000,000.00"/>
--	---

10. a. Name and Address of Lobbying Registrant:

Prefix * First Name Middle Name

* Last Name Suffix

* Street 1: Street 2:

* City: State: Zip:

b. Individual Performing Services (including address if different from No. 10a)

Prefix * First Name Middle Name

* Last Name 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:

* Name: Prefix * First Name Middle Name

* Last Name Suffix

Title: Telephone No.: Date:

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**

Kansas Insurance Department

*** 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**

Rate Review Enhancement in Kansas

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.

Other Attachment File(s)

* Mandatory Other Attachment Filename:

Add Mandatory Other Attachment

Delete Mandatory Other Attachment

View Mandatory Other Attachment

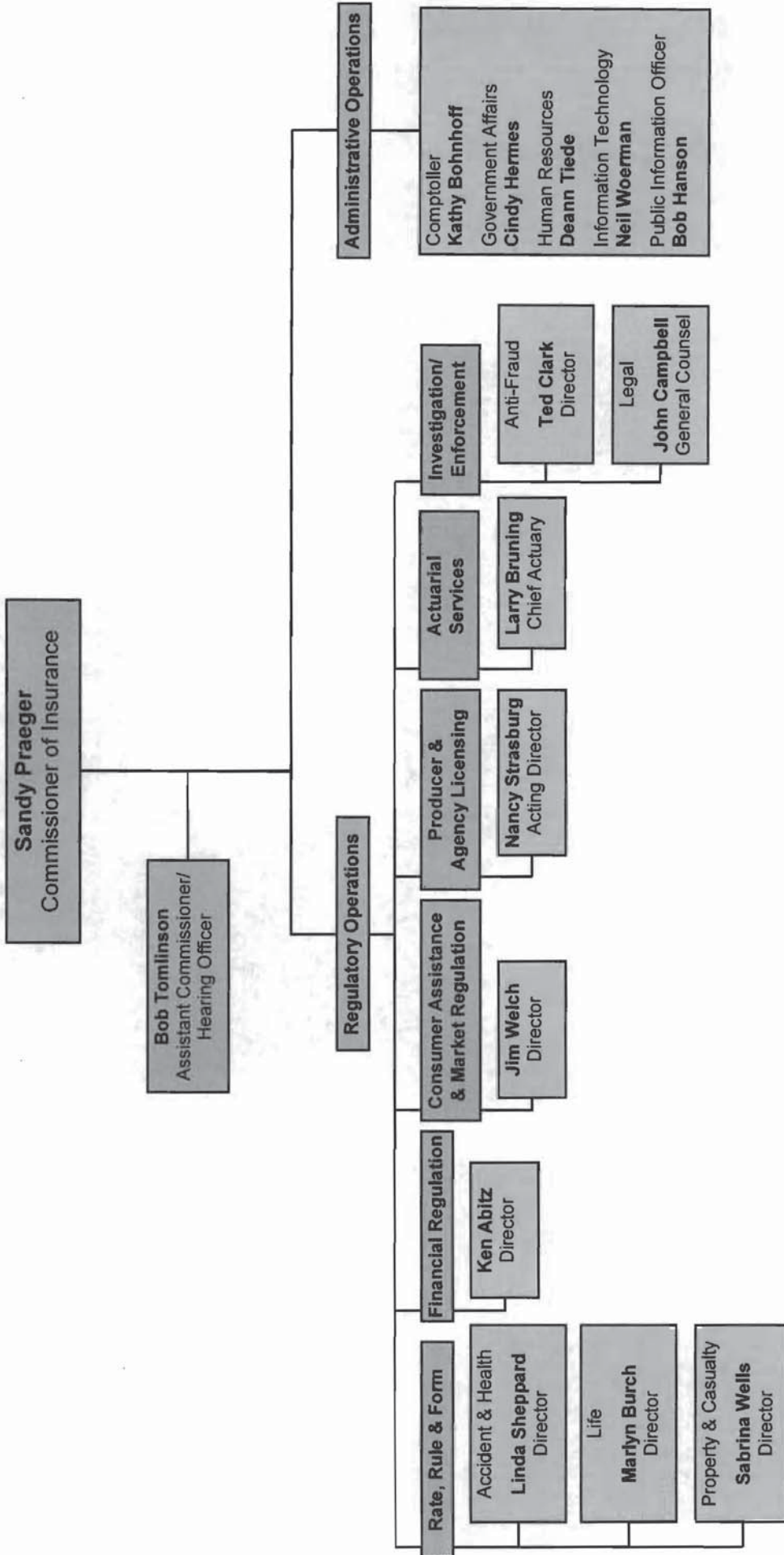
To add more "Other Attachment" attachments, please use the attachment buttons below.

Add Optional Other Attachment

Delete Optional Other Attachment

View Optional Other Attachment

Kansas Insurance Department



KANSAS INSURANCE DEPARTMENT

WORK PLAN & TIME LINE FOR RATE REVIEW PROPOSAL

Status Legend

- ✓ Complete
- ⊗ Due to complete within ___ days
- ◆ Should have started
- Should have completed

Priority	Task #	Task Name	Responsible	Start	Finish	% Complete
1		Resource Acquisition & Project Implementation	L. Sheppard			
	1.1	Secure collaboration with NAIC & KHPA		08/01/2010	09/01/2010	
	1.2	Create RFPs for IT & Actuarial support		09/01/2010	10/01/2010	
	1.3	Interviews for new staffing		09/01/2010	10/01/2010	
	1.4	Training for current staff on IT and actuarial software		11/01/2010	01/01/2011	
	1.5	Briefings for KID and other agencies		01/01/2011	03/01/2011	
2		Information Technology Enhancements	N. Woerman			
	2.1	RFPs for IT Consulting support		08/01/2010	09/01/2010	
	2.2	Work planning with NAIC and KHPA for APIs		09/01/2010	10/01/2010	
	2.3	System Planning for APIs & other system work		08/01/2010	10/01/2010	
	2.4	Acquisition of hardware, software, other resources		09/01/2010	10/01/2010	
	2.5	Implement & test upgrades		11/01/2010	12/01/2010	
	2.6	Design retrievals & extract data from SERFF, KHIIS		10/01/2010	03/01/2011	
	2.7	Install, test query and reporting tools		10/01/2010	12/01/2010	
	2.8	Production of reports for actuarial work & web site		10/01/2010	04/01/2011	
	2.9	Design reports for web site, HHS, other reporting		01/01/2011	04/01/2011	
3		Actuarial Support & Rate Review Process Enhancement	C. Van Aalst &			
	3.1	RFP for Actuarial Consulting support	L. Bruning	08/01/2010	09/01/2010	
	3.2	Actuarial Review of Current IT and Rate Review workflow		10/01/2010	11/01/2010	
	3.3	Acquisition of Pricing Software		11/01/2010	12/01/2010	
	3.4	Work plan for recasing rating review processes		11/01/2010	01/01/2011	
	3.5	Assistance with Baseline Data Development		01/01/2011	04/01/2011	
4		Outreach and Public Disclosure	L. Sheppard			

Priority	Task #	Task Name	Responsible	Start	Finish	% Complete

COVER SHEET

IDENTIFYING INFORMATION

GRANT OPPORTUNITY: HHS Health Insurance Rate Review Grants - Cycle I, CFDA 93.511

DUNS #: 8073637910000

GRANT AWARD:
\$1 million

APPLICANT:
Kansas Insurance Department
420 SW Ninth Street
Topeka KS 66621

PRIMARY CONTACT:
Linda J. Sheppard
Director, Accident and Health Division

TELEPHONE NUMBER:
(785) 296-7895

FAX NUMBER:
(785) 296-2537

E-MAIL ADDRESS:
linda.sheppard@ksinsurance.org

CONTENTS OF THE APPLICATION PACKET:

