South Dakota

3) Budget Narrative:

The Division of Insurance (Division) will be contracting with qualified actuaries' to develop comprehensive rate review standards for current staff in regards to all accident and health filings. Qualified Actuaries will provide additional staff training to implement these standards. The actuary will provide ongoing training in accordance with the standards. The total cost is estimated at $18,000.

In conjunction with a qualified actuary developing standards, the Division will also develop internal guidelines based on these standards. These guidelines will set principles in place for the division to refer Accident and Health Filings to be reviewed by a qualified actuary. The Division anticipates 75 accident and health filings will be referred to a qualified actuary for review over the grant period. The cost per analysis is estimated at $7,000 for a total cost of $525,000.

The Division intends to establish a portal available via the Division website to allow consumers public access to accident and health rate filings. The Division will work with our state Bureau of Information and Telecommunications (BIT) to establish a consumer friendly web portal. The Division will also provide a publicly accessible computer housed within the Division's Office to view rate filings. The estimated cost is $23,390. The Division will work with NAIC to utilize SERFF in meeting many IT requirements as outlined in the grant. SERFF will make modifications to address data collection and reporting requirements, such as:

- State options to indicate premium review grant participation
- Company profile changes to incorporate company type
- State-maintained indicator for rate filing requests meeting the HHS threshold for 'unreasonable'.

- Addition of field to indicate product types
- Company-maintained product information including product name, HHS id, and product status that will allow the companies to track products and apply them to filings.
- A new set of fields added to the Rate/Rule schedule items to provide HIPR data on a policy form basis.
- Changes to the State API to accommodate retrieval of the data elements added above and to allow for updates of appropriate data elements via the State API.

SERFF will incorporate the submission of a federally mandated Rate Filing Disclosure Form and Justification. Additionally SERFF will provide the Division training that will support the grant requirements, Support for making non-confidential consumer friendly rate disclosures and/or rate filing information available publicly, as required and permitted, and support the ability to satisfy reporting requirements of the uniform template for data reporting within the SERFF system, if HHS will accept reports directly from SERFF, including basic trending reports.

An interface to allow HHS to get reports from SERFF is included within the estimate should that prove a requirement.

The Division will maintain their current funding structure for staff functions associated with this grant proposal.

Total Project Budget		
Comprehensive Rate Review Standards	$	18,000.00
Internal Guidelines & Actuarial Reviews	$	525,000.00
Web Portal	$	23,390.00
SERFF Enhancements	$	18,808.00
Total	**$**	**585,198.00**

South Dakota
Department of Revenue & Regulation
Division of Insurance

445 East Capitol Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-3563
Fax: 605-773-5369

July 2, 2010

Office of Consumer Information and Insurance Oversight

Subject: Grant to States for Health Insurance Premium Review – Cycle 1
Applicant's Application Cover Letter

To Whom it May Concern:

The South Dakota Department of Revenue and Regulation, Division of Insurance will be taking the opportunity to apply for the Health Insurance Premium Review Grant – Cycle 1 established under Section 2794 of the Public Health Service Act, PPACA Section 1003.

The South Dakota Department of Revenue and Regulation, Division of Insurance has the authority to oversee and coordinate the proposed activities signified in the grant proposal.

I, Merle Scheiber, Director of the Division of Insurance will serve as the Project Director. My contact information is as follows:
Division of Insurance
Attn. Director Scheiber
445 E Capitol Avenue
Pierre, SD 57501
605.773.3563
merle.scheiber@state.sd.us

Melissa Klemann, Senior Policy Analyst, with the Division of Insurance will serve as the primary Project Manager carrying out the functions of the Grant. Please contact Ms. Klemann directly with any questions concerning this application. Her contact information is as follows:
Division of Insurance
Attn: Melissa Klemann
445 E Capitol Avenue
Pierre, SD 57501
605.773.3563
melissa.klemann@state.sd.us

Thank you for your review of this grant application.

Sincerely,

Merle Scheiber

Merle Scheiber
Director
Division of Insurance

ATTACHMENT C

APPLICATION COVER SHEET AND CHECK-OFF LIST

Indentifying Information:

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

DUNS #: 155939226 Grant Award: $1 million

Applicant: State of South Dakota - Department of Revenue & Regulation
Division of Insurance

Primary Contact Person, Name: Melissa Klemann

Telephone Number: 605.773.3563 Fax number: 605.773.5369

Email address: melissa.klemann@state.sd.us

APPLICATION COVER SHEET AND CHECK-OFF LIST

REQUIRED CONTENTS

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

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

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

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

Individual Rates

Bulletin 09-07

58-17-4.1. Filing and prior approval of individual premium rates by director--Notice of disapproval or approval. Premium rates charged for any individual accident and health insurance policy issued pursuant to this chapter shall be filed with the director and are deemed approved at the expiration of thirty days after the filing thereof unless disapproved by the director within the thirty-day period. The director may disapprove individual accident and health insurance premium rates which are not in compliance with the requirements of this chapter. The director shall send written notice of such disapproval to the insurer. However, the director may approve the premium rates before the thirty-day period expires by giving written notice of approval. Premium rates for health benefit plans that are being actively marketed and subject to the provisions of § 58-17-70 are not subject to the prior approval requirements of this section but shall be filed in accordance with §§ 58-24-10, 58-24-13 to 58-24-19, inclusive, and 58-24-21 to 58-24-25, inclusive.

Source: SL 1988, ch 399, § 1; SL 2006, ch 254, § 1.

58-17-4.2. Premium rates required to be reasonable--Rules to establish minimum standards promulgated by director. Premium rates charged for any individual accident and health insurance policy pursuant to this chapter shall be reasonable in relation to the benefits available under the policy. The director shall promulgate rules pursuant to chapter 1-26 to establish minimum standards in accordance with accepted actuarial principles and practices, for loss ratios of individual accident and health insurance policies on the basis of incurred claims experience and earned premiums.

Source: SL 1988, ch 399, § 2.

58-17-74. Provisions for premium rates for individual health benefit plans. Premium rates for individual health benefit plans subject to §§ 58-17-66 to 58-17-87, inclusive, are subject to the following provisions:

(1) Any new policy issued after the effective date of §§ 58-17-66 to 58-17-87, inclusive, is subject to the provisions of §§ 58-17-66 to 58-17-87, inclusive;

(2) The index rate for a rating period for any class of individual business may not exceed the index rate for any other class of individual business by more than twenty percent;

(3) For a class of business, the premium rates charged during a rating period to individuals with similar case characteristics for the same or similar coverage, or the rates that could be charged to such individuals under the rating

system for that class of business, may not vary from the index rate by more than thirty percent of the index rate;

(4) An adjustment applied to a single block of business may not exceed the adjustment applied to all blocks of business by more than fifteen percent due to the claim experience or health status of that block of business;

(5) Any adjustment in rates for claim experience and duration of coverage may not be charged to specific individual policyholders. Any such adjustment shall be applied uniformly to the rates charged for any person and dependents of the person within each class of business;

(6) Premium rates for individual health benefit plans shall comply with the requirements of §§ 58-17-66 to 58-17-87, inclusive;

(7) Each carrier shall apply rating factors consistently with respect to all persons in a class of business. Rating factors shall produce premiums for identical persons which differ only by the amounts attributable to plan design;

(8) No carrier may use characteristics other than age, gender, lifestyle, family composition, and geographic area without prior approval of the director. The maximum rating differential based solely on age may not exceed a factor of 5:1; and

(9) All rate adjustments based on geographic area shall reflect actual differences in the health care costs of the respective areas.

