ARIZONA

Affordable Care Act: Grants to States for Health Insurance Premium Review-Cycle I
Arizona Application: Master List of Application Documents

Application for Federal Assistance (SF-424)

Project/Performance Site Location

Budget Information Non-Construction (SF-424A)

Assurances – Non-Construction Programs (SF-424B)

Disclosure of Lobbying Activities (SF-LLL)

Project Abstract

Project Narrative, with Appendices

Budget Narrative

ADOI Cover Letter

Objective Work Plan (Work Plan and Time Line)

Project Organization Chart

List of Key Contacts

Résumés of Project Director and Assistant Director

Governor's Letter of Support

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

[redacted]

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:** Arizona Department of Insurance

Mandatory Documents

Objective Work Plan

Move Form to Complete

Move Form to Delete

Mandatory Documents for Submission

Application for Federal Assistance (SF-424)
Key Contacts
Project/Performance Site Location(s)
Attachments
Project Abstract
Project Narrative Attachment Form
Budget Narrative Attachment Form

Optional Documents

Project Abstract Summary
Basic Work Plan
Other Attachments Form

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.

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: Arizona Department of Insurance

* b. Employer/Taxpayer Identification Number (EIN/TIN): 866004791

* c. Organizational DUNS: 8047461700000

d. Address:

* Street1: 2910 North 44th Street
Street2: Suite 210
* City: Phoenix
County/Parish: Maricopa
* State: AZ: Arizona
Province:
* Country: USA: UNITED STATES
* Zip / Postal Code: 85018-7269

e. Organizational Unit:

Department Name: Department of Insurance

Division Name: Life & Health

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

Prefix: Ms.
* First Name: Gerrie
Middle Name:
* Last Name: Marks
Suffix:

Title: Deputy Director

Organizational Affiliation:

* Telephone Number: 602-364-3471
Fax Number: 602-364-4370

* Email: gmarks@azinsurance.gov

Application for Federal Assistance SF-424

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

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*** Other (specify):**

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

Ofc of Consumer Information & Insurance Oversight

11. Catalog of Federal Domestic Assistance Number:

93.511

CFDA Title:

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

*** 12. Funding Opportunity Number:**

SFA-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:**

Arizona 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: 4 | b. Program/Project: AZ-all

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	550,441.00
* b. Applicant	0.00
* c. State	0.00
* d. Local	0.00
* e. Other	0.00
* f. Program Income	0.00
* g. TOTAL	550,441.00

*** 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.
- [x] 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
- [x] 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)**

- [x] ** 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:	Ms.
* First Name:	Gerrie
Middle Name:	
* Last Name:	Marks
Suffix:	
* Title:	Deputy Director
* Telephone Number:	602-364-3473
Fax Number:	602-364-3470
* Email:	gmarks@azinsurance.gov
* Signature of Authorized Representative:	Completed by Grants.gov upon submission. Gerrie Marks
* Date Signed:	Completed by Grants.gov upon submission. July 7, 2010

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

Key Contacts Form

*** Applicant Organization Name:**

Arizona Department of Insurance

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

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

Prefix:	Ms.
* First Name:	Alix
Middle Name:	
* Last Name:	Shafer
Suffix:	
Title:	Assistant Director, Life & Health

Organizational Affiliation:

* Street1:	2910 North 44th Street
Street2:	Suite 210
* City:	Phoenix
County:	Maricopa
* State:	AZ: Arizona
Province:	
* Country:	USA: UNITED STATES
* Zip / Postal Code:	85018-7269
* Telephone Number:	602-364-2393
Fax:	602-364-2175
* Email:	ashafer@azinsurance

Delete Entry(s)

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: Arizona Department of Insurance

DUNS Number: 8047461700000

* Street1: 2910 North 44th Street

Street2: Suite 210

* City: Phoenix County: Maricopa

* State: AZ: Arizona

Province:

* Country: USA: UNITED STATES

* ZIP / Postal Code: 85018-7269 * Project/ Performance Site Congressional District: 4

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.

See "Master List of Application Documents"

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: 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. Affordable Care Act (ACA) Health Insurance Premium Review	93.511	$	$	$ 550,441.00	$ 0.00	$ 550,441.00
2.						
3.						
4.						
5. Totals		$	$	$ 550,441.00	$	$ 550,441.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY (1)	(2)	(3)	(4)	Total (5)
	Affordable Care Act (ACA) Health Insurance Premium Review				
a. Personnel	$ 149,417.00	$	$	$	$ 149,417.00
b. Fringe Benefits	35,883.00				35,883.00
c. Travel	5,300.00				5,300.00
d. Equipment	0.00				
e. Supplies	19,105.00				19,105.00
f. Contractual	335,778.00				335,778.00
g. Construction	0.00				
h. Other	4,958.00				4,958.00
i. Total Direct Charges (sum of 6a-6h)	550,441.00				$ 550,441.00
j. Indirect Charges	0.00				$
k. TOTALS (sum of 6i and 6j)	$ 550,441.00	$	$	$	$ 550,441.00
7. Program Income	$ 0.00	$	$	$	$

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Prescribed by OMB (Circular A -102) Page 1A

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e)TOTALS
8. Affordable Care Act (ACA) Health Insurance Premium Review	$ 0.00	$ 0.00	$ 0.00	$ 0.00
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)	$	$	$	$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	$ 550,441.00	$ 205,823.00	$ 150,982.00	$ 105,387.00	$ 88,249.00
14. Non-Federal	$	0.00	0.00	0.00	0.00
15. TOTAL (sum of lines 13 and 14)	$ 550,441.00	$ 205,823.00	$ 150,982.00	$ 105,387.00	$ 88,249.00

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

(a) Grant Program	FUTURE FUNDING PERIODS (YEARS) (b)First	(c) Second	(d) Third	(e) Fourth
16. Affordable Care Act (ACA) Health Insurance Premium Review	$ 250,250.00	$ 250,250.00	$ 250,250.00	$ 250,250.00
17.				
18.				
19.				
20. TOTAL (sum of lines 16 - 19)	$ 250,250.00	$ 250,250.00	$ 250,250.00	$ 250,250.00

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
Complete this field without displaying the PIN number [illegible]	Deputy Director
* APPLICANT ORGANIZATION	* DATE SUBMITTED
Arizona Department of Insurance	Complete this field without displaying the PIN number [illegible] 7/2010

Standard Form 424B (Rev. 7-97) Back

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: Arizona Department of Insurance

* Street 1: 2910 N. 44th Street, Suite 210 | Street 2:

* City: Phoenix | State: AZ: Arizona | Zip: 85018

Congressional District, if known: 1

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

6. * Federal Department/Agency:

N/A

7. * Federal Program Name/Description:

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

CFDA Number, if applicable:

8. Federal Action Number, if known:

N/A

9. Award Amount, if known:

$

10. a. Name and Address of Lobbying Registrant:

Prefix | * First Name: N/A | Middle Name

* Last Name: N/A | Suffix

* Street 1 | Street 2

* City | State | Zip

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

Prefix | * First Name: N/A | Middle Name

* Last Name: N/A | Suffix

* Street 1 | Street 2

* City | State | Zip

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

* Signature: Jennifer Marks

*Name: Prefix | * First Name: Jennifer | Middle Name

* Last Name: Marks | Suffix

Title: Deputy Director | Telephone No.: 602-364-3671 | Date: July 7, 2015

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Standard Form - LLL (Rev. 7-97)

Affordable Care Act: Grants to States for Health Insurance Premium Review-Cycle I
Arizona Application: Project Abstract

Section 2794 of the Affordable Care Act (ACA) is titled, "Ensuring that Consumers Get Value for Their Dollars." Under Section 2794, the federal government can award grants to support states' efforts to implement ACA with regard to ensuring that consumers get value for their dollars. Arizona is applying for a grant with a budget of $550,441 to achieve two goals. Meeting the goals will result in new systems, analytical tools and consumer-support capacity that Arizona will be able to sustain with its pre-grant resources after the grant year ends.