FORM SF-424, APPLICATION FOR FEDERAL ASSISTANCE

FORM SF-424A, BUDGET INFORMATION

FORM SF-424B, ASSURANCES – NON-CONSTRUCTION PROGRAMS

FORM SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

KEY CONTACTS

PROJECT/PERFORMANCE SITE LOCATION

PROPOSAL

COVER PAGE

COVER LETTER

PROJECT ABSTRACT

PROJECT NARRATIVE

BUDGET NARRATIVE

ATTACHMENT: STATUTORY AND REGULATORY AUTHORITY, KSA 20-2115

ATTACHMENT: ACTUARIAL MEMORANDUM ITEM LISTING

ATTACHMENT: JOB DESCRIPTIONS FOR PROJECT DIRECTOR AND ASSISTANT DIRECTOR

ATTACHMENT: RESUMES FOR KEY PERSONEL

ATTACHMENT: NUMBER/ROLE OF CURRENT STATE ACTUARIES AND BUDGETED PLANS TO RETAIN ADDITIONAL ACTUARIAL SUPPORT

APPENDICES – SEPARATE FILES

LETTER OF SUPPORT FROM GOVERNOR'S OFFICE

ORGANIZATIONAL CHART

SAMPLE HEALTH INSURANCE RATE FILING

WORK PLAN AND TIME LINE

PREMIUM REVIEW INFORMATION PLAN

SIGNATURE PAGES FOR SF-424, SF-424B, SF-LLL

COVER LETTER

July 6, 2010

The Honorable Kathleen Sebelius
Secretary, Department of Health & Human Services
200 Independence Avenue, SW
Washington, DC 20201

Subject: Insurance Premium Review Grant Program – Cycle 1 (CFDA 93.511).

Dear Kathleen,

The Kansas Insurance Department is applying for grant funding under the Premium Review Grant Program, Section 1003 of the Affordable Care Act of 2010. KID is authorized to conduct the health insurance rate review and reporting process for Kansas. Our interests, as yours, are to protect consumers from unreasonable, unjustified and/or excessive rate increases.

KID's program, "Roadmap for Rate Review Enhancement in Kansas," involves funding for two critical improvements. First, the capacity to exchange, analyze, and report information is presently inadequate. An approach is outlined to improve our IT foundation and its functionality. Second, the methods available for analysis and reporting warrant thorough review and recasting guided by a consulting actuary. This expertise will boost momentum and serve as a basis for longer-term changes in workflow, staffing, and reporting practices. The effort will be overseen by Linda Sheppard, Director, Accident and Health Division.

KID will not use funds for matching, direct services, or otherwise to supplant existing funds. The Department will maintain its current efforts in reviewing rates and acknowledges that allocated resources will not be less than 2009. Grant funds will be dedicated to enhancing existing efforts, not as a substitute for existing funding.

We are eager to strengthen our capacity to review rates and disclose more meaningful information to the public. On behalf of KID and all Kansans, we are grateful for this opportunity.

Sincerely Yours,

Sandy Praeger, Commissioner

PROJECT ABSTRACT

Introduction. The Kansas Insurance Department (KID) is proposing to develop a more comprehensive program for thoroughly reviewing, justifying, and reporting health insurance premium changes for the state's individual and small/large group markets. Cornerstones of the proposed work are enhanced Information Technology (IT) capabilities and a recast rate review process designed with guidance and ongoing support from experienced consulting actuaries. Funding will also be allocated to augment staffing, acquire analytical tools, present training opportunities, and expand reporting.

Proposed Activities. Milestones for this proposed work include the development of a multi-source Data Mart for querying and reporting purposes. The Data Mart will be augmented by more robust interfaces with NAIC and KHPA pricing and claims data. Premium rate pricing software and other benchmarking tools will enable actuarial modeling activities. Installation of new query and reporting tools will facilitate web-based reporting of premium rate information and compliance with HHS submissions. Support from consulting actuaries will provide guidance for recasting the state's rate review program and increase the number of rate filings subject to cross-verification with independent data and actuarial evaluation. These improvements will foster evidence-based discussion on health policy issues.

Amount Requested and Allocation of Funds. KID is requesting \$1,000,000 in grant funding from HHS. Of this amount, \$675,000 will be allocated to contractual services for IT development and actuarial consulting. The amount of \$130,000 will be allocated to training, Data Center, a NAIC SERFF collaboration, outreach, and other miscellaneous expenses. Staff will be increased by 1.5 full-time equivalents. There are no indirect charges.

Current Picture. There are 250 new filings and 600 rate filings for existing forms processed annually by KID. Kansas is a file and use state with self-insured and ERISA plans not subject to rate review. KID conducts rate reviews prospectively for health insurance products offered to the individual, small and large group markets. Carriers provide input to KID in conformance with an actuarial memorandum that includes responses to 29 product and pricing items. The Department's IT support has no electronic interface with NAIC's SERFF system or the state's Health Insurance Information System database. The current budget for KID's health insurance premium rate review function (including direct staffing costs and support services from IT, the chief actuary, and other administrative sources) is \$166,235 annually. While KID has a committee assigned to negotiate unreasonable rates with carriers, at least one-third of all filings require some negotiation. There is limited ability for public disclosure.

Benefits. The foundation (both IT, actuarial, and staffing) for providing more information to the public will be vastly improved. KID will have access to more databases, modeling capabilities, and reporting options. Policy makers studying cost, quality, and market changes will be better positioned for reviews with evidence-based information products. Funding will allow KID to develop a more appropriate IT foundation for acquiring, storing, and integrating data from multiple sources to support the rate review process. Funding for consulting actuarial services

will give KID a modernized rate review system. Actuarial consultants will support improved analysis and testing of carriers' underlying assumptions for premium rate changes.

ROADMAP FOR RATE REVIEW ENHANCEMENTS IN KANSAS

The goal of this program is to fundamentally improve the health insurance rate review process in the Kansas Insurance Department (KID). We will increase our capacity to exchange, analyze, and report information with investments in our IT foundation, its interfaces and functionality. We will recast our methods for rate review, analysis, and negotiation with the guidance of consulting actuaries. We will increase the breadth and depth of available information through these strategic actions along with strengthened partnerships with the National Association of Insurance Commissioners (NAIC) and the Kansas Health Policy Authority (KHPA).

Milestones for this proposed work include:

- *IT Infrastructure and Data Mart* – We will develop a multi-source data mart for querying and reporting purposes;
- *Supportive Interfaces to External Data* – We will create more robust interfaces with NAIC and KHPA pricing and claims data;
- *Benchmarking Tools (Premium Review Information System)* – We will install and employ actuarial pricing software for modeling and comparative purposes;
- *Web-Enabled Reporting and Transparency* – We will enhance premium rate information available on KID's web site accessible by the public;
- *Comprehensive Actuarial Services* – We will augment KID's rate review program and internal actuarial support services with input from consulting actuaries;
- *Recast Rate Review Processes* – We will increase the number of rate filings subject to cross-verification with independent data and actuarial evaluation;

- *Policy Support* – We will foster more evidence-based discussions on health policy issues.

These accomplishments will boost momentum and provide a basis for longer-term enhancements to workflow and rate review practices. This proposal is consistent with your interest in increasing the number of rate filings that are thoroughly evaluated with a meaningful and transparent rate review process.

CURRENT HEALTH INSURANCE RATE REVIEW CAPACITY AND PROCESS

Context for Proposed Work. KSA-40-2215 authorizes KID to conduct health insurance rate reviews for companies offering individual, small group and large group products to the public in Kansas (see Statute in **Appendix**). Section 40-2215(d) outlines a limited but adequate set of rate review criteria and processes used by the Department. Kansas is a file and use state with self-insured and ERISA plans not subject to rate review. The Statute is augmented with KSA-40-2251 creating a statistical plan and state database for reporting premiums, loss, and expense experience by all accident and health insurers in the state.