The rating provisions of subdivisions (1), (2), (3), (4), and (6) of this section do not apply to individual health benefit plans issued by a carrier to qualifying individuals on a guaranteed issue basis. However, the rate for any individual covered on a guaranteed issue basis may not exceed two and one half times the base rate of the class of business with the lowest index rate.

Source: SL 1996, ch 286, § 9; SL 2008, ch 263, § 1.

58-17-64. Minimum loss ratio for individual health benefit plans. Premium rates for individual health benefit plans shall produce a minimum lifetime loss ratio of not less than sixty-five percent. The director may promulgate rules pursuant to chapter 1-26 which modify the minimum loss ratio required based on the specific design of the product or other objective and pertinent criteria.

Source: SL 1994, ch 381, § 4.

58-17-74.1. Premium rate limitations. Any health benefit plan issued before July 1, 1996, is subject to the rating limitations provided in this section. For a class of business, the premium rates charged during a rating period to individuals with similar case characteristics for the same or similar coverage, or the rates

that could be charged to such individuals under the rating system for that class of business, may not exceed three times the base premium rate after July 1, 2001, two and one-half times the base premium rate after July 1, 2003, and two times the base premium rate after July 1, 2005.

Source: SL 2000, ch 240, § 1; SDCL § 58-17-4.3; SL 2005, ch 10, § 41.

58-17-75. Promulgation of rules for rates charged for individual health benefit plans. The director shall promulgate rules pursuant to chapter 1-26 to ensure that rating practices used by carriers are consistent with the purposes of §§ 58-17-66 to 58-17-87, inclusive, including rules that ensure that differences in rates charged for individual health benefit plans by carriers are reasonable, and reflect objective differences in plan design, age, and gender of the insured.

Source: SL 1996, ch 286, § 10.

58-17-77. Temporary suspension of premium rates for individual health insurance--Reasons. The director may suspend for a specified period the application of subdivision 58-17-74(2) as to the premium rates for one or more rating periods upon a filing by the carrier and a finding by the director either that the suspension is reasonable in light of the financial condition of the carrier or that the suspension would enhance the efficiency and fairness of the marketplace for individual health insurance.

Source: SL 1996, ch 286, § 12.

58-17-79. Documentation of rating methods and practices. Each carrier shall maintain at its principal place of business a complete and detailed description of its rating practices and renewal underwriting practices, including information and documentation that demonstrate that its rating methods and practices are based upon commonly accepted actuarial assumptions and are in accordance with sound actuarial principles.

Source: SL 1996, ch 286, § 14.

Administrative Rules

20:06:39:03. Permissible rating factors. A health benefit plan may use health status and weight in determining the rate charged for an individual when issuing a new policy or certificate. The application of rating factors based on health status or weight is limited to a 30 percent deviation from the index rate. Adjustments in the rating factors based on health status or weight may not be made after coverage is issued.

Source: 24 SDR 35, effective September 29, 1997.

General Authority: SDCL 58-17-75.

Law Implemented: SDCL 58-17-74.

Cross-Reference: Definition of index rate, SDCL 58-17-66.

20:06:22:03. Rate filings. Every policy form affecting benefits which is submitted for approval must be accompanied by a rate filing unless the form does not require a change in the rate. Any subsequent addition to or change in rates applicable to the policy must also be filed.

The rate filing shall include the following:

(1) An actuarial memorandum describing the basis on which rates were determined;

(2) An indication and description of the calculation of the anticipated loss ratio over the entire period for which rates are computed to provide coverage;

(3) A certification by an actuary that, to the best of the actuary's knowledge and judgment, the entire rate filing is in compliance with the applicable laws and rules of South Dakota and that the benefits are reasonable in relation to premiums;

(4) A rate schedule based on the rates to be used from the effective date of the rate filing.

Source: 16 SDR 208, effective June 3, 1990.

General Authority: SDCL 58-4-1.

Law Implemented: SDCL 58-17-4.1, 58-17-4.2.

20:06:22:04. Filings of rate revisions. In addition to the requirements in § 20:06:22:05, filings of rate revisions for a previously approved policy form shall include the following:

(1) A statement of the scope and reason for the revision, and an estimate of the expected average effect on premiums, including the original anticipated loss ratio for the form;

(2) A statement of whether the filing applies only to new business, only to in-force business, or both, and the reason; and

(3) A history of the experience under existing rates.

Source: 16 SDR 208, effective June 3, 1990.

General Authority: SDCL 58-4-1.

Law Implemented: SDCL 58-17-4.1, 58-17-4.2.

20:06:22:05. Requirements for history of experience. The history of experience required by § 20:06:22:04 shall include earned premium and incurred benefit information for each calendar year for each policy form, including data for rider and endorsement forms which are used with the policy form, on the same basis, including reserves. Subject to the approval of the director, an insurer may combine the premium and incurred benefit information on similar coverages. Separate data may be maintained for each rider or endorsement form to the extent appropriate.

Subject to approval of the director, experience under forms which provide substantially similar coverage and provisions and which are issued to substantially similar risk classes may be combined for purposes of evaluating experience data in relation to premium rates and rate revisions, particularly if statistical credibility would be materially improved by the combination. Once the insurer has combined forms, the insurer may not thereafter separate the experience, except with the approval of the director.

The history may also include, if available and appropriate, the ratios of actual claims to the claims expected according to the assumptions underlying the existing rates.

The data shall be presented using the following format:

(1) For all years of issue combined;

(2) For each calendar year of experience used in the rate determination process;

(3) For the last five years;

(4) The date and magnitude of each previous rate change, if any;

(5) The number of South Dakota policies affected by the rate revision.

Source: 16 SDR 208, effective June 3, 1990.

General Authority: SDCL 58-4-1.

Law Implemented: SDCL 58-17-4.1, 58-17-4.2.

STATE OF SOUTH DAKOTA
M. MICHAEL ROUNDS, GOVERNOR

July 2, 2010

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

Subject: Grant to States for Health Insurance Premium Review – Cycle 1
Letter of Support

Dear Secretary Sebelius,

I am writing in support of the state of South Dakota's application for the Health Insurance Premium Review Grant – Cycle 1 established under Section 2794 of the Public Health Service Act, PPACA Section 1003.

If awarded, the grant funds will be used to enhance South Dakota's ability to do premium rate review. Currently, the South Dakota premium rate review process is housed within the Department of Revenue and Regulation, Division of Insurance, where two employees are responsible for the daily review of rate filings. The State Fiscal Year (SFY) 2010 costs associated with reviewing the 347 health related rate filings were $19,300. On average, the division completes a rate filing review within 6.7 days of receipt. The state will maintain its current budgetary obligations to continue with such functions.

South Dakota proposes to use the grant funds to improve South Dakota's ability to do more in depth rate filing reviews and provide additional tools and training to enhance the process for current Division of Insurance staff. The grant proposal will also allow for an enhanced IT capacity giving consumers the ability to review rate filings in a user friendly format.

I strongly support the enhancements proposed by the Division of Insurance in the grant proposal submitted before you.

Sincerely,

M. Michael Rounds

MMR:nn

STATE CAPITOL • 500 EAST CAPITOL • PIERRE, SOUTH DAKOTA 57501-5070 • 605.773.3212

GRANTS.GOV™

Grant Application Package

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:** South Dakota Division of Insurance

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.

ERROR!

This application package has been opened and saved with a version of Adobe Acrobat or Adobe Reader that is not compatible with Grants.gov.

THIS PACKAGE IS NO LONGER VALID AND CANNOT BE SUBMITTED.

To download the Grants.gov required version visit:
http://www.grants.gov/help/download_software.jsp#adobe811

For more information: http://grants.gov/help/general_faqs.jsp#adobe

Also the Contact Center is available for further assistance. The Contact Center hours of operation are Monday-Friday, 7 a.m. to 9 p.m., Eastern Time; closed on Federal Holidays.