Arizona's first goal is to ensure that Arizona consumers get value for their health care insurance dollars by improving the transparency and effectiveness of rate review. The goal has three measurable objectives. First, the Arizona Insurance Department (ADOI) will provide Arizona consumers with timely, plain language information about health insurance rates, with an initial focus on individual and small group coverage. The premise here is that informed consumers will make good purchasing decisions and maximize their benefits from ACA.

Second, ADOI will evaluate and improve the effectiveness of the non-substantive rate review it currently conducts in the individual market. The premise here is that Arizona consumers do not get the best value for their dollars if Arizona health insurers violate rate-setting laws.

Third, ADOI will evaluate and add structure to the information that small group insurers have to submit to ADOI regarding the way they set rates. Here again, the premise is that Arizona consumers do not get the best value for their dollars if Arizona health insurers violate rate-setting laws. ADOI is treating this as an independent measurable objective because the statutory structure for small group rates is different from the structure for individual rates.

Arizona's second goal is to implement ACA and ensure that Arizona consumers get value for their dollars by developing the technical infrastructure to comply with ACA requirements for collecting, reviewing and reporting health insurance rates. The second goal accounts for only $114,225, or 21% of the grant budget, because the NAIC's System for Electronic Rate & Form Filing will do much of the heavy lifting for the second goal at a cost that is modest when divided among many states. This goal is built on two measurable objectives. First, Arizona will develop the systems ability to receive and review at least 95% of insurers' submissions of rate filings that meet the forthcoming ACA standard for "unreasonable," "unjustified" or "excessive." ADOI will use its conclusions to report as required to HHS and to support ADOI's goal of transparency and information for consumers.

Second, ADOI will develop its systems ability to comply with ACA reporting requirements relating to collecting and analyzing rate patterns and trends. This is a different data collection, analysis and reporting responsibility than the one described in the previous paragraph and will require Arizona to implement a uniform reporting template that HHS will provide.

Affordable Care Act: Grants to States for Health Insurance Premium Review-Cycle I
Arizona Application: Project Narrative

CURRENT HEALTH INSURANCE RATE REVIEW CAPACITY AND PROCESS

1. GENERAL HEALTH INSURANCE RATE REGULATION.

The Arizona Department of Insurance ("ADOI") licenses and regulates HMOs, PPO/ indemnity insurers ("PPOs") and not-for-profit service corporations. With regard to rate regulation in particular:

A. Large Group and HMO Rates. ADOI does not review any rates for large group coverage or any HMO coverage, group or individual, because Arizona law does not establish any rate-setting requirements or require insurers to file those rates.

B. Small Group Rates. Arizona law establishes a rating band for small group insurance and sets out factors that insurers can take into account within the band, including scope of coverage, family size or composition, geographic area or demographic characteristics. A.R.S. § 20-2311(A)-(C), Appendix 1. ADOI does not review any rates for small group coverage directly because Arizona law does not require insurers to file those rates. The law does require insurers annually to submit (1) an actuarial certification that their small group rates comply with the law. A.R.S. §§ 20-2311(E), Appendix 1. These certifications have limited enforcement or informational value because they do not have a standardized format and because interpretation of the law varies from insurer to insurer. These varying interpretations create ambiguity about what constitutes "compliance" in each actuarial certification.

C. Individual Rates. Arizona law establishes the bases for substantive review and determining whether individual rates comply with the law. See Section 2.C, below. Although ADOI traditionally describes itself as having no authority to approve or disapprove individual rates, strictly speaking, ADOI does have approval authority over initial rates established for each

new policy. Initial rates constitute approximately 5% of rate filings ADOI receives very year. The remaining 95% of rate filings are revisions to existing rate. For both initial and existing rates, ADOI does a modified form of rate review by reviewing rate filings for completeness but does not technically assess compliance with the law.

2 FILING REQUIREMENTS (THESE APPLY ONLY TO INDIVIDUAL INSURANCE)

A. Individual Rate Review Process – Initial Filings. Arizona law requires insures to file initial rates with every new policy form that it submits for approval and gives ADOI the authority to disapprove new policy forms if the initial rates do not comply with the law. This is the "prior approval" system under which the insurer cannot use the form or rates until ADOI approves the filing. ADOI has never disapproved a new form because of non-compliant initial rates. This is not necessarily because the initial rates always comply. It is because ADOI does not have the resources or expertise to assess the entire filing content and the new rates on their merits. Instead, ADOI relies on a checklist to determine whether the filing is complete and on an actuary's certification of compliance to determine whether the rates comply with the law. If the rate filing is complete and the blanks in the actuarial certification are filled in, ADOI accepts the rate filing for the new policy at face value. ADOI describes this level of review as "completeness review" or "administrative completeness review".

B. Individual Rate Review Process – Rate Revisions. Arizona law requires the insurer to file each rate revision with ADOI before the insurer can implement the change. Rate revisions differ from initial rates in that once an insurer files a rate revision, it does not have to wait for approval before implementing the revision. This "file and use" system does not obviate compliance. The rate revisions have to comply with the law even if they are not subject to

prior approval. To screen for compliance, ADOI carries out the administrative completeness review described above. If the rate filing is complete, ADOI accepts it at face value.

C. Data Included in Individual Rate Filings; Criteria for Rate Review Every initial rate filing and rate revision filing must include a schedule of rates (no standard format), a compliance checklist (standard form attached, Appendix 2), the items listed on the checklist (no standard format), an actuarial memorandum (no standard format) and an actuarial certification of compliance (standard form attached, Appendix 3). When the actuary certifies compliance, he or she certifies that the benefits provided in every individual policy form must be reasonable "in relation to the premium charged." A.R.S. § 20-1342.02 (Appendix 4). An administrative rule describes how to tell if the benefits are reasonable in relation to the premium charged. In brief, the insurer must submit information about the way it calculated the rate, including its "anticipated loss ratio" for the policy. AAC R20-6-607 (C) and (D), Appendix 5. If the anticipated loss ratio meets a standard specified in the rule, the benefits are deemed reasonable. For example, if an insurer wants to increase the rates for a guaranteed renewable policy, it must show that with the revised rates, its anticipated loss ratio for that policy will be at least as great as 55%. AAC R20-6-607 (G) and (H), Appendix 5.

D. Retrospective review. ADOI very seldom does retrospective reviews of implemented rates. Retrospective review could be triggered by information in (1) consumer complaints, (2) related examination findings, or (3) subsequent form rate or advertisement filings. ADOI does not have the explicit authority to require insurers to make refunds of non-compliant rates but it has broad authority to enforce the Insurance Code. Examples of this authority include requiring an insurer to take corrective action or imposing fines for non-compliance.

3. CURRENT RATE REVIEW RESOURCES AND CAPACITY: INFORMATION TECHNOLOGY (IT) AND SYSTEMS CAPACITY

ADOI relies heavily on the NAIC's System for Electronic Rate and Form Filing (SERFF) to conduct its rate review. In Fiscal Year (FY) 2010, ADOI received 97% of insurers' rates filings electronically through SERFF instead of on paper. This positions ADOI to get maximum leverage out of SERFF's role in providing states with the infrastructure they will need to meet ACA data collection and reporting requirements.