KID staff dedicated to the insurance rate review process is limited. Time allocated by the Department's supporting IT and actuarial expertise is diluted with their multiple competing responsibilities. Funding is minimal for use of external consulting actuarial support. There are 250 new filings and 600 rate filings for existing forms processed annually by KID.

Approximately 80% of the work is focused on the individual market and 20% on the group market. While staff strives to manage current volume, inadequate access to analytical tools and

baseline data impedes validation activities and points to a function ill-prepared for changes associated with the Affordable Care Act. Opportunities to broaden public reporting may be particularly hampered by the current outdated foundation where it is difficult even to determine the numbers of Kansans affected by specific carriers' proposed rate increases. With reported trend data in recent years ranging from 11% to 23%, untangling price inflation from other factors will be increasingly necessary.

Current Rate Review Process. KID conducts rate reviews prospectively for health insurance products offered to the individual, small and large group markets. Health plans are required to send the Department an actuarial memorandum complete with responses to 29 product and pricing items (see Actuarial Memorandum Item Listing in **Appendix**). The standardized filing format used by KID is compatible with NAIC's data specifications (see **Attached Sample Filing**). K.A.R. 40-4-1 requires companies to regularly track the performance of a block of business to assess the need for rate revisions so they don't get into positions where a block is ignored and large increases become necessary.

Individual premium rates (K.A.R. 40-4-1) - Premium rates for this segment are determined by evaluating loss ratios (i.e., the total amount of claims incurred to all insured persons with the same form divided by total premiums earned from that block of business). The required loss ratio varies by line of insurance and product renewability provisions. Premium rate increase requests can be justified if the insurance carrier shows that they will meet or exceed the required loss ratio.

Small Group Premium Rates – Small group (2-50 employees) premium rates can be increased based on the following three factors (K.S.A. 40-2215h):

- New Business Pricing Component: This reflects actuarial changes to price benefits for a group, discount arrangements with the provider network, medical trend, and other changes to a base rate. This component is applied to all small groups in the same class;
- Case Characteristics: This involves evidence that changes to a group's demographic composition justify rate revisions. Variables can include the group's age distribution, size, and geographic location;
- Group Utilization: This indicates whether the actual claims experience of a group warrants an annual premium rate increase. Similar to the individual market, a group's loss ratios determine rate increases. This portion of the annual premium rate increase must be limited to 15%.

Revisions requested for each of these three factors are multiplied together to determine the annual premium rate increase charged to each group. The total rate increase cannot exceed 75% in an annual period.

Large group premium rates – Premium rates revisions for this market are based on each group's unique experience. A group's health insurance cost trends are taken into account when justifying an annual premium rate increase. Comparisons are made with the previous year's claims experience to determine how much will be necessary to cover the upcoming year's claims.

Process Steps – Each rate review submission is evaluated and placed on file or disapproved within 30 days of its receipt. If a rate change is disapproved, the company can resubmit their filing within 30 days. Once resubmitted, the rate change must be placed on file or disapproved within 30 days. This cycle repeats itself until all concerns are answered. Incomplete rate filings and those requiring some negotiated changes can lead to a protracted process. Negotiations take place with large and small carriers alike when rate changes appear to be unreasonable. There is contact with carriers in about three-quarters of all filings. Negotiation occurs in about half of these instances.

Rate change negotiations occur for a variety of reasons, including: better-than-expected claims experience, lack of previous rate maintenance as required by K.A.R. 40-4-1, lack of credible data in Kansas, the company's overall rate history, aggressive actuarial assumptions, and whether proposed rate revision may cause a rate spiral. There have been no formal hearings in the past twelve years for unreasonable rate increases.

Consumer Protections – KID has a committee assigned to negotiate unreasonable rates with carriers. The committee consists of the Commissioner, chief actuary, general counsel, the directors of Government and Public Affairs, Consumer Assistance, and Accident and Health, and the Policy Examiner. There are no state laws or regulations explicitly governing disclosure or public access to rate change data. There is no regulation on the amount of advance notice given to consumers prior to proposed rate changes nor any official comment periods or hearings on rate filings. Consumer inquiries and complaints do occur. Rate filings are not publicly disclosed by KID.

Resource Allocation, Staffing, and Information Systems Capacity – The current budget for KID’s health insurance premium rate review function (including direct staffing costs and supporting services from IT, the chief actuary, and other administrative sources) is \$166,235 annually. Qualifications for the Accident and Health Director, Policy Examiner, and Chief Actuary are located in the **Appendix**. Resumes for these individuals and the Director of Information Technology are also located in the **Appendix**. A small portion of staff time from IT supports the rate review process. Limited dedicated resources from IT impede access to external data, analytical tools, baseline data, and posting of relevant information on KIDs web site.

Available External Resources. KID has working relations with two potentially beneficial resources for improving the premium rate review process.

SERFF – The NAIC System for Electronic Rate and Form Filing (SERFF) is a national resource providing a uniform environment for electronic rate filings by insurance carriers. Currently, there are limitations in SERFF’s capabilities. KID does not have an Application Program Interface (API) with SERFF. NAIC staff and a majority of states have expressed willingness to combine efforts and pool resources to expand the system’s data collection and exchange capabilities. This grant program’s Cycle 1 funding will permit a multi-state collaboration to improve SERFF.

KHIIS – The second available external resource is the Kansas Health Insurance Information System (KHIIS), housed in the KHPA. The system which is a repository of claims data from

health insurance carriers in Kansas was designed to facilitate review of healthcare charge and payment data. Assessments to support KHIIS are made by all 150 carriers in Kansas including the Blue Cross plan covering state employees. However, current data collection is confined to plans offering individual, small and large group coverage, not self-funded or ERISA plans. This includes 20 firms offering 31 lines of business.

KHIIS does not supply baseline comparative data to KID for analyzing rate filings. Nonetheless, KHIIS can serve as a detailed medical billing information system with diagnoses, procedures, billed and allowed charges, deductibles, co-insurance, and copayments submitted by private insurers in Kansas. This under-utilized resource could facilitate evaluation of experience for all insurers and plans in the state. The KHIIS charter expressly states its purpose is to “...aid the commissioner ... in determining whether rates and rating systems utilized by insurance companies, mutual nonprofit hospital and medical service corporations, health maintenance organizations and other entities designated by the commissioner produce premiums ... that are reasonable in relation to the benefits provided and to identify any accident and sickness insurance benefits or provisions that may be unduly influencing the cost.”

PROPOSED HEALTH INSURANCE RATE REVIEW ENHANCEMENTS

We are proposing to develop a more comprehensive program for thoroughly reviewing, justifying, and reporting health insurance premium changes for the state’s individual and small and large group markets. Cornerstones of proposed work are enhanced IT capabilities and a recast rate review process designed with the guidance of experienced consulting actuaries. In addition, funds will be allocated to augment staffing, acquire analytical tools, present training

opportunities, and expand reporting. Enhancements are warranted to better support current filing volume and foster more evidence-based policy discussions. Proposed work is also meant to anticipate the impact of changes from the Affordable Care Act, later amendments and legislation, and mental health parity. Here is a summary of proposed work:

KID Data Mart. An enhanced IT infrastructure will be better able to support rate review determinations, increase available public information, and provide necessary reporting to the Secretary of Health and Human Services. A schematic of the Rate Review Information Plan is included as an **Attachment**. The objective is to use funding to develop a multi-source data mart for storage, querying, and reporting. We will develop interfaces (APIs) with NAIC's SERFF system, the KHIIS database, and existing resources at KID including the Company Database and Producer Database. Data will be accessible and/or retrieved and stored in a form compatible with planned rate review usage. The work plan involves system analysis, system design, database development, programming services, testing, documentation, and training. This request includes hardware, software, and maintenance necessary to implement the Data Mart. Programming services will be contracted with external entities.