Email: support@grants.gov

Phone: 1-800-518-4726

ERROR!

You have attempted to open this document with a version of Adobe Acrobat or Adobe Reader that is not compatible with Grants.gov.

YOU CANNOT PROCEED WITH THIS DOCUMENT!

You are using the incorrect version: 9.304

Install the required version and try again.

To download the Grants.gov required version visit:
http://www.grants.gov/help/download_software.jsp#adobe811

For more information: http://grants.gov/help/general_faqs.jsp#adobe

Also the Contact Center is available for further assistance. The Contact Center hours of operation are Monday-Friday, 7 a.m. to 9 p.m., Eastern Time; closed on Federal Holidays.

Email: support@grants.gov

Phone: 1-800-518-4726

OMB Number: 4040-0004
Expiration Date: 03/31/2012

Application for Federal Assistance SF-424

* 1. Type of Submission:
- [ ] Preapplication
- [x] Application
- [ ] Changed/Corrected Application

* 2. Type of Application:
- [x] New
- [ ] Continuation
- [ ] Revision

* If Revision, select appropriate letter(s):

* Other (Specify):

* 3. Date Received: Completed by Grants.gov upon submission.

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

State Use Only:

6. Date Received by State:

7. State Application Identifier:

8. APPLICANT INFORMATION:

* a. Legal Name: SD Department of Revenue & Regulation-Division of Insurance

* b. Employer/Taxpayer Identification Number (EIN/TIN): 466000364

* c. Organizational DUNS: 1559392260000

d. Address:

* Street1: 445 E Capitol Avenue
Street2:
* City: Pierre
County/Parish:
* State: SD: South Dakota
Province:
* Country: USA: UNITED STATES
* Zip / Postal Code: 57501-3100

e. Organizational Unit:

Department Name:

Division Name:

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

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

Title:

Organizational Affiliation:

* Telephone Number: 6057733896
Fax Number: 6057735369

* Email: melissa.klemann@state.sd.us

Application for Federal Assistance SF-424

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

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

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

Ofc of Consumer Information & Insurance Oversight

11. Catalog of Federal Domestic Assistance Number:

93.511

CFDA Title:

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

*** 12. Funding Opportunity Number:**

RFA-FD-10-999

* Title:

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

13. Competition Identification Number:

ADOBE-FORMS-B

Title:

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

Add Attachment | Delete Attachment | View Attachment

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

Premium Review Grant

Attach supporting documents as specified in agency instructions.

Add Attachments | Delete Attachments | View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant * SD

b. Program/Project SD

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

Add Attachment | Delete Attachment | View Attachment

17. Proposed Project:

* a. Start Date: 08/09/2010

* b. End Date: 09/30/2011

18. Estimated Funding ($):

* a. Federal	585,198.00
* b. Applicant	0.00
* c. State	0.00
* d. Local	0.00
* e. Other	0.00
* f. Program Income	0.00
* g. TOTAL	585,198.00

*** 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

Add Attachment | Delete Attachment | View Attachment

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: Melissa

Middle Name:

* Last Name: Klemann

Suffix:

* Title: Senior Policy Analyst

* Telephone Number: 6057733896 | Fax Number: 6057735369

* Email: melissa.klemann@state.sd.us

* Signature of Authorized Representative: Completed by Grants.gov upon submission. | * Date Signed: Completed by Grants.gov upon submission.

OMB Number: 4040-0003
Expiration Date: 7/30/2011

Key Contacts Form

*** Applicant Organization Name:**

SD Department of Revenue & Regulation-Division of Insurance

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

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

Prefix:

* First Name: Melissa

Middle Name:

* Last Name: Klemann

Suffix:

Title:

Organizational Affiliation:

South Dakota Division of Insurance

* Street1: 445 E Capitol Avenue

Street2:

* City: Pierre

County:

* State: SD: South Dakota

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 57501-3100

* Telephone Number: 6057733896

Fax:

* Email: melissa.klemann@state.sd.us

Delete Entry | Previous Person | Next Person

OMB Number: 4040-0003
Expiration Date: 7/30/2011

Key Contacts Form

*** Applicant Organization Name:**

SD Department of Revenue & Regulation-Division of Insurance

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

*** Contact 2 Project Role:** Assistant Director

Prefix:	
* First Name:	Randy
Middle Name:	
* Last Name:	Moses
Suffix:	
Title:	Assistant Director

Organizational Affiliation:

Division of Insurance

* Street1:	445 E Capitol Avenue
Street2:	
* City:	Pierre
County:	
* State:	SD: South Dakota
Province:	
* Country:	USA: UNITED STATES
* Zip / Postal Code:	575013100
* Telephone Number:	6057733563
Fax:	6057735369
* Email:	randy.moses@state.sd.us

Delete Entry | Previous Person | Next Person

OMB Number: 4040-0010
Expiration Date: 08/31/2011

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: South Dakota Division of Insurance

DUNS Number: 1559392260000

* Street1: 445 E Capitol Avenue

Street2:

* City: Pierre County:

* State: SD: South Dakota

Province:

* Country: USA: UNITED STATES

* ZIP / Postal Code: 57501-3100 * Project/ Performance Site Congressional District: SD-all

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

Organization Name:

DUNS Number:

* Street1:

Street2:

* City: County:

* State:

Province:

* Country: USA: UNITED STATES

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

Additional Location(s) Add Attachment Delete Attachment View Attachment

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		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

OMB Number: 0980-0204
Expiration Date: 12/31/2009

Objective Work Plan

Project:

Premium Review Grant

* Year: | * Funding Agency Goal:

1 | Improve DOI's ability to do more in depth rate filing reviews and provide additional tools and training to enhance the process for current Division staff. Enhance IT Capacity.

* Objective:

South Dakota's proposed project has four main components. Those components include comprehensive rate review standards, internal rate review guidelines and actuarial services, a public accessible web portal, and SERFF enhancements.

* Results or Benefits Expected:

The proposal will improve South Dakota's ability to do more in depth rate filing reviews and provide additional tools and training to enhance the process for current Division staff. The grant proposal allows for enhanced IT Capacity.

* Activities	* Position Responsible	* Time Period Begin	* Time Period End	* Non-Salary Personnel Hours
Work with a qualified actuary to create rate review standards. The goal to implement this project is 90 days from the date of award.	Project Manager	08/09/2010	09/30/2011	40
Develop internal rate review guidelines from the standards developed within the first component of the grant. Contract with Actuaries.	Project manager	08/09/2010	09/30/2011	40
Enhance consumer access to approved rate filings by developing a web portal that will be available via the Division website.	Project Manager	08/09/2010	09/30/2011	40
work with SERFF to provide enhancements in order to report required information in conjunction with this grant and provide consumer friendly reports.	Project Manager	08/09/2010	09/30/2011	40

OMB Number: 0980-0204
Expiration Date: 12/31/2009

Objective Work Plan

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

* Criteria for Evaluating Results or Benefits Expected:

The Division will work with SERFF to ensure all reporting requirements specified in this grant are met.