4. CURRENT RATE REVIEW RESOURCES AND CAPACITY: BUDGET AND STAFFING

A. Overall Budget and Revenue for ADOI. In FY 2009, the ADOI spent $6,403,200 of a $6,416,800 General Fund appropriation to pay for agency activities of which about $2,395 related to health insurance rate review (detailed in the following paragraph); spent $7,436,500 from 8 non-appropriated, restricted-use funds for statute-specified purposes of which $0 was related to health insurance rate review; and collected approximately $436.2 million from taxes, fees, penalties and other sources of which it transferred approximately $30.0 million to other agencies and deposited the remainder to the State General Fund. See Appendix 6 for descriptions, source amounts and usage amounts of ADOI-related funds.

B. Current Rate Review Budget Detail. ADOI does not use private sector consultants for completeness review. Each filing requires approximately 15 minutes of processing by an ADOI administrative assistant and anywhere from 10 minutes to an hour of completeness review by an insurance analyst, depending on the complexity of the filing. The completeness review for rate revision filings is more complex than for initial filings, because the calculations for rate revisions have to include the insurer's actual loss experience for that policy, as well as the anticipated loss experience.

ADOI's annual staffing cost for rate review in FY 2010 was approximately $2,395, or an average of $18.00 per filing. The $2,395 includes $1,816 in personnel and fringe benefits costs for an analyst to spend an average of 10 minutes to review each of 4 simple, complete, initial rate filings, 30 minutes to review one complex/incomplete initial rate filing, 30 minutes to review each of 122 simple, complete rate-revision filings and 60 minutes to review each of 7 complex or incomplete rate-revision filings. ($26.25 per hour X [(4 clean original-filing AC's X 0.17 hrs.) + (1 not-clean original-filing AC X 0.50 hrs.) + (122 clean rate-revision AC's X 0.50 hrs.) + (7 not-clean rate-revision AC's X 1 hr.)]). It also includes $579 in personnel and fringe benefits costs for an administrative assistant to spend an average of 15 minutes per filing entering information into a database and assigning the filing to an insurance analyst ($17.40 per hour X 133 filings X 0.25 hours).

C. Qualifications of Current Rate Review Staff. ADOI requires reviewers to have a combination of post-secondary education and experience in health insurance administration or regulation, demonstrated analytical ability, skill using business-oriented computer software and applications (MS Office, web browsers, etc.) and good verbal and written communication skills.

D. Health Insurance Rate Filing Statistics. In FY 2010, ADOI received 133 health insurance rate filings (4 initial rates filings submitted with new policies and 129 rate-revision filings). ADOI spent 33.3 hours entering filings containing health insurance rate information into a database, 69.2 hours reviewing the filings for completeness and accuracy of content and, where necessary, corresponding with filers about completeness deficiencies.

5. CONSUMER PROTECTION

A. Public Access to Rate Filings. All records received or generated by the Department in the course of its official duties, including health insurance rate filings, are presumptively

public and are open to public inspection during normal business hours pursuant to A.R.S. §39-121 et seq. (Arizona law has exceptions for records that are made confidential by statute or those that must be withheld to protect privacy interests but these do not apply to rate filings.) Accordingly, ADOI makes rate filings available to anyone who submits a public records request. Once ADOI receives such a request, it contacts the reviewer to determine if the reviewer wants to order a copy of the filing or wants to schedule a time to come to the ADOI offices to review the filing in person. Reviewers have access to paper filings and from ADOI offices reviewers can access electronic (SERFF) filings on-line. ADOI charges $0.60 per page for any filing or portion of a filing.

Starting in 2007, Arizona law has required insurers to annually file with ADOI for "informational purposes," the base premium rates and index rates they use to calculate the final premium for small groups. A.R.S. § 20-2311(G), Appendix 1. These submissions have limited information value because no standard form is required and it is virtually impossible for non-actuary regulators or consumers to extrapolate consumer-useful information about premiums from those filings. In 2007, there were several requests by insurance agents to review the filings but there have been no requests since then from either agents or consumers.

B. Summaries of Rate Changes. ADOI does not offer, or require insurers to offer, plain-language summaries of rate changes.

C. Notice of Rate Changes. Insurers must give each small or large employer groups 60 days notice of the terms of renewal of its policy. This notice has to include an explanation of the extent to which any premium change is affected by the insurer's claims experience with that group. A.R.S. § 20-2309(A), Appendix 8. Arizona law does not require insurers to provide a

specific amount of notice of rate changes for individual policies. Typically, insurers provide in the policy that they will give anywhere from 30 to 60 days notice.

D. Public Comment and Public Hearings. Arizona law does not require insurers or ADOI to allow consumers to comment on rate change. The current regulatory scheme does not include public meetings or public comment.

E. Consumer Inquiries and Complaints. In 2008 and 2009, ADOI received 1,424 written complaints or comments from consumers about health insurance rates. Eighty three percent of the complaints involved individual insurance rates and 17% involved group insurance rates. Approximately 90% of the rates complaints were specifically about rate increases; the remaining 10% were about some other aspect of rates. In addition to written complaints, the Department receives telephone calls about rate increases but ADOI does not track those calls.

6. EXAMINATION AND OVERSIGHT

ADOI did not take any formal enforcement action related to health insurance rates during the calendar years 2008 and 2009. ADOI has never held a formal hearing regarding health insurance rates.

GOAL 1: To implement ACA and ensure that Arizona consumers get value for the health insurance premiums by improving the transparency and effectiveness of rate review.

Measurable Objective 1.A. To provide consumers with new transparency and meaningful information about individual health insurance and small group insurance rates, using a mechanism that ADOI can sustain after the grant period ends. The objective depends for

completion on the milestones below. ADOI will meet the objective as of the due date for milestone 1.A.iv below.

1.A.i. By January 31, 2011, gather public comment on consumer requirements for transparency and meaningful information.

1.A.ii. By April 30, 2011, post to the ADOI website plain language FAQs and key facts about rate review in Arizona.

1.A.iii. After HHS adopts the final Rate Filing Disclosure Form and Justification form (the "threshold disclosure form" or "TDF"), institute a requirement that insurers submit the TDF with all rate increase filings, not just those that HHS categorizes as unreasonable. The due date for this objective depends on the date HHS adopts the TDF.

1.A.iv. By three months after completion of 1.A.v, expand and update web postings with and data from TDFs received to date.

1.A.v. By June 30, 2011, develop at least one consumer-friendly key-indicator of individual rate filings, for example, an item on the individual actuarial certification showing per-capita increases to premium of each rate revision.

1.A.vi. By June 30, 2011, develop at least one consumer-friendly key-indicator insurers can derive from the small group base premium and index rates under they must submit under ARS § 20-2311(G). See Section 5.A above.

1.A.vii By August 31, 2011, develop the IT capacity to periodically and automatically update web postings with data from TDFs and consumer-friendly component(s) of rate filings.

1.A.viii. Throughout the grant year, coordinate with SERFF project to make consumer-friendly rate-filing components available to the public on-line.

ADOI already has comprehensive information about health care insurance on its website and available on paper. Generally, however, the information does not deal with rate increases. This objective would add specificity and transparency about rates and could be updated regularly through connections to ADOI's upgraded and ongoing data collection. See Goal 2.

Measurable Objective No. 1.A accounts for $99,228, or 18%, of the grant budget. The funds will be spent on insurance analysis, stakeholder meetings, project direction and coordination, information technology (IT) and web-development consultation in coordination with the data collection and reporting objectives of Goal 2.

Measurable Objective 1.B. To determine whether ADOI's existing actuarial certification form for individual health insurance rates is a reliable tool for determining whether individual rate filings comply with the law and, if it is not, to revise the form. The objective depends for completion on the milestones below. ADOI will meet the objective by September 30, 2001.

1.B.i. By October 31, 2010, develop the criteria and process for substantive review.