Supportive Interfaces. A key objective is to create IT system linkages (APIs) to access NAIC's filing data and KHPA's pricing and claims data. Funding will be earmarked to support the NAIC multi-state collaboration proposed to improve the national rate filing system. This will allow KID to retrieve all relevant filing data. Promising preliminary discussions have taken place with staff at NAIC and KHIIS. Data originating from an upgraded SERFF system will form the bulk of information for KID's Health Premium Review Data Mart and premium review

processes. Data Center funding is also anticipated for improving the KHIIS baseline data which will be critical to independent validation of filing data.

Upgrading NAIC's SERFF System – SERFF is a portal to exchange all filing information between companies and the states and to track and maintain documents, data, and communication between entities from the initial filing to disposition. The system accommodates variances between states' legal requirements for filings. Plans are to modify SERFF to include all required data and processes covered under the Affordable Care Act. These modifications will be performed by NAIC staff under the direction of its state members. Among other improvements, an API with the SERFF system will allow KID staff access to rate and form filings from insurance companies. NAIC indicates that a first release of a data collection template will be available within three months of receiving specifications from HHS. Development will proceed over an eight month period with the following planned activities:

- Modification of SERFF to include grant participation, company profiles, rate change requests designated as 'unreasonable', product type and name, HHS identifier, and new fields for rate/rule schedules;
- Changes to the states' APIs for retrieval of data elements and updates;
- New forms (Rate Filing Disclosure Form and Justification);
- Training for state staff and actuaries on SERFF use;
- Non-confidential, consumer-friendly reports for external use;
- A uniform template for data reporting.

KHIIS – Proposed work on the KHIIS system will enable KHPA to better serve as a secure, primary clearinghouse for the state’s premium and loss experience data. Elements of proposed work include the following planned activities:

- Addition of identifying information to ensure accuracy of reports by geography;
- Capacity to manage quarterly submission requirements for smaller carriers;
- Addition of identifiers on policy forms for the individual, small and large group products including average approved rate increases, earned premiums, and incurred claims;
- Available data on medical trends by product type and benefit category for projections, attribution to risk and price inflation, and for identifying shifts in cost sharing over time.

Benchmarking Tools. We propose installing and using actuarial pricing software to compare company data with normative data and to model actuarial and other assumptions underlying rate change requests. A Premium Review Information System will be developed to provide Department staff with access to the Data Mart and other relevant data. A set of manual and automated query tools will be made available to KID’s policy examiners, data analysts, actuaries, web developers, and agency administrative staff. The work plan includes system analysis, system design, database development, programming services, testing, documentation, and training. It will be possible to incorporate other KID databases into the query system to supplement KHIIS, SERFF, and other actuarial data. This request includes computer hardware, software, and maintenance for system implementation and use.

Using data from the Premium Review Information System and KHIIS, actuarial software licensed to KID will allow staff to analyze new premium filings as well as renewals filed by health insurers. This is a critical tool to evaluate whether rates are justified, excessive, adequate or unreasonable. This request will include software licensing.

Reporting and Transparency. We propose enhancing the availability of publicly-accessible premium rate information on KID's web site for use by policy makers, the public, and HHS. This will involve the purchase of software for writing and posting reports, training, and computer hardware to boost performance. KID will be able to publish data acquired from SERFF and accessed from KHIIS on its web site. This may include state and regional baseline data, public notifications that rate requests have been filed, and public documentation of rate requests. A means to receive paper or electronic comments from the public will be incorporated into the system. As is the case with other IT systems improvements, KID's request includes system analysis, design, database development, programming, testing, and documentation. Hardware and software may be included, as required.

Comprehensive Actuarial Services. An important cornerstone to improving KID's rate review processes and practices lies in more resources being allocated to actuarial support, primarily in the form of external consulting actuaries. Two significant inputs will be sought from consulting actuaries – one related to redesigning the rate review process and the other for ongoing professional assistance in analysis and reporting. The consulting actuaries' charge is to recast the rate review process in light of enhanced IT capabilities (a Data Mart, query tools, reporting software, and actuarial pricing software), new data linkages with SERFF and KHIIS, and boosted

staffing (see below). Work performed by consulting actuaries will begin with a thorough examination of the current rate review process. A report will be developed suggesting a redesigned foundation for managing existing and newly-acquired data and using software to retrieve, analyze, model, and report information pertinent to rate review. A work plan and time line will be recommended by the consulting actuaries that will include implementation activities, training, staff support, and changes to work flows. One or more external groups will be retained for these purposes.

Recast Rate Review Processes. Increasing the number of rate filings subject to cross-verification with independent data and actuarial evaluation will be one important result of a redesigned rate review process. Access to KHIIS baseline data will promote independent validation of company actuarial data and modeling assumptions. Ongoing support from consulting actuaries and others specializing in use of data for business intelligence is required to ensure optimal use of enhanced IT capabilities and rate review workflow. Elements of ongoing support include the ability to undertake the following:

- Retrospective claims cost studies to generate baseline data and make adjustments based on variations in benefits structures,
- Demographic analysis by region, product, and market segments,
- Reasonableness testing of data received,
- Projections of expected costs and enrollment with consideration for impact on policy holders,
- Calculation of appropriate standard risk rates.

These capabilities will promote more constructive discussions with company actuaries for the purpose of understanding the applicability and suitability of assumptions underlying rate change requests.

Policy Support. One key purpose associated with these proposed improvements is to foster more evidence-based discussions on health policy issues. As the principal components of the Kansas Insurance Department's rate review enhancement programs are developed, the basis for making targeted, constructive changes to statutes and regulations may be warranted. While the Department is capable of working within the existing regulatory structure, a scan will be made of effective changes by other participating states. Further, KID will initiate outreach efforts to key stakeholders, provide updates on accomplishments, and weigh the benefits of placing certain topics on the legislative calendar.

Other Proposed Work. In the process of accomplishing KID's Rate Review program objectives, other ancillary changes and funding allocations will be required. Staff supporting the rate review function will be boosted by 1.5 full-time equivalents. This includes staffing for a second Policy Rate Examiner and part-time administrative support. Funding will also be allocated for travel, consumer outreach, printed materials, and statewide town hall meetings. As suggested in the grant Solicitation, the improvements associated with KHIIS fall under the grant's Data Center allocation.

BENEFITS

KID anticipates multiple benefits from the HHS Premium Review Grant Cycle 1 funding opportunity. Some of the key benefits include:

Information Technology Systems Enhancements – Funding will allow KID to develop a more appropriate IT foundation for acquiring, storing, and integrating data from multiple sources to support the rate review process. Ties to the SERFF system will vastly improve access to companies' electronic rate filing data and reduce dependence on manual work processes.

Incorporating access to KHIIS data into the KID Data Mart will improve the representativeness of Kansas baseline data. Access to KHIIS data will provide an independent reference to validate carriers' actuarial assumptions. Improved query and reporting will aid KID's rate review through-put and decision-making. Reporting to the public and HHS will be better enabled. The IT platform will facilitate timely rate review, quicker access to more complete data, and more thorough public disclosure.

Comprehensive Actuarial Support and Design Services – Funding for consulting actuarial services will give KID a modernized rate review system. Engagements with consulting actuaries will result in redesigned workflow for staff assigned to premium rate review. Key components will include use of KHIIS data, actuarial pricing software, more complete documentation, and greater staff support (and involvement). Accessing comparative data on claims, demographics, and pricing changes from the KHIIS system will be a significant asset for the Department. The

ongoing assistance of external actuaries will support analysis and testing of carriers' underlying assumptions for premium rate changes.

Other Related Benefits – The foundation (both IT, actuarial, and staffing) for providing more information to the public will be vastly improved. KID will have access to more databases, modeling capabilities, and reporting options. Policy makers studying cost, quality, and market changes will be better positioned for informed reviews with evidence-based information products.

BUDGET NARRATIVE

KID allocates \$166,235 annually in state funding for health insurance rate review efforts. Staffing and funding will be kept constant during the grant period as a demonstration of KID's Maintenance of Effort.