OMB Number: 0980-0204
Expiration Date: 12/31/2009

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

OMB Number: 4040-0003
Expiration Date: 09/30/2011

Project Abstract

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

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

Add Attachment | Delete Attachment | View Attachment

Project Narrative File(s)

*** Mandatory Project Narrative File Filename:**

Add Mandatory Project Narrative File | Delete Mandatory Project Narrative File | View Mandatory Project Narrative File

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

Add Optional Project Narrative File | Delete Optional Project Narrative File | View Optional Project Narrative File

Budget Narrative File(s)

* Mandatory Budget Narrative Filename:

Add Mandatory Budget Narrative | Delete Mandatory Budget Narrative | View Mandatory Budget Narrative

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

Add Optional Budget Narrative | Delete Optional Budget Narrative | View Optional Budget Narrative

BUDGET INFORMATION - Non-Construction Programs

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

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Rate Review Standards		$	$	$ 18,000.00	$	$ 18,000.00
2. Internal Guidelines and Actuarial Services				525,000.00		525,000.00
3. Web Portal				23,390.00		23,390.00
4. SERFF Enhancements				18,808.00		18,808.00
5. Totals		$	$	$ 585,198.00	$	$ 585,198.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total
	(1) Rate Review Standards	(2) Internal Guidelines and Actuarial Services	(3) Web Portal	(4) SERFF Enhancements	(5)
a. Personnel	$	$	$	$	$
b. Fringe Benefits					
c. Travel					
d. Equipment					
e. Supplies					
f. Contractual	18,000.00	525,000.00	23,390.00	18,808.00	585,198.00
g. Construction					
h. Other					
i. Total Direct Charges (sum of 6a-6h)	18,000.00	525,000.00	23,390.00	18,808.00	$ 585,198.00
j. Indirect Charges					$
k. TOTALS (sum of 6i and 6j)	$ 18,000.00	$ 525,000.00	$ 23,390.00	$ 18,808.00	$ 585,198.00
7. Program Income	$	$	$	$	$

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other Sources	(e)TOTALS
8.	Rate Review Standards	$	$	$	$
9.	Internal Guidelines and Actuarial Services				
10.	Web Portal				
11.	SERFF Enhancements				
12. TOTAL (sum of lines 8-11)		$	$	$	$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	$	$	$	$	$
14. Non-Federal	$				
15. TOTAL (sum of lines 13 and 14)	$	$	$	$	$

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.	Rate Review Standards	$	$	$	$
17.	Internal Guidelines and Actuarial Services				
18.	Web Portal				
19.	SERFF Enhancements				
20. TOTAL (sum of lines 16 - 19)		$	$	$	$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:

22. Indirect Charges:

23. Remarks:

OMB Approval No.: 4040-0007
Expiration Date: 07/30/2010

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.

* SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	* TITLE
Completed on submission to Grants.gov	Senior Policy Analyst
* APPLICANT ORGANIZATION	* DATE SUBMITTED
SD Department of Revenue & Regulation-Division of Insurance	Completed on submission to Grants.gov

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:
- [ ] a. contract
- [x] b. grant
- [ ] c. cooperative agreement
- [ ] d. loan
- [ ] e. loan guarantee
- [ ] f. loan insurance

2. * Status of Federal Action:
- [ ] a. bid/offer/application
- [x] b. initial award
- [ ] c. post-award

3. * Report Type:
- [x] a. initial filing
- [ ] b. material change

4. Name and Address of Reporting Entity:

[x] Prime [ ] SubAwardee

** Name:* Department of Revenue and Regulation- Division of Insurance

** Street 1:* 445 E Capitol Avenue *Street 2:*

** City:* Pierre *State:* SD: South Dakota *Zip:* 57501

Congressional District, if known:

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

6. * Federal Department/Agency:
Office of Consumer Information and Insur

7. * Federal Program Name/Description:
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review

CFDA Number, *if applicable:* 93.511

8. Federal Action Number, *if known:*

9. Award Amount, *if known:*
$

10. a. Name and Address of Lobbying Registrant:

Prefix: ** First Name:* Melissa *Middle Name:*

** Last Name:* Klemann *Suffix:*

** Street 1:* *Street 2:*

** City:* *State:* *Zip:*

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

Prefix: ** First Name:* Melissa *Middle Name:*

** Last Name:* Klemann *Suffix:*

** Street 1:* *Street 2:*

** City:* *State:* *Zip:*

11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when the transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

*** Signature:** Completed on submission to Grants.gov

***Name:** *Prefix:* ** First Name:* Melissa *Middle Name:*

** Last Name:* Klemann *Suffix:*

Title: **Telephone No.:** **Date:** Completed on submission to Grants.gov

OMB Number: 2125-0611
Expiration Date: 03/31/2010

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)

OMB Number: 0980-0204
Expiration Date: 12/31/2009

Project Abstract Summary

Program Announcement (CFDA)

93.511

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

RFA-FD-10-999

*** Closing Date**

07/07/2010

*** Applicant Name**

SD Department of Revenue & Regulation-Division of Insurance

*** Length of Proposed Project**

Application Control No.

Federal Share Requested (for each year)

*** Federal Share 1st Year**

$

*** Federal Share 2nd Year**

$

*** Federal Share 3rd Year**

$

*** Federal Share 4th Year**

$

*** Federal Share 5th Year**

$

Non-Federal Share Requested (for each year)

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

$

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

$

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

$

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

$

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

$

*** Project Title**

Premium Review Grant

OMB Number: 0980-0204
Expiration Date: 12/31/2009

Project Abstract Summary

*** 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

Project Abstract

South Dakota's proposed project has four main components. Those components include comprehensive rate review standards, internal rate review guidelines and actuarial services, a public accessible web portal, and SERFF enhancements.

The first component of the proposal will be to work with a qualified actuary to create rate review standards. The goal to implement this project is 90 days from the date of award.

The next component is to develop internal rate review guidelines from the standards developed within the first component of the grant. The internal guidelines will assist the Division in determining which accident and health rate review filings to refer to a qualified actuary. The Division will be contracting with a qualified actuary to carry out reviews on properly identified accident and health rate review filings in order to determine if the request is actuarially supported. This piece of the grant will be implemented within 120 days from the date of award.

The third goal is to enhance consumer access to approved rate filings by developing a web portal that will be available via the Division website. This project is expected to be completed over a phased in implementation time frame of 12 months.

The final component is to work with SERFF to provide enhancements in order to report required information in conjunction with this grant and provide consumer friendly reports. SERFF will implement these enhancement over an eight month implementation phase.

The proposal as a whole will improve South Dakota's ability to do more in depth rate filing reviews and provide additional tools and training to enhance the process for current Division staff. The grant proposal will also allow for an enhanced IT capacity that will give consumers the ability to review rate filings in a user friendly format.

The total budget projected for the period of August 9, 2010 to September 30, 2011 is $585,198 with a possibility of extending the available funding beyond that date.

South Dakota
Department of Revenue & Regulation
Division of Insurance

445 East Capitol Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-3563
Fax: 605-773-5369

Merle Scheiber was appointed Director of Insurance for South Dakota on August 8, 2005, by Governor Mike Rounds and Secretary of Revenue and Regulation Gary Viken.

Director Scheiber worked in the insurance industry for several companies in South Dakota for 25 years prior to being appointed Director. "As insurance Director for South Dakota, I believe my industry experience can best serve the consumers of South Dakota to coordinate and maintain a healthy and competitive insurance marketplace. It is important to create an insurance climate that successfully establishes a regulatory environment for insurance carriers that allows them to be profitable, which in turn will provide affordable and competitive products that protect South Dakota consumers."

Director Scheiber is active in the National Association of Insurance Commissioners (NAIC) by participating with these NAIC committees; Chairman of the Workers' Compensation Task Force, Chairman of the Crop Insurance Working Group, Vice Chair Terrorism Insurance Implementation Working Group, Member of the Regulatory Framework Task Force, Surplus Lines Task Force, and Model Law Review Working Group. He serves as the Midwestern Zone Secretary/Treasurer and a member of the NAIC Executive Committee.