1.B.ii. By April 20, 2011, based on the new criteria and process, conduct substantive review of 100% of administratively complete initial rate filings and 75% of rate revision filings that insurers submit between November 1, 2010 and Aril 30, 2011.

1.B.iii. By May 15, 2011, for each filing reviewed under 1.B.ii, determine how often the actuarial certification of compliance is supported by the substantive review, or in other words, how often ADOI can rely on the actuarial certification.

1.B.iv If the conclusion in the previous milestone 1.B.iii is that the ADOI generally cannot rely on the actuarial certification, by May 31, 2011, determine the reasons why.

1.Bi.v-a. By June 30, 2011, draft revisions to the existing form and related filing requirements needed to make the actuarial certification a reliable tool.

1B.iv-b. By August 15, 2011, obtain stakeholder input on the draft revisions, any changes proposed under 1.A.v, above, other revisions to facilitate insurers' filing and ADOI review of the form, and a reasonable implementation date for the revised form.

1.B.v. If the conclusion in the milestone 1.B.iii is that the ADOI generally can rely on the actuarial certification, by August 15, 2011, obtain stakeholder input obtain stakeholder input on any changes proposed under 1.A.v, above, other revisions to facilitate insurers' filing and ADOI review of the form, and a reasonable implementation date for the revised form.

1.B.vi. By September 15, 2011, finalize revisions to the existing form and related filing requirements and publish for implementation on a designated date.

Under this objective, ADOI will not disapprove or reject any rate filing it would not otherwise disapprove or reject. The objective here is not to replace ADOI's existing rate review practice but to assure that it effectively protects Arizona consumers against illegal rate setting and rate revisions. The objective assumes that after the grant year is over, ADOI will not have resources to continue substantive review of rate filings and will not need them if, as a general practice, it can rely on actuarial certifications of compliance. The current challenge to doing this has been the lack of actuarial expertise and agency personnel to carry out the underlying

substantive review, as well as the lack of actuarial expertise to determine how often the actuarial certification of compliance is supported by the substantive review.

Measurable Objective No. 1.B accounts for $256,786 or 46%, of the grant budget. The funds will be spent primarily on actuarial services, insurance analysis, stakeholder meetings, project direction and coordination, and information technology (IT) and web-development consultation in coordination with the transparency objectives of Measurable Goal 1.A and the data collection and reporting objectives of Goal 2.

Measurable Objective No. 1.C: To determine whether the actuarial certification submission required by A.R.S. §2 0-2311(E) is a reliable tool for ADOI to use to determine whether small group rates in the market comply with the law and, if it is not, to develop a standardized form that is reliable tool. The objective will be met by September 30, 2011, based on these milestones:

1.C.i. By February 28, 2011, identify key indicators for compliance with small group rate-setting factors.

1.C.ii. By April 30, 2011, summarize information and variations in A.R.S. § 20-2311(E) actuarial certifications (currently these are not in standardized format) and in A.R.S. § 20-2311(G) base premium and index rate submissions for calendar year (CY) 2009 and CY 2010 (currently these are not standardized).

1.C.iii Based on 1.E.i. and 1.E.ii, by June 30, 2011 draft a standardized form for the small group actuarial certification and for submission of base premium and index rates, to be used by insurers for their CY 2011 filings. The form will include the key

indicator developed under 1.A.vi to provide consumers with meaningful information about the insurer's base premium and index rates.

1.C.iv. By July 30, 2011, obtain stakeholder input on the proposed forms.

1.C.v. By September 30, 2011, finalize standardized forms and publish for use by insurers for their CY 2011 filings.

This objective does not call for ADOI to start reviewing small group rates. The objective here is to ensure that the existing oversight is as effective as possible at protecting Arizona consumers from illegal rate setting and rate increases in the small group market. A.R.S. § 20-2311(E) currently requires small group insurers to submit very general, certified statements of compliance about how they set their rates. These statements do not include the rates themselves. Because the format of the certificate and interpretation of the law varies from insurer to insurer, there appears to be minimal regulatory value in the certificates of compliance, meaning that ADOI takes it on faith that insurers comply with the law. This objective allows ADOI to test that faith as a technical matter and, if necessary, improve its oversight within the confines of the existing statutory structure.

The current challenge to doing this is the lack of actuarial expertise to identify the key factors for review of compliance as well as the lack of agency personnel to develop or review standardized forms. These varying interpretations of the law from insurer to insurer create ambiguity about what constitutes "compliance" in each actuarial certification.

Measurable Objective No. 1.C accounts for $80,418 or 14% of the grant budget. The funds will be spent primarily on actuarial services, insurance analysis, stakeholder meetings, project direction and coordination, and IT and web-development consultation in coordination

with the transparency objectives of Measurable Goal 1.A and the data collection and reporting objectives of Goal 2.

Goal 2: To implement ACA and ensure that Arizona consumers get value for their health insurance premiums by developing the processes and systems to comply with ACA requirements for collecting, reviewing and reporting health insurance rates.

Measurable Objective No. 2.A. To review at least 95% of insurers' submissions of rate increases during the grant year that meet the forthcoming ACA standard for "unreasonable" and apply HHS criteria to determine if the unreasonable increase is excessive or unjustified under forthcoming criteria. The due date for the overall objective depends on the due date for milestone 2.A.i below. The milestones and interim due dates are:

2.A.i. Implement use via SERFF of the forthcoming TDF that federal law will require insurers to use if a rate request is "unreasonable". The due date will be established based on the date of adoption of the TDF.

2.A.ii Apply forthcoming HHS criteria to determine if "unreasonable" rate increases are excessive or unjustified.

2.A.iii. By three months after completion of 2.A.ii, incorporate conclusions with TDF data used to update expand and update web postings for consumers. See Measurable Objective 1.A.iv.

Measurable Objective 2.A accounts for $61,069 or 11% of the grant budget. The funds will cover SERFF's system revisions and improvements, web-development and non-SERFF IT consultation in coordination with the review and transparency objectives of Goal 1, and project

direction and coordination. This objective will give Arizona the ability to receive TDF data in the normal course of business and integrate it directly into the enhanced rate review and consumer education described in Goal 1.

Measurable Objective No. 2.B To comply with ACA reporting requirements relating to rate data and rate trends using the uniform reporting template HHS will provide. The objective will be met approximately eight months after HHS provides the template and supporting documentation to the National Association of Insurance Commissioners. The milestones are:

2.B.i. Contract with SERFF to make the modifications necessary to address the data collection and reporting requirements defined in Section A.1(c)(1) and A.1(c)(2) on pages 15, 16 and 17 of the grant Announcement. Modifications will include, without limitation,

a. State ability to designate premium review grant participation.
b. Company profile and field changes to indicate insurer type and product type.
c. State-maintained indicator for rate filing requests meeting the HHS threshold for 'unreasonable'.
d. Company-maintained product information including product name, HHS identifier, product status, cross reference of products to filings.
e. N fields added to the Rate/Rule schedule items to provide HIPR data by policy form.
f. Accommodating retrieval and updates of data elements.

2.B.ii Training from SERFF on system changes.

2.B.iii Develop SERFF's ability to satisfy reporting requirements of the uniform template for data reporting within the SERFF system, including basic trending reports.

This objective provides a data collection and reporting capability ADOI does not currently have. It will enhance SERFF's filing workflow and data reporting fields, and it will allow states to set preferences that will indicate the level of data they will need to meet reporting requirements. The changes will also include reporting of rates data based on the product the consumer will ultimately be offered. A significant portion of the project hours will be devoted to aggregating the collected data into the reports required by HHS. An interface to allow HHS to get reports directly from SERFF is included within the estimate should that prove a requirement.