KID is requesting \$1,000,000 in grant funding from HHS. Nearly 70% (\$675,000) will be allocated to contractual services for IT development and actuarial consulting. Expenses listed as 'Other' comprise 13% (\$130,000) of the amount requested. This is for training, Data Center, the SERFF collaboration, outreach, and other miscellaneous expenses. There are no indirect charges.

Personnel and Fringe Benefits: Personnel costs, beginning in Quarter 2 of the program, are allocated to increasing staffing by 1.5 FTEs. A policy examiner and administrative assistant (part-time) will be hired. The total spent over 3 quarters is \$75,000 with \$15,000 in fringe benefits.

Contractual Costs. Given the specialized nature of the proposed IT and actuarial enhancements for this funding request, \$675,000 is allocated to contracts for external support. Spending projections are \$175,000, \$170,000, \$165,000, and \$165,000 for Quarters 1 through 4, respectively.

- *Programming Support* – \$205,000 is requested for IT consulting to program APIs, systems analysis, database development, testing, and documentation.
- *Other Rate Review IT Support* – \$170,000 is requested for data mining, program modifications, report development, web site overhaul, maintenance, and other ongoing IT support.
- *Rate Review Design* – \$150,000 is requested to retain a consulting actuary to review and design an enhanced rate review process. This includes a work plan, time line, and assistance with start-up and initial work.

- *Ongoing Actuarial Support* – \$150,000 is requested for actuarial support to augment existing staff in data analysis, reporting, training on pricing software, interactions with KID staff, and work with carriers' actuaries during rate filing reviews.

Equipment. Expenses to upgrade desktop computers, laptop computers, servers, printers, PC software, and related items are budgeted at \$70,000. Amounts are allocated in Quarters 1 through 4 during the IT upgrade cycle.

Supplies. \$10,000 is budgeted for supplies, printing costs for consumer information (pamphlets/leaflets), postage, and related costs for program support and outreach efforts.

Travel. \$25,000 is budgeted for travel to conferences, NAIC workgroup meetings, training, and outreach efforts. The sum of \$5,000 is allocated to Quarters 1, 3, and 4; \$10,000 for Quarter 2.

Other Expenses. All other expenses subtotal \$130,000. Approximately 58% of this amount is budgeted for upfront funding in Quarter 1 for Data Center, SERFF, and start-up costs.

- *Training* – \$20,000 allocated in Quarters 2 to 4 for IT and actuarial training costs.
- *KHIIS Data Center* – \$50,000 upfront funding to KHPA for KHIIS improvements consistent with
- KID's Rate Review Process improvements.
- *SERFF* – \$20,000 upfront in estimated support for the anticipated NAIC collaboration.
- *Outreach and Education* – \$20,000 is budgeted for KID to host outreach efforts (including several town hall meetings) and other policy-directed education.
- *Miscellaneous* – \$20,000 is budgeted evenly over the year for software licensing and other unanticipated expenses in support of program efforts.

	Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Personnel	\$75,000	\$0	\$25,000	\$25,000	\$25,000
Fringe Benefits	\$15,000	\$0	\$5,000	\$5,000	\$5,000
Contracts					
Programming Support	\$205,000	\$50,000	\$55,000	\$50,000	\$50,000
Other Rate Review IT Support	\$170,000	\$50,000	\$40,000	\$40,000	\$40,000
Rate Review Process Design	\$150,000	\$50,000	\$50,000	\$25,000	\$25,000
Ongoing Actuarial Support	\$150,000	\$25,000	\$25,000	\$50,000	\$50,000
Contracts Subtotal	\$675,000				
Equipment	\$70,000	\$20,000	\$25,000	\$15,000	\$10,000
Supplies	\$10,000	\$2,500	\$2,500	\$2,500	\$2,500
Travel	\$25,000	\$5,000	\$10,000	\$5,000	\$5,000
Other Expenses					
Training	\$20,000	\$0	\$5,000	\$10,000	\$5,000
Data Center	\$50,000	\$50,000	\$0	\$0	\$0
SERFF	\$20,000	\$20,000	\$0	\$0	\$0
Outreach	\$20,000	\$0	\$5,000	\$5,000	\$10,000
Miscellaneous	\$20,000	\$5,000	\$5,000	\$5,000	\$5,000
Other Expenses Subtotal	\$130,000				
Indirect Charges	\$0	\$0	\$0	\$0	\$0
Total	\$1,000,000	\$277,500	\$252,500	\$237,500	\$232,500

STATUTORY AND REGULATORY AUTHORITY

40-2215

Chapter 40.--INSURANCE

Article 22.--UNIFORM POLICY PROVISIONS

40-2215. Forms and premium rates, filing, duties of commissioner; procedure; rules and regulation, violations, penalties. (a) No individual policy of accident and sickness insurance as defined in K.S.A. 40-2201 and amendments thereto shall be issued or delivered to any person in this state nor shall any application, rider or endorsement be used in connection therewith, until a copy of the form thereof and of the classification of risks and the premium rates pertaining thereto, have been filed with the commissioner of insurance.

(b) No group or blanket policy or certificate of accident and sickness insurance providing hospital, medical or surgical expense benefits shall be issued or delivered to any person in this state, nor shall any application, rider or endorsement be used in connection therewith, until a copy of the form thereof and of the classification of risks and the premium rates pertaining thereto has been filed with the commissioner of insurance.

(c) (1) No such policy shall be issued, nor shall any application, rider or endorsement be used in connection therewith, until the expiration of 30 days after it has been filed unless the commissioner gives written approval thereof.

(2) (A) The commissioner shall create a requirements document containing filing requirements for each type of insurance. Such requirements document shall contain a list of all product filing requirements for each type of insurance that is required to be filed. For each type of insurance, such requirements document shall contain an appropriate citation to each requirement contained in any statute, rule and regulation and published bulletins in this state having the force and effect of law. Such requirements document shall be available on the insurance department internet website.

(B) The commissioner shall update the requirements document referred to in subparagraph (A) no less frequently than annually. The commissioner shall update the requirements document referred to in subparagraph (A) within 30 days after the effective date of any change in law, rule and regulation or bulletin published by the commissioner having the force and effect of law in this state.

(3) A filer shall submit with each policy form filing a document indicating the location within the policy form or any supplemental document for information establishing compliance with each requirement contained in the requirements documents referenced in subparagraph (A) of paragraph (2) of this subsection. A filer shall certify that the policy form, including any accompanying supplemental document, meets all requirements of state law.

(d) (1) Any risk classifications, premium rates, rating formulae, and all modifications thereof applicable to Kansas residents shall not establish an unreasonable, excessive or unfairly discriminatory rate or, with respect to group or blanket sickness and accident policies providing hospital, medical or surgical expense benefits issued pursuant to K.S.A. 40-2209 or 40-2210, and amendments thereto, discriminate against any individuals eligible for participation in a group, or establish rating classifications within a group that are based on medical conditions. In no event shall the rates charged to any group to

which this subsection applies increase by more than 75% during any annual period unless the insurer can clearly document a material and significant change in the risk characteristics of the group.

(2) All rates for sickness and accident insurance providing hospital, medical or surgical expense benefits covering Kansas residents shall be made in accordance with the following provisions and due consideration shall be given to:

- (A) Past and prospective loss experience;
- (B) past and prospective expenses;
- (C) adequate contingency reserves; and
- (D) all other relevant factors within and without the state.

(3) Nothing in this act is intended to prohibit or discourage reasonable competition or discourage or prohibit uniformity of rates except to the extent necessary to accomplish the aforementioned purpose. The commissioner is hereby authorized to issue such rules and regulations as are necessary and not inconsistent with this act.

(e) All parties in the filing process shall act in good faith and with due diligence in performance of their duties pursuant to this section.