Director Scheiber's 25 year insurance career began in 1980 as a personal lines manager, then as a commercial lines manager, and then as a vice president of marketing and underwriting for several insurance companies. He has worked in underwriting, marketing, reinsurance and agency relations for these companies. For the last several years before appointment as Director, he had been focusing on workers' compensation as a program consultant responsible for development and management of underwriting, marketing, and loss control for workers' compensation written for a managing general agency. Scheiber holds a BA in Business Administration from Augustana College, Sioux Falls, SD and has been a Certified Insurance Counselor (CIC) since 1994.

Scheiber was named PIA Company Representative of the year in 2001 and was named the 1997 Sioux Falls Fastpitch Coach of the Year. He has been active in many South Dakota insurance memberships, serving as officer in several.

Project Narrative

Individual Accident and Health Insurance Policies

Rate filings are required for all new policy forms for which a premium is applicable as well as for any adjustments in rates once a policy form has been approved. Most accident and sickness individual rates are subject to prior approval.

With the prior approval process individual accident and health insurance premium rates are filed with the director and are deemed approved at the expiration of thirty days after the filing thereof unless disapproved by the director within the thirty-day period. The Insurance director may disapprove individual premium rates which are not in compliance with the requirements of South Dakota codified law. The director must send written notice of such disapproval to the insurer. However, the director may approve the premium rates before the thirty-day period expires by giving written notice of approval.

The process is similar for actively marketed individual major medical policies including those providing coverage on a PPO or HMO basis but under statute are subject to a file and use requirement. While insurers could technically begin using rates under a file and use filing upon the initial date of filing, as a practical matter those insurers choose to wait for approval rather than take the risk of having an already in use rate disapproved by the Division.

Premium rates for individual health benefit plans must produce a minimum lifetime loss ratio of not less than sixty-five percent and are subject to the following statutory rating band provisions:

(1) The index rate for a rating period for any class of individual business may not exceed the index rate for any other class of individual business by more than twenty percent;

(2) For a class of business, the premium rates charged during a rating period to individuals with similar case characteristics for the same or similar coverage, or the rates that could be charged to such individuals under the rating system for that class of business, may not vary from the index rate by more than thirty percent of the index rate;

(3) An adjustment applied to a single block of business may not exceed the adjustment applied to all blocks of business by more than fifteen percent due to the claim experience or health status of that block of business;

(4) Any adjustment in rates for claim experience and duration of coverage may not be charged to specific individual policyholders. Any such adjustment shall be applied uniformly to the rates charged for any person and dependents of the person within each class of business;

(5) Each carrier shall apply rating factors consistently with respect to all persons in a class of business. Rating factors shall produce premiums for identical persons which differ only by the amounts attributable to plan design;

(6) No carrier may use characteristics other than age, gender, lifestyle, family composition, and geographic area without prior approval of the director. The maximum rating differential based solely on age may not exceed a factor of 5:1; and

(7) All rate adjustments based on geographic area shall reflect actual differences in the health care costs of the respective areas.

Premium rates charged for any individual accident and health insurance policy must be reasonable in relation to the benefits available under the policy. The director has the ability to promulgate rules to establish minimum standards in accordance with accepted actuarial principles and practices, for loss ratios of individual accident and health insurance policies on the basis of incurred claims experience and earned premiums. In addition to reviewing the historical loss ratios for compliance, the Division of Insurance (Division) also takes into account other relevant information such as actual to expected loss ratios, actual to expected lapse ratios, trends, and rate increase histories.

The rate filing must include the following:

(1) An actuarial memorandum describing the basis on which rates were determined;

(2) An indication and description of the calculation of the anticipated loss ratio over the entire period for which rates are computed to provide coverage;

(3) A certification by an actuary that, to the best of the actuary's knowledge and judgment, the entire rate filing is in compliance with the applicable laws and rules of South Dakota and that the benefits are reasonable in relation to premiums; and

(4) A rate schedule based on the rates to be used from the effective date of the rate filing.

In addition filings of rate revisions for a previously approved policy form must include the following:

(1) A statement of the scope and reason for the revision, and an estimate of the expected average effect on premiums, including the original anticipated loss ratio for the form;

(2) A statement of whether the filing applies only to new business, only to in-force business, or both, and the reason; and

(3) A history of the experience under existing rates.

The rate history experience must include earned premium and incurred benefit information for each calendar year for each policy form, including data for rider and endorsement forms which are used with the policy form, on the same basis, including reserves. Subject to the approval of the director, an insurer may combine the premium and incurred benefit information on similar coverages. Separate data may be maintained for each rider or endorsement form to the extent appropriate.

Subject to approval of the director, experience under forms which provide substantially similar coverage and provisions and which are issued to substantially similar risk classes may be combined for purposes of evaluating experience data in relation to premium rates and rate revisions, particularly if statistical credibility would be materially improved by the combination. Once the insurer has combined forms, the insurer may not thereafter separate the experience, except with the approval of the director.

The historical experience may also include, if available and appropriate, the ratios of actual claims to the claims expected according to the assumptions underlying the existing rates. The history data is to be presented to the Division for all years of issue combined, for each calendar year of experience used in the rate determination process, for the last five years, the date and magnitude of each previous rate change, if any; and the number of South Dakota policies affected by the rate revision.

Small Group Market

Small group rates are not subject to prior approval. Carriers in the small group market are required to maintain a complete and detailed description of the carrier's rating practices and renewal underwriting practices, including information and documentation which demonstrate that the carrier's rating methods and practices are based upon commonly accepted actuarial assumptions and are in accordance with sound actuarial principles. The director may request this information at anytime.

Small group plans are subject to the following rating provisions:

(1) The index rate for a rating period for any class of business may not exceed the index rate for any other class of business by more than twenty percent unless:

(a) The class of business is one for which the carrier does not reject, and never has rejected, small employers included within the definition of employers eligible for the class of business or otherwise eligible employees and dependents who enroll on a timely basis, based upon their claim experience or health status;

(b) The carrier does not involuntarily transfer, and never has involuntarily transferred, a health benefit plan into or out of the class of business; or

(c) The class of business is currently available for purchase;

(2) For a class of business, the premium rates charged during a rating period to small employers with similar case characteristics for the same or similar coverage, or the rates which could be charged to such employers under the rating system for that class of business, may not vary from the index rate by more than twenty-five percent of the index rate;

(3) The percentage increase in the premium rate charged to a small employer for a new rating period may not exceed the sum of the following:

(a) The percentage change in the new business premium rate measured from the first day of the prior rating period to the first day of the new rating period. In the case of a class of business for which the small employer carrier is not issuing new policies, the carrier shall use the percentage change in the base premium rate;

(b) An adjustment, not to exceed fifteen percent annually and rata for rating periods of less than one year, due to the claim experience, health status or duration of coverage of the employees or dependents of the small employer as determined from the carrier's rate manual for the class of business; and

(c) Any adjustment due to change in coverage or change in the case characteristics of the small employer as determined from the carrier's rate manual for the class of business;

(4) For health benefit plans issued prior to July 1, 1991, a premium rate for a rating period may exceed the ranges described in subdivision (1) or (2) of this section for a period of five years from July 1, 1991. In that case, the percentage increase in the premium rate charged to a small employer in such a class of business for a new rating period may not exceed the sum of the following:

(a) The percentage change in the new business premium rate measured from the first day of the prior rating period to the first day

of the new rating period. In the case of a class of business for which the small employer carrier is not issuing new policies, the carrier shall use the percentage change in the base premium rate; and

(b) Any adjustment due to change in coverage or change in the case characteristics of the small employer as determined from the carrier's rate manual for the class of business.

This does not affect the use by a small employer carrier of legitimate rating factors other than claim experience, health status or duration of coverage in the determination of premium rates. Small employer carriers shall apply rating factors, including case characteristics, consistently with respect to all small employers in a class of business.