Measurable Objective 2.A accounts for $53,156 or 10% of the grant budget. The funds will cover SERFF's system revisions and improvements, web-development and non-SERFF IT consultation in coordination with the review and transparency objectives of Goal 1, and project direction and coordination.

As required by the grant application materials, ADOI attests that it will comply with the reporting requirements outlined in ACA statute directly through Measurable Objective 2.B, as supported by all the Measurable Objectives in this application.

Affordable Care Act – Arizona Grant Application
APPENDICES

DESCRIPTION	
Appendix 1	A.R.S. § 20-2311
Appendix 2	Health Insurance Rate Filing – Review Requirements Checklist
Appendix 3	Certification of Qualified Actuary
Appendix 4	A.R.S. § 20-1342.02
Appendix 5	AAC R20-6-607
Appendix 6	ADOI Funding Sources and Uses *(descriptions, source amounts and usage amounts)*
Appendix 7	A.R.S. § 39-121
Appendix 8	A.R.S. § 20-2309

20-2311. Premium rates and rating practices

A. The premium rate that an accountable health plan charges during a rating period for a health benefits plan issued to a small employer shall not vary by more than sixty per cent from the index rate for health benefits plans involving the same or similar coverage, family size and composition, and geographic area.

B. In establishing premium rates for health benefits plans offered to small employers:

1. An accountable health plan making adjustments with respect to demographic characteristics shall apply those adjustments consistently across all small employers.

2. An accountable health plan may not use a geographic area that is smaller than a county or smaller than an area that includes all areas in which the first three digits of the zip code are identical, whichever is smaller.

C. The percentage increase in the premium rate that is charged to a small employer for a new rating period may not exceed the sum of the following:

1. The percentage change in the base premium rate.

2. Fifteen percentage points.

3. Any adjustment due to a change in coverage, family size or composition, geographic area or demographic characteristics.

D. At the time an accountable health plan offers a health benefits plan to a small employer, the accountable health plan shall fully disclose to the employer all of the following:

1. Rating practices for small employer health benefits plans, including rating practices for different populations and benefit designs.

2. The extent to which premium rates for the small employer are established or adjusted based on the actual or expected variation in claims costs or health condition of the employees of the small employer and their dependents.

3. The accountable health plan's right to change premium rates, the extent to which premiums can be modified and the factors that affect changes in premium rates.

E. Each accountable health plan shall file annually with the director a written statement by a member of the American academy of actuaries or another individual acceptable to the director certifying that based on an examination by the individual, including a review of the appropriate records and of the actuarial assumptions of the accountable health plan and methods used by the accountable health plan in establishing base premium rates, index rates and premium rates for small employer health benefits plans:

1. The accountable health plan is in compliance with the applicable provisions of this article.

2. The rating methods are actuarially sound.

F. Each accountable health plan shall retain a copy of the statement required by subsection E for examination at its principal place of business.

G. Each accountable health plan shall annually file with the director for informational purposes the accountable health plan's base premium rates and index rates. On request, the director shall make the base premium rates or the index rates available to the public for inspection.

REVIEW REQUIREMENTS CHECKLIST

HEALTH INSURANCE RATE FILINGS

REVIEW REQUIREMENTS	REFERENCE	COMMENTS	REFERENCE Form/Page/Para.
Reasonableness of Benefits in Relation to Premium Charged	AAC R20-6-607	Applies to individual disability insurance (as defined in ARS §20-253) policy forms and rates.	
Required Information for all Health Insurance Rate Filings	Unpublished Requirement	All rate filings must include the following information:	
		1. Complete rate history, including dates filed.	
		2. Schedule of current and requested rates.	
		3. Arizona specific loss experience for most recent 5 years, including earned premium, losses paid and losses incurred.	
		4. Nationwide loss experience for most recent 5 years, including earned premiums, losses paid and losses incurred.	
		5. Exhibit demonstrating how rate revision was calculated.	
		6. A trend worksheet exhibiting development and calculation of annual trend.	
		7. Number of Arizona policyholders affected by filing.	
		8. Number of nationwide policyholders affected by filing.	
		9. Scope and reason for rate revision.	
		10. Expected average effect of premiums.	
		11. Does rate revision apply to new business only, inforce policies only or both?	
		12. Is this a closed block of business?	
		13. Accreditation of actuary (Form P-124).	
Loss Ratio - Long Term Care	AAC R20-6-1011		
Loss Ratio Standards and Refund or Credit of Premium - Medicare Supplement Policies	AAC R20-6-1110	Applies to any individual policy or certificate issued on or after May 10, 2005. Include Arizona and Nationwide specific loss experience since inception by issue year, including earned premium, losses paid and losses incurred.	

REVIEW REQUIREMENTS CHECKLIST

HEALTH INSURANCE RATE FILINGS

CERTIFICATION

I, _____, hereby certify that to the best of my knowledge and belief that each form or rate filing involved in this filing: 1) Conforms to all of the applicable requirements outlined above; 2) Contains no provision(s) previously disapproved or required to be corrected and/or revised by the Arizona Department of Insurance; and 3) Does not exceed this insurer's powers, the authority granted by its state of domicile and its Arizona certificate of authority.

Signature of

Officer:_____

Date:_____

Department of Insurance
State of Arizona
Life and Health Division
Telephone: (602) 364-2393
Facsimile: (602) 364-2175

JANICE K. BREWER
Governor

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CHRISTINA URIAS
Director of Insurance

CERTIFICATION OF QUALIFIED ACTUARY

To accompany Actuarial memorandum required for rate filings under Arizona Administrative Code R20-6-607, R20-6-1009, R20-6-1014, R20-6-1015 or Section 14 of the NAIC Medicare Supplement Model Regulation which was incorporated by ADOI in R20-6-1101(A). Please refer to Rate Filing Instructions, Rev. 11/00 for additional instructions.

COMPANY NAME _____ NAIC # _____

Name of policy form, rider, endorsement, and form numbers: _____

_____

Name of Qualified Actuary submitting memorandum (if different than company, include address and phone number):

_____

1. Is this a rate submission to accompany a newly filed form? _____
   If "No", when was this form first issued? _____

2. Is this a rate revision? _____ If so, when was the last rate submission for this form filed and approved in Arizona? _____ Rate revisions must include both Arizona and national experience for the most recent five years, as well as national earned premium on the current Arizona rate basis, not including the rate change accompanying this request, for at least the past six calendar years.

3. a. This rate revision will apply to:
   _____New business only
   _____In force business only
   _____Both
   b. Number of Arizona policies in force _____ Number of nationwide policies in force _____
   c. What is the proposed effective date for this revision? _____
   d. What is the average rate increase requested for this revision? _____%

4. The Renewability of this form is: _____Non-Cancelable _____ Guaranteed Renewable
   _____Conditionally Renewable _____ Optionally Renewable.

5. The anticipated loss ratio standard required by AAC R20-6-607, R20-6-1009, R20-6-1014, R20-6-1015 or Section 14 of the NAIC Medicare Supplement Model Regulation which was incorporated by ADOI in R20-6-1101(A) for this type of coverage and form is ____%.

6. The anticipated loss ratio based on the rates proposed under this rate submission is _____%.

7. The basis upon which the proposed rates were determined and the calculation of the anticipated loss ratio is as follows: (Include the Actuarial Memorandum required under AAC R20-6-607 as a supplemental exhibit.)

8. I hereby certify that, to the best of my knowledge and belief, the rate filing submitted herein is in compliance with all applicable laws and regulations of Arizona, including AAC R20-6-607, R20-6-1009, R20-6-1014, R20-6-1015 and Section 14 of the NAIC Medicare Supplement Model Regulation which was incorporated by ADOI in R20-6-1101(A); that the anticipated loss ratio submitted herein is expected to develop over the period for which the rates are computed to provide coverage; that the benefits of the policy form affected by the rate filing are reasonable in relation to the premiums charged.