(f) (1) Within 30 days of receipt of the initial filing, the commissioner shall review and approve such filing or provide notice of any deficiency or disapprove the initial filing. Any notice of deficiency or disapproval shall be in writing and based only on the specific provisions of applicable statutes, regulations or bulletins published by the commissioner having the force and effect of law in this state and contained in the requirements document created by the commissioner pursuant to subparagraph (A) of paragraph (2) of subsection (c). The notice of deficiency or disapproval shall provide specific reasons for notice of deficiencies or disapproval. Such reasons shall contain sufficient detail for the filer to bring the policy form into compliance, and shall cite each specific statute, rule and regulation or bulletin having the force and effect of law in this state upon which the notice of deficiency or disapproval is based. Any notice of disapproval provided by the commissioner shall state that a hearing will be granted within 20 days after receipt of a written request therefore by the insurer. At the end of the 30 day period, the policy form shall be deemed approved if the commissioner has taken no action.

(2) In addition to the statutes, regulations or bulletins described in paragraph (2) of subsection (c), the commissioner may disapprove a filing or provide a notice of deficiency for any form for which the commissioner determines that the benefits provided therein are unreasonable in relation to the premium charged; or if such form contains any provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of such policy. Any notice of disapproval provided by the commissioner pursuant to this paragraph shall state that a hearing will be granted within 20 days after receipt of a written request therefore by the insurer.

(3) If the insurer has received a disapproval or notice of deficiency or disapproval regarding a policy form, it shall be unlawful for an insurer to issue such policy form or use such policy form in connection with any policy until that policy form has received a later approval by the commissioner.

(4) Within 30 days of receipt of the commissioner's notice of deficiency or disapproval, a filer may resubmit a policy form that corrects any deficiencies or resubmit a disapproved policy form and a revised

certification. Any policy form not resubmitted to the commissioner within 30 days of the notice of deficiency shall be deemed withdrawn. Any disapproved policy form not resubmitted to the commissioner within 30 days of the notice of disapproval shall be deemed disapproved.

(5) (A) Within 30 days of receipt of a resubmitted filing and certification, the commissioner shall review the resubmitted filing and certification, and shall approve or disapprove such resubmitted filing and certification. Any notice of disapproval pertaining to the resubmitted filing and certification shall be in writing and provide a detailed description of the reasons for the disapproval in sufficient detail for the filer to bring the policy form into compliance. The notice of disapproval shall cite each specific statute, rule and regulation or bulletin having the force and effect of law in this state upon which the disapproval is based. No further extension of time may be taken unless the filer has introduced new provisions in the resubmitted filing and certification or the filer has materially modified any substantive provisions of the policy form, in which case the commissioner may extend the time for review by an additional 30 days. At the end of this 30 day review period, the policy form shall be deemed approved if the commissioner has taken no action.

(B) (i) Subject to clause (ii) of this subparagraph, the commissioner may not disapprove a resubmitted policy form for reasons other than those initially set forth in the original notice of deficiencies or disapproval sent pursuant to paragraph (1) of this subsection.

(ii) The commissioner may disapprove a resubmitted policy form for reasons other than those initially set forth in the original notice of deficiencies or disapproval sent pursuant to this subsection if:

(a) The filer has introduced new provisions in the resubmitted policy form and certification;

(b) the filer has materially modified any substantive provisions of the policy form;

(c) there has been a change in any statute, rule and regulation or published bulletin in this state having the force and effect of law; or

(d) there has been reviewer error and the written disapproval fails to state a specific provision of applicable statute, regulation or bulletin published by the commissioner having the force and effect of law in this state that is necessary to have the policy form conform to the requirements of law.

(6) At the end of the review period, the policy form shall be deemed approved if the commissioner has taken no action.

(7) Notwithstanding any other provision in this section, the commissioner may return a grossly inadequate filing to the filer without triggering any of the time deadlines set forth in this section. For purposes of this paragraph, the term "grossly inadequate filing" means a filing that fails to provide key information, including state-specific information, regarding a product, policy or rate, or that demonstrates an insufficient understanding of what is required to comply with state statutes or regulations.

(g) Except in cases of a material error or omission in a policy form that has been approved or deemed approved pursuant to the provisions of this act, the commissioner shall not:

(1) Retroactively disapprove that filing; or

(2) with respect to those policy forms, examine the filer during a routine or targeted market conduct examination for compliance with any later-enacted policy form filing requirements.

(h) If a rate filing or marketing material is required to be filed or approved by state law for a specific policy form, the time frames for review, approval or disapproval, resubmission, and re-review of those rate filings or marketing materials shall be the same as those provided for in subsection (f) for the review of policy forms.

(i) For purposes of this section:

(1) "Accident and sickness carrier" means an entity licensed to offer accident and sickness insurance in this state, or subject to the insurance laws and regulations of this state, or subject to the jurisdiction of the commissioner, that contracts or offers to contract to provide, deliver, arrange for, pay for or reimburse any of the costs of health care services or any insurer that provides policies of supplemental, disability income, medicare supplement or long-term care insurance.

(2) "Commissioner" means the commissioner of insurance.

(3) "Health care services" means services for the diagnosis, prevention, treatment, cure or relief of a health condition, illness or disease.

(4) "Policy form" means any policy, contract, certificate, rider, endorsement, evidence of coverage of any amendments thereto that are required by law to be filed with the commissioner for approval prior to their sale or issuance for sale in this state.

(5) "Supplemental documents" means any documents required to be filed in support of policy forms that may or may not be subject to approval.

(6) "Type of insurance" means any hospital or medical expense policy, health, hospital or medical service corporation contract, and a plan provided by a municipal group-funded pool, or a health maintenance organization contract offered by an employer or any certificate issued under any such policies, contracts or plans, policies or certificates covering only accident, credit, dental, disability income, long-term care, hospital indemnity, medicare supplement, specified disease, vision care, coverage issued as a supplement to liability insurance.

(j) This section shall apply to any individual or group policy form issued by an accident and health carrier required to be filed with the commissioner for review or approval.

(k) Violations of subsection (d) shall be treated as violations of the unfair trade practices act and subject to the penalties prescribed by K.S.A. 40-2407 and 40-2411 and amendments thereto.

(l) Hearings under this section shall be conducted in accordance with the provisions of the Kansas administrative procedure act.

KANSAS INSURANCE DEPARTMENT, ACCIDENT AND HEALTH DIVISION

ACTUARIAL MEMORANDUM ITEM LISTING

In accordance with KAR 40-4-1, all health filings for products that have premiums must contain either a certification that there is no rating effect on the filing or an actuarial memorandum. To assist us in determining whether your rate submission will permit the subject form(s) to meet the standard imposed by KSA 40-2215 and KAR 40-4-1, we suggest at a minimum, the following items be included within the actuarial memorandum. Insurance trend in item 19 is the portion of the overall trend, which is not attributable to medical cost changes, that is, the portion that is a result to the insurance product structure.

1. Scope and purpose
2. Benefit Description
3. Renewability Clause
4. Applicability
5. Morbidity
6. Mortality
7. Persistency
8. Expenses
9. Commission
10. Marketing Method
11. Underwriting
12. Premium Classes
13. Issue Age Range
14. Area Factors
15. Average Annual Premium
16. Premium Modalization Rules
17. Claim Liability and Reserves
18. Active Life Reserves
19. Trend Assumption – Medical and Insurance
20. Minimum Loss Ratio
21. Anticipated Loss Ratio
22. Distribution of Business
23. Contingency and Risk Margins
24. Experience – Past and Future
25. Lifetime Loss Ratio
26. History of Rate Adjustments
27. Number of Policyholders
28. Proposed Effective Date
29. Actuarial Certification

DIRECTOR, ACCIDENT AND HEALTH DIVISION
Kansas Insurance Department
HHS Health Insurance Rate Review Grants-Cycle I, CFDA 93.511
Project Director – Linda J. Sheppard

This is an executive-level position reporting directly to the Commissioner of Insurance and will perform highly diverse and complex managerial work, exercising authority and control over the resources necessary to operate and maintain activities of the Accident and Health Division of the Kansas Insurance Department within overarching policy parameters provided by the Commissioner. Work involves coordinating the activities and setting the priorities necessary to ensure the division meets the overall mission and goals of the agency, and managing the resources to meet those goals.