A small employer carrier may not involuntarily transfer a small employer into or out of a class of business. A small employer carrier may not offer to transfer a small employer into or out of a class of business unless the offer is made to transfer all small employers in the class of business without regard to case characteristics, claim experience, health status, or duration since issue.

(1) Adjustments in rates for claim experience, health status, and duration of coverage may not be charged to individual employees or dependents. Any such adjustments shall be applied uniformly to the rates charged for all employees and dependents of the small employer;

(2) A small employer carrier may utilize industry as a case characteristic in establishing premium rates, if the highest rate factor associated with any industry classification does not exceed the lowest rate factor associated with any industry classification by more than fifteen percent;

(3) Small employer carriers shall apply rating factors, including case characteristics, consistently with respect to all small employers in a class of business;

(4) For the purposes of this section, a health benefit plan that utilizes a restricted provider network is not considered similar coverage to a health benefit plan that does not utilize such a network, if utilization of the restricted provider network results in substantial differences in claims costs; and

(5) No small employer carrier may use case characteristics, other than age, gender, industry, family composition, and group size without prior approval of the director.

The premium rates for an individual covered in a small employer plan may not exceed the premium rate for any other individual covered under the same small employer carrier because of age alone by a factor of 3:1. A small employer carrier may not require any individual to pay any premium or contribution that is greater than that for a similarly situated individual enrolled in the plan.

In May of 2007 the South Dakota Division of Insurance went to mandatory electronic filings through the System for Electronic Rate Filings (SERFF).

The Divisions total budget for Fiscal Year 2010 (July 1, 2009 to June 30, 2010) was $1,816,586. The Division has two full time staff members dedicated to accident and health rate and form filings. The Division has an Assistant Director that oversees this area of the Division. The Division reviewed 3239 health filings in FY 2010. Rate filings account for 11% of all reviewed filings.

Current Budget Associated with Accident & Health Rate Review Filings	
Assistant Director - Salary and Benefits	$ 8,372.20
Analyst - Salary and Benefits - 2	$ 9,973.87
Contractural Services*	$ 921.40
Total	**$ 19,267.47**

* rent, computer and telephone access charges, liability insurance assessed per FTE

Individual Accident & Health Rate Filings		
	FY 2009	**FY 2010**
Major Medical Filings	61	52
avg per month	5.1	4.3
Average Days Required to Complete Review	7.7	6.6
All Health Insurance Filings	351	347
avg per month	29.3	28.9
Average Days Required to Complete Review	8.9	6.7

South Dakota Rate Filings are public documents and available for inspection by the general public. Individuals seeking information relative to approved or

disapproved rate increases may contact the Division for access to those filings. Staff members are available 8 a.m. – 5 p.m. CST to answers questions regarding premium rate filings.

Prior to the implementation of any rate increase for any individual health insurance policy, the insurer must provide at least thirty days notice to the insured. The notice provision must be included in either the policy or in a rider to the policy. Forty-five days before a premium rate increase is effective in the small group segment the health insurance company must notify the policy holder in writing that the premium rate will be increased.

Premium Rate Inquiries and Complaints		
	FY 2009	FY 2010
Individual	6	8
Group	1	3
Major Medical Insurance Total	7	11
Individual	18	23
Group	1	5
All Health Insurance Total	19	28

The Division has not taken formal action against any insurance company regarding health insurance rates in the past two plan years. Additionally there have been no formal hearings or market conduct exams concerning health insurance rates during the past two years.

The Division will be contracting with qualified actuaries' familiar with the Actuarial Standards of Practice (ASOP's) and Guidelines for Professional Conduct to develop comprehensive rate review standards for current staff in regards to all accident and health filings. Qualified Actuaries will also provide additional staff training to implement these standards. The actuary will provide ongoing training in accordance with the standards.

The Division anticipates these standards can be implemented within 90 days from the time of award.

Cost: $18,000

In conjunction with a qualified actuary developing standards, the Division will also develop internal guidelines based on these standards. These guidelines will set principles in place for the division to refer Accident and Health Filings to be reviewed by a qualified actuary. The actuary will review filings to ensure increases/decreases are actuarially supported in accordance with South Dakota Codified Law. In FY 2010 the Division reviewed an average of 4.3 individual major medical rate filings and a total of 28.9 accident and health rate filings a month. The Division anticipates 50 accident and health filings per year will be referred to a qualified actuary for review.

The Division would implement these standards within 120 days from the time of award and begin submitting rate filings to a qualified actuary.

Cost: $525,000

The Division intends to establish a a public accessible web portal via the Division website to allow consumers public access to accident and health rate filings. The

Division will work with our state Bureau of Information and Telecommunications (BIT) to establish a consumer friendly web portal. The portal will allow individuals outside of the Division Office to view documents in a word or PDF format by searching their health insurance company name. The Division will take into consideration the work that will be done by NAIC/SERFF in connection with this grant. The Division does not plan to duplicate efforts by the NAIC but to enhance upon the mechanism's they put into place for public access. The Division will also provide a public accessible computer housed within the Division's Office to review rate filings.

The project will begin an implementation phase beginning 60 days following the award of the grant and be completed over a 12 month time frame.

Cost: $23,390

The Division will work with NAIC to utilize SERFF in meeting many IT requirements as outlined in the grant. The following is a description of the deliverables provided by NAIC:

SERFF will make modifications to address data collection and reporting requirements, such as:

- State options to indicate premium review grant participation
- Company profile changes to incorporate company type
- State-maintained indicator for rate filing requests meeting the HHS threshold for 'unreasonable'.
- Addition of field to indicate product types

- Company-maintained product information including product name, HHS id, and product status that will allow the companies to track products and apply them to filings.
- A new set of fields added to the Rate/Rule schedule items to provide HIPR data on a policy form basis.
- Changes to the State API to accommodate retrieval of the data elements added above and to allow for updates of appropriate data elements via the State API.

SERFF will incorporate the submission of a federally mandated Rate Filing Disclosure Form and Justification which is currently being reviewed by the B Committee. The Disclosure Form and Justification is required to be filed under provisions of the Affordable Care Act if a rate request falls under the definition of 'unreasonable'. NAIC would also allow the Rate Filing Disclosure Form, or similar document, to be filed regardless of whether the rate request falls under the definition of 'unreasonable'. This will assist the State in their submission requirements to facilitate meeting the requirement that consumer friendly descriptions of rate filings be made available publicly.

Additionally SERFF will provide the Division training that will support the grant requirements, Support for making non-confidential consumer friendly rate disclosures and/or rate filing information available publicly, as required and permitted, and support the ability to satisfy reporting requirements of the uniform template for data reporting within the SERFF system, if HHS will accept reports directly from SERFF, including basic trending reports.

A significant portion of the project hours from SERFF will be devoted to aggregating the collected data into the reports required by HHS. An interface to allow HHS to get reports from SERFF is included within the estimate should that prove a requirement.

The SERFF enhancements incorporating HHS reporting requirements will be implemented in a phased approach with the first release to occur within 3 months of the receipt of HHS requirements for the uniform template for reporting. The initial release will focus on implementing the means for data collection; subsequent releases will incorporate reporting needs. Releasing functionality in this manner will allow a period of time during which data can then be submitted by insurers prior to any required reporting to HHS, thus avoiding manual data collection processes. Based on the requirements known at this time, the development will occur over an 8 month period beginning when the NAIC receives the reporting template and supporting documentation.

Cost: $18,808

The Division will maintain their current funding structure for staff functions associated with this grant proposal.

Small Group Market

58-18-7.13. Premium for conversion policy and continuation policy. The premium for the conversion policy shall be determined in accordance with the insurer's table of premium rates applicable to the age and class of risk for each person to be covered under that policy and to the type and amount of insurance provided. The premium for a continuation policy may not be greater than one hundred two percent of the group rate under which a person is covered. For any month after the eighteenth month, the premium amount may not exceed one hundred fifty percent of the applicable premium.