_____ _____
Date Signature of Qualified Actuary (rubber stamp, copy, or facsimile **NOT ACCEPTED**)

20-1342.02. Disapproval of disability policy form

The director may disapprove any disability policy form if the benefits provided in the policy form are unreasonable in relation to the premium charged.

R20-6-607. Reasonableness of Benefits in Relation to Premium Charged

A. Applicability. This rule shall apply to individual disability insurance (as defined in A.R.S. § 20-253) policy forms and rates.

B. When rate filing is required. Every individual policy form, rider or endorsement form affecting benefits which is submitted for approval shall be accompanied by a rate filing unless such rider or endorsement form does not require a change in the rate. Any subsequent addition to or change in rates applicable to such policy, rider or endorsement form shall also be filed.

C. General contents of all rate filings. Each rate submission shall include an actuarial memorandum describing the basis on which rates were determined and shall indicate and describe the calculation of the ratio, hereinafter called "anticipated loss ratio," of the present value of the expected benefits to the present value of the expected premiums over the entire period for which rates are computed to provide coverage. Each rate submission must also include a certification by a qualified actuary that to the best of the actuary's knowledge and judgment, the rate filing is in compliance with applicable laws and regulations of this state and that the benefits are reasonable in relation to the premiums.

D. Previously approved forms. Filings of rate revisions for a previously approved policy, rider or endorsement form shall also 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 anticipated loss ratio for the form.

2. A statement as to whether the filing applies only to new business, only to in-force business, or both, and the reasons therefor.

3. A history of the experience under existing rates, including at least the data indicated in subsection (D). 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. Additional data might include: substitution of actual claim run-offs for claim reserves and liabilities; determination of loss ratios with the increase in policy reserves (other than unearned premium reserves) added to benefits rather than subtracted from premiums; accumulations of experience funds; substitution of net level policy reserves for preliminary term policy reserves; adjustment of premiums to an annual mode basis; or other adjustments or schedules suited to the form and to the

records of the company. All additional data must be reconciled, as appropriate, to the required data.

4. The date and magnitude of each previous rate change, if any.

E. Experience records. Insurers shall maintain records of earned premiums and incurred benefits 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 all reserves, as required for the Accident and Health Policy Experience Exhibit to the NAIC annual statement convention blank. Separate data may be maintained for each rider or endorsement form to the extent appropriate. Experience under forms which provide substantially similar coverage may be combined. The data shall be for all years of issue combined, for each calendar year of experience since the year the form was first issued, except the data for calendar years prior to the most recent five years may be combined.

F. Evaluation experience data. In determining the credibility and appropriateness of experience data, due consideration must be given to all relevant factors, such as:

1. Statistical credibility of premiums and benefits, e.g., low exposure, low loss frequency.

2. Experienced and projected trends relative to the kind of coverage, e.g., inflation in medical expenses, economic cycles affecting disability income experience.

3. The concentration of experience at early policy durations where select morbidity and preliminary term reserves are applicable and where loss ratios are expected to be substantially lower than at later policy durations.

4. The mix of business by risk classification.

G. Anticipated loss ratio standard. With respect to a new form or a currently approved form, except currently approved non-cancelable policy forms, under which the average annual premium (as defined below) is expected to be at least $200, benefits shall be deemed reasonable in relation to premiums provided the anticipated loss ratio is at least as great as shown in the following table:

	Renewal Clause			
Type of Coverage	OR	CR	GR	NC
Medical expense	60%	55%	55%	50%
Loss of income and other	60%	55%	50%	45%

For a policy form including riders and endorsements, under which the expected average annual premium per policy is $100 or more but less than $200, subtract 5 percentage points from the numbers in the table above, or if less than $100, subtract 10 percentage points.

The average annual premium per policy shall be computed by the insurer based on an anticipated distribution of business by all applicable criteria having a price difference, such as age, sex, amount, dependent status, rider frequency, etc., except assuming an annual mode for all policies (i.e., the fractional premium loading shall not affect the average annual premium or anticipated loss ratio calculation).

The above anticipated loss ratio standards do not apply to a class of business which is regulated by specific statutes or regulations mandating loss ratios for such business, e.g., Medicare Supplement and Credit Life and Disability.

Definitions of Renewal Clause

OR - Optionally Renewable: renewal is at the option of the insurance company.

CR - Conditionally Renewable: renewal can be declined by the insurance company only for stated reasons other than deterioration of health.

GR - Guaranteed Renewable: renewal cannot be declined by the insurance company for any reason, but the insurance company can revise rates on a class basis.

NC - Non-Cancelable: renewal cannot be declined nor can rates be revised by the insurance company.

H. Rate revisions. With respect to filings of rate revisions for a previously approved form, benefits shall be deemed reasonable in relation to premiums provided both the following loss ratios meet the standards in subsection (F) above.

1. The anticipated loss ratio over the entire future period for which the revised rates are computed to provide coverage;

2. The anticipated loss ratio derived by dividing (a) by (b) where

   a. Is the sum of the accumulated benefits, from the original effective date of the form or the effective date of this regulation, whichever is later, to the effective date of the revision, and the present value of future benefits, and

b. Is the sum of the accumulated premiums from the original effective date of the form or the effective date of the regulation, whichever is later, to the effective date of the revision, and the present value of future premiums.

Such present values shall be taken over the entire period for which the revised rates are computed to provide coverage, and such accumulated benefits and premiums to include an explicit estimate of the actual benefits and premiums from the last date as of which an accounting has been made to the effective date of the revision. Interest shall be used in the calculation of these accumulated benefits and premiums and present values only if it is a significant factor in the calculation of this loss ratio.

I. Anticipated loss ratios lower than those indicated in subsections (H) and (I) will require justification based on the special circumstances that may be applicable.

1. Examples of coverages requiring special consideration are as follows:

a. Accident only;

b. Short term nonrenewable, e.g., airline trip, student accident;

c. Specified peril, e.g., common carrier;

d. Other special risks.

2. Examples of other factors requiring special consideration are as follows:

a. Marketing methods, giving due consideration to acquisition and administration costs and to premium mode;

b. Extraordinary expenses;

c. High risk of claim fluctuation because of the low loss frequency of the catastrophic, or experimental nature of the coverage;

d. Product features such as long elimination periods, high deductibles and high maximum limits;

e. The industrial or debit method of distribution;

f. Forms issued prior to the effective date of this rule.

Companies are urged to review their experience periodically and to file rate revisions, as appropriate, in a timely manner to avoid the necessity of later filing of exceptionally large rate increases.

3. Notwithstanding the foregoing paragraphs to the contrary, hospital indemnity and cancer and other dread diseases policies shall develop the loss ratios pursuant to subsection (G).

J. Severability provision. If any provision of this rule or the application thereof to any person or circumstances is held invalid, the remainder of the rule and the application of such provision to other persons or circumstances shall not be affected thereby.

K. Effective date. This rule shall become effective upon filing with the Secretary of State and shall apply to all individual disability policy form and rate filings submitted on and after said date.

Historical Note

Adopted effective July 14, 1981 (Supp. 81-1). R20-6-607 recodified from R4-14-607 (Supp. 95-1).