Primary Job Duties:

Division Oversight Responsibilities – 42%

- Plans, develops, manages and leads the Division in performing the following functions to ensure actions are consistent with Kansas laws and regulations:
 - rate, rule and form review for all lines of accident and health insurance
 - issuance of Certificates of Authority and amendment of existing certificates
- Supervises and directs activities of division staff. This includes scheduling, performance management, work distribution and project assignment.
- Ensures accident and health insurance industry plans and insurance programs are consistent with Kansas laws and regulations.
- Leverages the use of existing and new technologies in responding to business needs and regulatory requirements.

Grant Implementation/Oversight Responsibilities – 33%

- Will oversee day-to-day operations of the grant implementation to ensure the activities, goals, objectives and timelines outlined in the grant application are being met. Will be responsible for record keeping, reviewing financial expenditures, maintaining a project file, preparing required reports, evaluating implementation progress, initiating requests for proposal(s) for actuarial consultant or other vendors or consultants for IT or other technological enhancements.
- Will work with actuarial consultant to review and enhance current rate review procedures; develop new or improved policies and procedures for premium rate review (both new and renewal); identify additional information requests; and develop rate review manual that details rate review policies and procedures.
- Will collaborate with contracted actuarial consultant in review and analysis of existing rate review processes and procedures and participate in the development of new procedures, including development of a rate review manual for standardized procedures.
- Will work with current administrator (Kansas Health Policy Authority - KHPA) of KHIIS to advise regarding changes or enhancements to be made in to produce reports to fulfill grant reporting requirements and information to be made available to KS health insurance purchasers and the general public
- Will participate in additional training opportunities to enhance understanding of health insurance industry methodology for preparing rate filings and to gain better understanding of information contained in actuarial memorandums.

- Will coordinate with Consumer Assistance Division staff to prepare information and data to be made available to the public.
- Will have direct responsibility to coordinate work of Assistant Project Director, actuarial consultant or other consultants, and any new temporary staff required to assist with this grant project.

Policy Formation/Industry Regulation Monitoring Responsibilities – 25%

- Reviews, analyzes and drafts proposed legislation that may impact the accident and health insurance industry. Promulgates new or amended accident and health insurance regulations.
- Makes recommendations to the Commissioner as to appropriate policy direction consistent with the mission of the agency.
- Represents the agency on various National Association of Insurance Commissioners (NAIC) committees and working groups relating to accident and health insurance regulation.
- Communicates with insurance industry representatives, insurance producers, peer regulators and others about accident and health insurance regulation and other industry-related issues.

Education/Experience:

A ten (10) year combination of education, training and/or experience to include graduation from an accredited four-year college or university with major course work in a related discipline and at least four (4) years experience in the field of insurance or insurance regulation which includes a minimum of two (2) years experience in accident and health lines of business. Prior management experience preferred.

Knowledge, Skills & Abilities:

- Knowledge of the organization and operations of the Kansas Insurance Department and the Department's accident and health division.
- Knowledge of federal and state laws pertaining to the accident and health insurance industry.
- Knowledge of the principles of organizational behavior and management tools applicable to public administration.
- Knowledge of total quality management methods of analyzing processes and directing continuous improvement.
- Ability to plan, assign and supervise the work of others.
- Ability to communicate effectively orally and in writing.
- Ability to communicate technical information; conduct formal presentations/speeches; and negotiate with others to resolve issues, including those of a controversial nature.
- Ability to establish and maintain effective working relationships with others.
- Ability to analyze processes and direct continuous improvement.
- Ability to identify and analyze problems and to select, implement and evaluate solutions.

POLICY EXAMINER II

Kansas Insurance Department

HHS Health Insurance Rate Review Grants-Cycle I, CFDA 93.511

Assistant Project Director – Craig Van Aalst

Primary Job Duties:

Grant Implementation Responsibilities – 50%

- Will work directly with contracted actuarial consultant to 1) review and enhance current rate review procedures; 2) develop new or improved policies and procedures for premium rate review (both new and renewal); 3) identify additional information requests; and 4) develop rate review manual that details rate review policies and procedures.
- Will track and train for updates to the NAIC's System for Electronic Rate and Form Filings (SERFF) application. Will work closely with the Department's information technology staff to update the Department's API for accessing the SERFF system and develop an internal database for storing data extracted from SERFF.
- Will collaborate with contracted actuarial consultant to establish processes for the use of actuarial pricing software for modeling and comparative purposes. Will train on the use of actuarial pricing software.
- Will work with current administrator (Kansas Health Policy Authority-KHPA) of the Kansas Health Insurance Information System (KHIIS) database to advise regarding changes or enhancement to be made in order to incorporate available data to produce reports to fulfill grant reporting requirements and utilize the data as a comparative resource in the rate review process.
- Will participate in additional training opportunities to enhance understanding of health insurance industry methodology for preparing rate filings and gain greater understanding of data and information included in actuarial opinions that are submitted with rate filing.
- Assistant Director may also provide some supervision of any new temporary staff required to assist with this grant project.

Rate Review Responsibilities – 40%

- Reviews and examines rate filings submitted by commercial insurance companies (group and individual markets) to determine compliance with applicable Kansas statutes and Departmental regulations. Corresponds, meets and confers with commercial insurance companies regarding questions and concerns relating to rate filing compliance. If the rate filing is acceptable, the policy examiner approves the filing.

Kansas Health Insurance Information System (KHIIS) Responsibilities – 5%

- Serves as the Commissioner's designee to work with the Kansas Health Policy Authority (KHPA) in collection of health insurance data for the KHIIS.

Other Responsibilities – 5%

Performs other duties which presently include:

- reviews and analyzes accident and health advertising submissions;
- reviews and analyzes Long-Term Care policy submissions;
- prepares and compiles the Long-Term Care Shopper's Guide;

- prepares and compiles the Medicare Supplement Shopper's Guide; and
- collects Form 100's

Education/Experience:

Graduation from an accredited four-year college or university with major course work in business administration or related field(s). Professional or technical experience in the insurance industry, as deemed by the Commissioner of Insurance to be sufficient qualification to perform the assigned work, may be substituted for the required college study. At least two (2) years of experience in the area of accident and health insurance required.

Knowledge, Skills & Abilities:

- Strong analytical skills.
- Knowledge of common computer software including word processing, spreadsheet, database and web-based applications.
- Knowledge of English, spelling, grammar and arithmetic.
- Knowledge of general office practices including typing and proofreading.
- Knowledge of federal and state laws, regulations, statutes and policies relating to accident and health insurance regulation.
- Ability to exercise judgment and discretion in interpreting and applying laws, statutes, regulations and procedures to carry out assignments.
- Ability to analyze filings; detect areas of non-compliance and effectively communicate those areas to the appropriate insurance company personnel so that the filing may be amended.
- Ability to use independent thought and judgment in developing appropriate and effective solutions to assignments.
- Ability to effectively gather and organize technical information; communicate information in both verbal and written form in a clear, concise and accurate manner; conduct presentations.
- Ability to establish and maintain effective working relationships with others.
- Ability to collaborate with others to resolve issues.