Source: SL 1984, ch 326, § 9; SL 1987, ch 378, § 1; SL 1988, ch 400, § 3; SL 1989, ch 433, § 11; SL 2001, ch 280, § 14.

58-18-35. Notice required for rate increase by group health insurance company. Forty-five days before a premium rate increase is effective, the group health insurance company shall notify the policy holder in writing that the premium rate for the group health insurance will be increased.

Source: SL 1989, ch 434, § 1.

58-18-55. Purchasing organization's notice of premium charge. The organization may provide not less than forty-five days advance notice of any benefit or premium change to its members.

Source: SL 1994, ch 382, § 4.

58-18-59. Rates for group health insurance issued to purchasing organizations. Any insurer issuing group health insurance pursuant to §§ 58-18-52 to 58-18-62, inclusive, is subject to all of the provisions of chapter 58-18B relating to rates.

Source: SL 1994, ch 382, § 8.

58-18-63. Minimum loss ratio for employer health benefit plans--Application of section. Premium rates for employer health benefit plans shall produce a minimum lifetime loss ratio of not less than seventy-five percent. The director may promulgate rules pursuant to chapter 1-26 which modify the minimum loss ratio required based upon the specific plan design or other objective and pertinent criteria. An insurer is not required to meet the minimum loss ratio on each policy issued. An insurer which does not make a filing specifying the blocks of business for which it will meet the minimum loss ratio requirements of this section will be required to meet the minimum loss ratio requirement in the aggregate on its entire employer block of business in this state. This section does not apply to any insurer which is required to comply with § 58-17-64.

Source: SL 1994, ch 381, § 1; SL 1995, ch 280.

58-18-63. Minimum loss ratio for employer health benefit plans--Application of section. Premium rates for employer health benefit plans shall produce a

minimum lifetime loss ratio of not less than seventy-five percent. The director may promulgate rules pursuant to chapter 1-26 which modify the minimum loss ratio required based upon the specific plan design or other objective and pertinent criteria. An insurer is not required to meet the minimum loss ratio on each policy issued. An insurer which does not make a filing specifying the blocks of business for which it will meet the minimum loss ratio requirements of this section will be required to meet the minimum loss ratio requirement in the aggregate on its entire employer block of business in this state. This section does not apply to any insurer which is required to comply with § 58-17-64.

Source: SL 1994, ch 381, § 1; SL 1995, ch 280.

58-18B-1. Definition of terms. Terms used in this chapter mean:

(1) "Actuarial certification," a written statement by a member of the American Academy of Actuaries or other individual approved by the director that a small employer carrier is in compliance with the provisions of this chapter, based upon the person's examination, including a review of the appropriate records and of the actuarial assumptions and methods used by the carrier in establishing premium rates for applicable health benefit plans;

(2) "Base premium rate," the lowest premium rate charged or which could have been charged for each class of business for a rating period under a rating system for that class of business, by the small employer carrier to small employers with similar case characteristics for health benefit plans with the same or similar coverage;

(3) "Carrier," any person who provides health insurance in this state. In this chapter, carrier includes a licensed insurance company, a prepaid hospital or medical service plan, a health maintenance organization, a multiple employer welfare arrangement, or any person providing a plan of health insurance subject to state insurance regulation;

(4) "Case characteristics," demographic or other relevant characteristics of a small employer, as determined by a small employer carrier, which are considered by the carrier for the determination of premium rates. Claim experience, health status, and duration of coverage since issue are not case characteristics in this chapter;

(5) "Class of business," all or a distinct grouping of small employers as shown on the records of the small employer carrier;

(a) A distinct grouping may only be established by a small employer carrier on the basis that the applicable health benefit plans:

(i) Are marketed and sold through individuals and organizations which are not participating in the marketing or sale of other distinct groupings of small

employers for such small employer carrier;

(ii) Have been acquired from another small employer carrier as a distinct grouping of plans;

(iii) Are provided through an association with membership of not less than twenty-five small employers which has been formed for purposes other than obtaining insurance; or

(iv) Are in a class of business that meets the requirements for exception to the restrictions related to premium rates provided in subsection 58-18B-3(1)(a);

(b) A small employer carrier may establish no more than two additional groupings under each of the subparagraphs in subsection (a) on the basis of underwriting criteria which are expected to produce substantial variation in the health care costs;

(c) The director may approve the establishment of additional distinct groupings upon application to, and a finding by, the director that such action would enhance the efficiency and fairness of the small employer insurance marketplace;

(6) "Director," the director of the Division of Insurance;

(7) "Division," the Division of Insurance of the Department of Revenue and Regulation;

(8) "Index rate," the arithmetic average of the applicable base premium rate and the corresponding highest premium rate for each class of business for small employers with similar case characteristics;

(9) "New business premium rate," the premium rate charged or offered by a small employer carrier to small employers with similar case characteristics for newly issued health benefit plans with the same or similar coverage for each class of business for a rating period;

(10) "Rating period," the calendar period for which premium rates established by a small employer carrier are assumed to be in effect, as determined by the small employer carrier;

(11) "Small employer," any person, firm, corporation, partnership, or association actively engaged in business which on an average of its working days during the preceding year, employed no more than fifty and no less than two employees and who employs at least two employees on the first day of the plan year. In determining the number of employees, companies which are

affiliated companies or which are eligible to file a combined tax return for purposes of state taxation are considered to be one employer;

(12) "Small employer carrier," any carrier which offers health benefit plans covering the employees of a small employer;

(13) "Affiliate" or "affiliated," any person who, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, any other specified person;

(14) "Dependent," except as otherwise required by this title, any spouse, any unmarried child under the age of nineteen years, any unmarried child who is a full-time student under the age of twenty-three and who is financially dependent upon the parent, and any unmarried child of any age who is medically certified as disabled and dependent upon the parent;

(15) "Eligible employee," any employee who works on a permanent basis and has a normal work week of thirty or more hours. The term includes any sole proprietor, any partner, and any independent contractor, if the sole proprietor, partner, or independent contractor is included as an employee under a health benefit plan of a small employer, but does not include any employee who works less than thirty hours or on a temporary or substitute basis;

(16) "Employee," has the meaning given such term under Section 3(6) of Title I of the Employee Retirement Income Security Act of 1974 (ERISA) as amended to January 1, 2001;

(17) "Health benefit plan," any hospital or medical policy or certificate, hospital or medical service plan, or health maintenance organization subscriber contract. The term does not include specified disease, hospital indemnity, fixed indemnity, accident-only, credit, dental, vision, prescription drug, medicare supplement, long-term care, or disability income insurance, coverage issued as a supplement to liability insurance, worker's compensation or similar insurance, or automobile medical payment insurance;

(18) "Restricted network provision," any provision of a health benefit plan that conditions the payment of benefits, in whole or in part, on the use of health care providers that have entered into a contractual arrangement with the carrier to provide health care services to covered individuals.

Source: SL 1991, ch 402, § 1; SL 1995, ch 281, § 1; SL 1997, ch 289, § 14; SL 2001, ch 279, § 1; SL 2003, ch 272, § 27.