ADOI FUNDING SOURCES AND USES

The Department of Insurance administers the following funds:

Fund Description	FY 2009 Sources	FY 2009 Uses
State General Fund -- Fund 1000: ADOI deposits revenue from insurance premium taxes, fees, assessments, civil penalties, and other sources, to the State General Fund ("SGF"). ARS § 35-146.	**$421,956,000** of revenues deposited to SGF, consisting of • $411,370,900 in insurance premium taxes, • $7,393,400 from license fees, • $1,256,600 from fines/penalties, and • $1,935,100 from other sources.	
State General Fund – Fund 1000: The Legislature and Governor appropriate spending authority to ADOI to pay costs associated with fulfilling the ADOI's mission. ARS § 20-155.		**$6,403,200** *of* $6,146,800 appropriation from SGF, *of which $2,395 was related to health insurance rate review.*
Insurance Examiners' Revolving Fund -- Fund 2034: ADOI invoices insurers and other regulated entities to recoup expenses associated with examining the affairs, transactions, accounts, records and assets of the insurers and other entities regulated by the ADOI, and to compensate independent contractor examiners who provide actuarial, technical and other professional services. ARS § 20-159(B).	**$4,679,200**	**$4,298,900** *of which $0 was related to health insurance rate review.*

Fund Description	FY 2009 Sources	FY 2009 Uses
The Arizona Property and Casualty Insurance Guaranty Fund – Fund 2114. The Arizona Property and Casualty Insurance Guaranty Fund Board uses revenues from the estates of insolvent property and casualty insurers and from assessments levied against solvent property and casualty insurers to pay appropriate policyholder claims of insolvent property and casualty insurers in accordance with and as limited by Arizona law. ARS §§ 20-661, *et seq.*	**$4,069,400**	**$721,600** *of which $0 was related to health insurance rate review.*
The Arizona Life and Disability Insurance Guaranty Fund – Fund 2154. the Arizona Life and Disability Insurance Guaranty Fund Board uses revenues from the estates of insolvent life and disability insurers and from assessments levied against solvent life and disability insurers to pay appropriate policyholder claims of insolvent life and disability insurers in accordance with and as limited by Arizona law. ARS §§ 20-681, *et seq.*	**-$28,111,700** *(includes $1,888,300 of revenues offset by $30,000,000 of overpayment refunds)*	**$1,437,100** *of which $0 was related to health insurance rate review.*
Insurance Joint Underwriting (Marketing Assistance Program) Fund -- Fund 2316 / Appropriated Fund 2073: ADOI assesses insurers authorized to write liability insurance to pay the costs associated with helping insurance consumers locate liability insurance coverage, thereby encouraging placement of insurance coverage through the voluntary insurance market. ARS § 20-2201(D).	**$176,800**	**$198,000** *of which $0 was related to health insurance rate review.*
Captive Insurance Regulatory and Supervision Fund – Fund 2377: ADOI uses revenues from captive insurer license and renewal fees to pay the costs of administering the ADOI's captive insurance program and for reasonable expenses incurred in promoting Arizona's captive insurance industry. The fund's end of year balance exceeding $100,000 reverts to the SGF. ARS § 20-1098.18.	**$569,700**	**$141,600** in expenditures *of which $0 was related to health insurance rate review;* **$369,300** reversion to SGF.
Health Care Appeals Fund – Fund 2467: ADOI levies fees on health care insurers to pay the costs of implementing and maintaining the external independent review process. A.R.S. §§ 20-2540 and 20-2541. ADOI invoices an appealing member's health care insurer with the costs of having an independent review organization evaluate health care appeals involving issues of medical necessity. ARS § 20-2540(B).	**$119,300**	**$219,600** *of which $0 was related to health insurance rate review.*

Fund Description	FY 2009 Sources	FY 2009 Uses
Financial Surveillance Fund – Fund 2473: ADOI assesses prescribed Arizona-domiciled insurers with the costs of employing financial analysts who conduct financial surveillance of domestic insurers. ARS § 20-156(F) and (G).	**$383,300**	**$364,800** *of which $0 was related to health insurance rate review.*
Receivership Liquidation Fund -- Fund 3104: ADOI uses proceeds obtained through court order from the estates of insurers in receivership to pay the common administrative costs of overseeing insurer receiverships. ARS § 20-648.	**$51,000**	**$54,900** *of which $0 was related to health insurance rate review.*
Premium Tax Clearing Fund -- Fund 3727: ADOI deposits revenues from fire insurance premium taxes and from an "additional tax" on vehicle insurance (ARS § 20-224.01) to the Fund. The State Treasurer transfers 85% of fire tax proceeds from the Fund to municipal fire districts (ARS §§ 20-224(C), 9-951 and 9-952) and ADOI transfers the remaining 15% to the SGF (included as part of the above-reported SGF premium tax revenue amount). ADOI transfers "additional tax" proceeds to the Department of Public Safety Personnel Retirement System (ARS § 20-224.01).	**$30,115,164** *(excludes $2,206,900 of revenue included in SGF premium tax revenue amount).* **-$12,480,000** to municipal fire districts; **-$17,507,600** to DPSPRS.	

39-121. Inspection of public records

Public records and other matters in the custody of any officer shall be open to inspection by any person at all times during office hours.

20-2309. Renewability

A. At least sixty days before the date of expiration of a health benefits plan, an accountable health plan that provides a health benefits plan shall provide for written notice to the employer of the terms for renewal of the plan. The notice shall include an explanation of the extent to which any increase in premiums is due to actual or expected claims experience of the individuals covered under the employer's health benefits plan contract.

B. An accountable health plan may refuse to renew or may terminate a health benefits plan only if:

1. The employer fails to pay premiums or contributions in accordance with the terms of the health benefits plan of the accountable health plan or the accountable health plan does not receive premium payments in a timely manner.

2. The employer committed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the health benefits plan.

3. The employer has failed to comply with a material plan provision relating to individual or employer participation rules as prescribed in subsection C of this section.

4. The accountable health plan has ceased to offer new coverage and has terminated or ceased to renew all in-force coverage in the group market pursuant to this section.

5. In the case of an accountable health plan that offers a health benefits plan through a network plan in this state, there is no longer any enrollee in connection with the accountable health plan who lives, resides or works in the service area of the accountable health plan or in the area served by the network plan for which the accountable health plan is authorized to do business and the accountable health plan would deny enrollment pursuant to section 20-2304, subsection G.

6. In the case of an accountable health plan that offers a health benefits plan in the group market only through one or more bona fide associations, the membership of an employer in the association has ceased but only if that coverage is terminated uniformly without regard to any health status-related factor or any covered individual.

C. An accountable health plan may require that a minimum percentage of employees who are not covered under a spouse's or parent's employer's health benefits plan be enrolled in

a plan if the percentage is applied uniformly to all plans that are offered to employers of comparable size.

D. An accountable health plan is not required to renew a health benefits plan with respect to an employer or individual if the accountable health plan:

1. Elects not to renew all of its health benefits plans that are issued to employers or individuals in this state.

2. Provides notice to the director at least five business days before the accountable health plan gives notice to each employer or individual covered under a health benefits plan of the intention to discontinue offering any health benefits plans in this state.

3. Provides notice of termination or nonrenewal to each employer or individual covered under a plan at least one hundred eighty days before the renewal date of the plan. If the accountable health plan terminates coverage, the accountable health plan may not issue a health benefits plan to an employer in this state during the five year period beginning on the termination date of the last plan that was not renewed.

E. If an accountable health plan decides to discontinue offering a particular health benefits plan offered in the group market, the accountable health plan may discontinue that coverage only if the accountable health plan:

1. Provides notice to the director at least five business days before the accountable health plan gives notice to each employer or individual covered under that health benefits plan of the intention to discontinue offering that health benefits plan in this state.

2. Provides notice to each employer or individual covered under that health benefits plan at least ninety days before the date of the discontinuation of that coverage.

3. Offers to each employer whose coverage is discontinued pursuant to this subsection the option to purchase all other health benefits plans currently offered by the accountable health plan for employers in the group market uniformly without regard to any health status-related factor of any employee or a spouse or a dependent of the employee enrolled or individuals who may become eligible for that coverage.