NUMBER/ROLE OF CURRENT STATE ACTUARIES AND BUDGETED PLANS TO RETAIN ADDITIONAL ACTUARIAL SUPPORT

Currently, there is one actuary affiliated with the Kansas Insurance Department. He is assigned responsibility for providing expertise to multiple divisions within the Department. The percentage of time that he spends on rate review is less than half time. Upon acceptance of the Kansas proposal, a Request for Proposal (RFP) will be circulated to a list of firms specializing in consulting actuarial work. The budget for retaining a consulting actuary will derive entirely from grant funding. Here is the job description for the Kansas Insurance Department chief actuary position:

Chief Actuary, Life/Health

This is an executive-level position reporting directly to the Commissioner of Insurance and will perform professional services work involving actuarial analysis of insurance company rates, reserves, underwriting, models, and other insurance company policies and procedures.

Primary Job Duties:

- Reviews and analyzes all phases of insurance company operations and advises the Commissioner of Insurance concerning rate development, company financial status, and new or amended legislation.
- Reviews and analyzes rate filings in order to determine propriety of rates and compliance with applicable laws, rules, and regulations; reviews, analyzes and develops rate making procedures, rating plans, experience calls, underwriting procedures, and statistical plans for life and health lines of insurance; and reviews and analyzes insurance company reserves, annual statements, self-insurance operations, mergers and financial examinations.
- Reviews all domestic insurance company financial statement and risk based capital filings, actuarial opinion memorandums and actuarial certifications to insure insurance company solvency. Participates in insurance financial examinations.

Education/Experience:

Graduation from an accredited four-year college or university with major course work in a related discipline is required. Society of Actuaries associate level status is required, and fellowship designation is preferred. Must have a minimum of 10 years of actuarial experience and leadership ability at a senior level within the life/health insurance industry. A strong track record of exceptional applied analytical and financial skills is essential.

Knowledge: Knowledge of advanced mathematics, actuarial science, economic indices and trends, statistical procedures, and insurance principles required. Knowledge of insurance company rating plans, insurance company underwriting procedures and applicable state insurance laws and regulations desired.

KANSAS

Linda J. Sheppard, JD
HHS Health Insurance Rate Review Grants-Cycle I, CFDA 93.511
Project Director

EDUCATION

University of Kansas School of Law
Juris Doctorate awarded in 1995
Lawrence, Kansas

University of Kansas
Bachelor of Science, Business Administration awarded in 1992
Lawrence, Kansas

WORK EXPERIENCE

2008-present Kansas Insurance Department
Director, Accident & Health Division
Topeka, Kansas

2007-2008 Office of Kansas Attorney General
Deputy Attorney General, Consumer Protection Division
Topeka, Kansas

1999-2007 Kansas Insurance Department
Assistant General Counsel
Topeka, Kansas

1995-1999 Shughart Thomson & Kilroy, P.C.
Attorney
Kansas City, Missouri

PROFESSIONAL ACTIVITIES

- Kansas Licensed Attorney
- Missouri Licensed Attorney
- Member, Missouri Bar Association

Craig Van Aalst, HIA
HHS Health Insurance Rate Review Grants-Cycle I, CFDA 93.511
Assistant Project Director

EDUCATION

Washburn University
Bachelor of Business Administration, Finance, awarded in 1997
Topeka, Kansas

WORK EXPERIENCE

1999-present Kansas Insurance Department
Accident & Health Policy Examiner II
Topeka, Kansas

1998-1999 Kansas Insurance Department
Accident & Health Policy Examiner I
Topeka, Kansas

PROFESSIONAL DESIGNATION

Health Insurance Associate (HIA), AHIP-America's Health Insurance Plans

Neil A. Woerman
HHS Health Insurance Rate Review Grants-Cycle I, CFDA 93.511
Key Personnel

EDUCATION

Kansas State University
Master of Science, Journalism & Mass Communications awarded in 1982
Manhattan, Kansas

Kansas State University
Bachelor of Science, Journalism & Mass Communications awarded in 1974
Manhattan, Kansas

WORK EXPERIENCE

2003-present Kansas Insurance Department
Director, Information Technology
Topeka, Kansas

1995-2003 Office of Kansas Attorney General Carla J. Stovall
Director, Budget & Special Projects
Topeka, Kansas

1987-1995 Office of Kansas Attorney General Robert T. Stephan
Chief of Staff
Topeka, Kansas

1979-1987 Office of Kansas Attorney General Robert T. Stephan
Special Assistant
Topeka, Kansas

PROFESSIONAL ACTIVITIES

- Chair, NAIC Information Systems (IS) Task Force

Larry J. Bruning, FSA, MAAA, CLU
HHS Health Insurance Rate Review Grants-Cycle I, CFDA 93.511

EDUCATION

University of Nebraska
Bachelor of Arts, Mathematics awarded in 1976
Omaha, Nebraska

WORK EXPERIENCE

2003-present Kansas Insurance Department
Chief Actuary
Topeka, Kansas

1994-2003 AmerUs Annuity Group
Senior Vice President & Chief Actuary
Topeka, Kansas

1991-1994 Security Benefit Group of Companies
Vice President & Product Development Actuary
Topeka, Kansas

1988-1991 Century Companies of America
Vice President & Actuary
Waverly, Iowa

1976-1988 Guarantee Mutual Life
Assistant Vice President & Valuation Actuary
Omaha, Nebraska

PROFESSIONAL DESIGNATIONS

- Fellow of Society of Actuaries (FSA), 1985
- Member of American Academy of Actuaries (MAAA), 1984
- Chartered Life Underwriter (CLU)

PROFESSIONAL ACTIVITIES

- Chair, NAIC Life and Health Actuarial Task Force (LHATF)
- Past Chair, NAIC LHATF - Accident and Health Working Group
- Past Chair, NAIC C-3 Phase II Results Subgroup
- Member, NAIC Capital Adequacy Task Force
- Member, NAIC Capital Adequacy Task Force - Life Risk-Based Capital (E) Working Group
- Member, NAIC Life Risk-Based Capital (E) Working Group
- Director, American Academy of Actuaries Board
- Vice-Chair, American Academy of Actuaries Life Practice Note Working Group
- Adjunct Professor, Washburn University 2003-2007
Statistics, Theory of Interest & Actuarial Mathematics
- Adjunct Professor, University of Nebraska 1984-1987
- Theory of Interest & Actuarial Roles & Ethics

Tatum, Barbara P. (CMS/CTR)

Full Name: Linda Sheppard
Last Name: Sheppard
First Name: Linda
Job Title: Director A&H
Department: A&H

E-mail: LJShep@ksinsurance.org
E-mail Display As: Linda Sheppard (LJShep@ksinsurance.org)

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 ^o	<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:

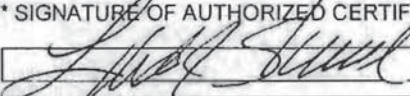
* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative:  * Date Signed:

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.

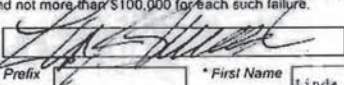
* SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 	* TITLE Director, Accident and Health Division
* APPLICANT ORGANIZATION Kansas Insurance Department	* DATE SUBMITTED 7/7/10

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: Kansas Insurance Department * Street 1: 120 SW Ninth Street Street 2: * City: Topeka State: KS: Kansas Zip: 66612-1678 Congressional District, if known: KS-02		
5. If Reporting Entity in No.4 is Subawardee, Enter Name and Address of Prime:		
6. * Federal Department/Agency: HHS	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: 0	9. Award Amount, if known: \$ 1,000,000.00	
10. a. Name and Address of Lobbying Registrant: Prefix: * First Name: NA Middle Name: NA * Last Name: NA Suffix: * Street 1: Street 2: * City: State: Zip:		
b. Individual Performing Services (including address if different from No. 10a) Prefix: * First Name: NA Middle Name: * Last Name: NA 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:  * Name: Prefix: * First Name: Linda Middle Name: J * Last Name: Sheppard Suffix: Title: Director, Accident and Health Division Telephone No.: 785-296-7895 Date: 7/7/10		
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Page 74 redacted for the following reason:

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Page 75 redacted for the following reason:

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