Printer Friendly

58-18B-3. Regulations on premium rates. Premium rates for health benefit plans subject to this chapter are subject to the following provisions:

(1) The index rate for a rating period for any class of business may not exceed the index rate for any other class of business by more than twenty percent unless:

(a) The class of business is one for which the carrier does not reject, and never has rejected, small employers included within the definition of employers eligible for the class of business or otherwise eligible employees and dependents who enroll on a timely basis, based upon their claim experience or health status;

(b) The carrier does not involuntarily transfer, and never has involuntarily transferred, a health benefit plan into or out of the class of business; or

(c) The class of business is currently available for purchase;

(2) For a class of business, the premium rates charged during a rating period to small employers with similar case characteristics for the same or similar coverage, or the rates which could be charged to such employers under the rating system for that class of business, may not vary from the index rate by more than twenty-five percent of the index rate;

(3) The percentage increase in the premium rate charged to a small employer for a new rating period may not exceed the sum of the following:

(a) The percentage change in the new business premium rate measured from the first day of the prior rating period to the first day of the new rating period. In the case of a class of business for which the small employer carrier is not issuing new policies, the carrier shall use the percentage change in the base premium rate;

(b) An adjustment, not to exceed fifteen percent annually and adjusted pro rata for rating periods of less than one year, due to the claim experience, health status or duration of coverage of the employees or dependents of the small employer as determined from the carrier's rate manual for the class of business; and

(c) Any adjustment due to change in coverage or change in the case characteristics of the small employer as determined from the carrier's rate manual for the class of business;

(4) For health benefit plans issued prior to July 1, 1991, a premium rate for a rating period may exceed the ranges described in subdivision (1) or (2)

of this section for a period of five years from July 1, 1991. In that case, the percentage increase in the premium rate charged to a small employer in such a class of business for a new rating period may not exceed the sum of the following:

(a) The percentage change in the new business premium rate measured from the first day of the prior rating period to the first day of the new rating period. In the case of a class of business for which the small employer carrier is not issuing new policies, the carrier shall use the percentage change in the base premium rate; and

(b) Any adjustment due to change in coverage or change in the case characteristics of the small employer as determined from the carrier's rate manual for the class of business.

This section does not affect the use by a small employer carrier of legitimate rating factors other than claim experience, health status or duration of coverage in the determination of premium rates. Small employer carriers shall apply rating factors, including case characteristics, consistently with respect to all small employers in a class of business.

A small employer carrier may not involuntarily transfer a small employer into or out of a class of business. A small employer carrier may not offer to transfer a small employer into or out of a class of business unless the offer is made to transfer all small employers in the class of business without regard to case characteristics, claim experience, health status, or duration since issue.

Source: SL 1991, ch 402, § 3.

58-18B-7. Information and documentation required--Disclosure. Each small employer carrier shall maintain at the carrier's principal place of business a complete and detailed description of the carrier's rating practices and renewal underwriting practices, including information and documentation which demonstrate that the carrier's rating methods and practices are based upon commonly accepted actuarial assumptions and are in accordance with sound actuarial principles.

A small employer carrier shall make the information and documentation required by this section available to the director upon request. Except in cases of violations of this chapter, the information shall be considered proprietary and trade secret information and is not subject to disclosure by the director to persons outside of the division except as agreed to by the carrier or by order of a court, or if requested by a law enforcement officer or another state insurance agency.

Source: SL 1991, ch 402, § 7; SL 1995, ch 281, § 12; SL 2009, ch 262, § 2.

58-18B-8. Suspension of rate requirements. The director may suspend all or any part of the premium rate requirements of § 58-18B-3 applicable to one or more small employers for one or more rating periods upon a filing by the small employer carrier and a finding by the director that either the suspension is reasonable in light of the financial condition of the carrier or that the suspension would enhance the efficiency and fairness of the marketplace for small employer health insurance.

Source: SL 1991, ch 402, § 8.

58-18B-15. Provisions for premium rates. Premium rates for health benefit plans subject to this chapter are subject to the following provisions:

(1) Adjustments in rates for claim experience, health status, and duration of coverage may not be charged to individual employees or dependents. Any such adjustments shall be applied uniformly to the rates charged for all employees and dependents of the small employer;

(2) A small employer carrier may utilize industry as a case characteristic in establishing premium rates, if the highest rate factor associated with any industry classification does not exceed the lowest rate factor associated with any industry classification by more than fifteen percent;

(3) Small employer carriers shall apply rating factors, including case characteristics, consistently with respect to all small employers in a class of business;

(4) For the purposes of this section, a health benefit plan that utilizes a restricted provider network is not considered similar coverage to a health benefit plan that does not utilize such a network, if utilization of the restricted provider network results in substantial differences in claims costs; and

(5) No small employer carrier may use case characteristics, other than age, gender, industry, family composition, and group size without prior approval of the director.

Source: SL 1995, ch 281, § 8.

58-18B-17. Limit on premium rates. The premium rates for an individual covered in a small employer plan may not exceed the premium rate for any other individual covered under the same small employer carrier because of age alone by a factor of 3:1. A small employer carrier may not require any individual to pay any premium or contribution that is greater than that for a similarly situated individual enrolled in the plan. Nothing in this section prohibits a group health plan, and a health insurance issuer offering group health insurance coverage, from establishing premium discounts or rebates or modifying otherwise

applicable copayments or deductibles in return for adherence to programs of health promotion or disease prevention.

Source: SL 1995, ch 281, § 10; SL 1997, ch 289, § 15; SL 2001, ch 279, § 2.

58-18B-18. Promulgation of rules for rating practices. The director may promulgate rules pursuant to chapter 1-26 to implement the provisions of §§ 58-18B-1 to 58-18B-3, inclusive, § 58-18B-7, §§ 58-18B-15 to 58-18B-18, inclusive, and to assure that rating practices used by small employer carriers are consistent with the purposes of this chapter, including rules that:

(1) Assure that differences in rates charged for health benefit plans by small employer carriers are reasonable and reflect objective differences in plan design not including differences due to the nature of the groups assumed to select particular health benefit plans; and

(2) Prescribe the manner in which case characteristics may be used by small employer carriers.

Source: SL 1995, ch 281, § 11.

2) Work Plan and Timeline:

The Division of Insurance (Division) will contract with a qualified actuary at the time of award to develop comprehensive rate review standards for current staff in regards to all accident and health filings. The Division anticipates these standards can be implemented within 90 days from the time of award. Staff training will be provided by the qualified actuary to implement these standards within 90 days.

In conjunction with a qualified actuary developing standards, the Division will also develop internal guidelines based on these standards. The internal guidelines will assist the Division in determining which accident and health rate review filings to refer to a qualified actuary. The Division will be engaging the assistance of a qualified actuary to carry out reviews on properly identified accident and health rate review filings in order to determine if the request is actuarially supported. The Division would implement these guidelines within 120 days from the time of award and begin submitting rate filings to a qualified actuary thereafter. The Division anticipates 75 accident and health filings will be referred to a qualified actuary through the Grant Period.

The Division will work directly with the State Bureau of Information and Telecommunications (BIT) to develop a public accessible web portal for rate filings. The project will begin an implementation phase beginning 60 days following the award of the grant and be completed over a 12 month time frame.

Cost: $23,390

The Division will work with NAIC to utilize SERFF in meeting many IT requirements as outlined in the grant. The SERFF enhancements incorporating HHS reporting requirements will be implemented in a phased approach with the first release to occur within 3 months of the receipt of HHS requirements for the uniform template for reporting. The initial release will focus on implementing the means for data collection; subsequent releases will incorporate reporting needs. Releasing functionality in this manner will allow a period of time during which data can then be submitted by insurers prior to any required reporting to HHS, thus avoiding manual data collection processes. Based on the requirements known at this time, the development will occur over an 8 month period beginning when the NAIC receives the reporting template and supporting documentation. Melissa Klemann, Senior Policy Analyst with the Division will work directly with contracted actuaries, Division staff, BIT, and SERFF to ensure the implementation dates described in the grant proposal are met.

The Division will maintain their current funding structure for staff functions associated with this grant proposal.

Division Staff Organizational Chart