Affordable Care Act: Grants to States for Health Insurance Premium Review-Cycle I
Arizona Application: Budget Narrative

TOTAL GRANT BUDGET: $550,441

PERSONNEL ($149,417 in total):

► ***1 FTE Executive Consultant ("EC"), $70,417*** *($65,000/year, 9/1/2010-9/30/2011).* Responsible for day-to-day management and strategic direction of the project, obtains internal and public stakeholder support of objectives, conducts public meetings, prepares consumer transparency materials and oversees web posts, integrates insurance analysis and actuarial analysis, represents Arizona-specific interests to SERFF, coordinates SERFF systems changes with non-SERFF IT requirements for the project, and oversees ADOI implementation of SERFF and non-SERFF IT developments.

► ***1 FTE Insurance Analyst ("IA"), $49,000*** *(10/1/2010-9/30/2011)* In conjunction with actuaries, does substantive review of rate filings, drafts revisions to filing requirements, drafts standardized small group forms, acts as primary technical contact for SERFF, assists EC with preparation for stakeholder involvement/public meetings, and consults with and trains existing ADOI staff on project matters.

► ***1 FTE Administrative Assistant ("AA"), $30,000*** *(10/1/2010-9/30/2011).* Processes and assigns project filings, enters data and runs queries on substantive review, prepares reports and correspondence, handles rate filing questions and public records requests, manages EC's calendar for public meetings, assists EC at public meetings, and handles project-related billings.

FRINGE BENEFITS ($35,883 in total)

Calculated at $2,000/FTE plus 20% of PERSONNEL *[(3 FTE's X $2,000)+(149,417 X 20%)]*

TRAVEL ($5,300 in total) to send the EC to 2 grant-related health care reform meetings at $1,500 each, and send the EC and IA to SERFF training at $1,150 each.

SUPPLIES ($19,105 in total) PC's w/ software *(3 X $1,400)*, laptop PC w/ software (1 X $1,400), printer *(1 X $135)*, calculators *(3 X $15)*, modular workstation *(1 X $2,000)*, desk chairs *(3 X $350)*, side chairs *(3 X 2 per FTE X $300)*, file cabinets *(3 X $325)*, bookcase *($250)*, telephone *(3 X $700)*, reference materials *(3 X $500 – laws, rules, etc.)*, miscellaneous office supplies *(3 X $550- paper, file folders, binders)* and postage *($2,000)*.

CONTRACTUAL ($335,778 in total):

► ***Actuarial Services, $158,250*** *(762 hours of actuary @ $125/hour; 252 hours of senior actuary @ $250/hour, AZ Contract EPS080029.* Develop substantive review criteria, train ADOI staff, evaluate effectiveness of current processes/forms, recommend improvements to same, consult on key indicators and "unreasonable threshold" filings, assist EC with stakeholder involvement and preparation for public meetings, and communicate with industry actuaries.

► ***Technology Consultants, $86,008*** *($18,808 for NAIC SERFF – see attachment; 600 hours technology architect services @ $85/hr and 240 hours web development services @ $55/hr per AZ Contract EPS070113; 30 hours @ $100/hr for phone system programming per AZ Contract EPS050044).* Develop and implement new collection/reporting systems to interface with SERFF and web-site changes and to increase efficiency in filing reviews. Modify phone system to route callers with rate questions. Modify web site for public access to rates information, insurer links, and public announcements, and to obtain public comment.

► ***Project Coordinator, $91,520*** *(1,040 hours project management services @ $88/hr per AZ Contract EPS080015).* Manage project schedule and budget, advise EC if project on track. Research and compare rate filing practices in other states; advise EC on findings.

OTHER ($4,958 in total), includes $4,008 for voice/data telecommunication charges *[(1 FTE X 13 months X $108.33/mo)+(2 FTEs X 12 months X $108.33/mo)* and $950 for SERFF training tuition for 2 FTEs *(2 X $475)*.

Department of Insurance
State of Arizona
Office of the Director
Telephone: (602) 364-3471
Facsimile: (602) 364-3470

JANICE K. BREWER
Governor

2910 North 44th Street, 2nd Floor
Phoenix, Arizona 85018
www.azinsurance.gov

CHRISTINA URIAS
Director of Insurance

July 7, 2010

Office of Consumer Information and Insurance Oversight
Secretary, Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Re: **Grants to States for Health Insurance Premium Review**
Grant Opportunity: HHS Health Insurance Rate Review Grants – Cycle I
DUNS #: 804746120000
Grant Award: $1000,000 Grant Budget: $[illegible]
Applicant: Arizona Department of Insurance
Primary Contact Person: Gerrie Marks, Deputy Director
Telephone Number: 602-364-3471 Fax Number: 602-364-3470
Email address: gmarks@azinsurance.gov

To whom it may concern:

Please accept the attached application form the Arizona Department of Insurance (ADOI) for a grant from the Department of Health and Human Services (HHS) under Grants to States for Health Insurance Premium Review-Cycle I. ADOI has the existing authority within the Arizona state government structure to oversee and coordinate the requested grant activities. ADOI will use the grant funds to ensure that Arizona consumers get value for their health care insurance dollars by (1) improving the transparency and effectiveness of its health insurance rate review, and (2) developing the technical infrastructure to comply with ACA requirements for collecting, reviewing and reporting health insurance rates.

The Project Director will be Gerrie Marks, Deputy Director (contact information above). Under Ms. Marks' direction, ADOI oversight of the project and management of grant funds will be provided by existing ADOI staff including ADOI's Chief Operating Officer, Scott Greenberg, and ADOI's Assistant Director for the Life & Health Division, Alexandra Shafer. As the application materials show, ADOI will not use any grant money to pay for that oversight.

ADOI's application delineates the responsibilities for employees and contracted persons who will work on the project and whose work will be paid for by the grant. Please see the Budget Narrative, the organizational chart, and the Timeline/Work Plan. ADOI does not employ or contract with any actuary to work on the kind of health insurance rate review that is the subject of this grant. (ADOI has a half-time health actuary who, among other tasks, reviews long term care insurance rate increases but does no other rate review). Grant-funded activities will include contracting for 914 hours of actuarial services at a cost of approximately $158,250.

On behalf of ADOI, I appreciate the opportunity to apply for this grant and look forward to the role ADOI will play in ensuring that Arizona consumers get value for their health care insurance dollars.

Sincerely,

Christina Urias
Director of Insurance

Affordable Care Act: Grants to States for Health Insurance Premium Review-Cycle I
Arizona Application: Work Plan and Time Line

GOAL 1: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTH CARE INSURANCE PREMIUMS BY IMPROVING THE TRANSPARENCY AND EFFECTIVENESS OF RATE REVIEW.		
OBJECTIVE	**MILESTONE**	**RESPONSIBLE INDIVIDUAL**
MEASURABLE OBJECTIVE 1.A. To provide consumers with new transparency and meaningful information about individual health insurance and small group insurance rates, using a mechanism that ADOI can sustain after the grant period ends.	1.A.i. By January 31, 2011, gather public comment on consumer requirements for transparency and meaningful information.	Executive Consultant (new)
	1.A.ii. By April 30, 2011, post to the ADOI website plain language FAQs and key facts about rate review in Arizona.	Executive Consultant • Web Development Consultant (new)
	1.A.iii. After HHS adopts the final Rate Filing Disclosure Form and Justification Form (the "threshold disclosure form" or "TDF") institute a requirement that insurers submit the TDF with all rate increase filings, not just those that HHS categorizes as "unreasonable."	Assistant Director, Life & Health Div. (existing)
	1.A.iv. By three months after completion of 1.A.v, expand and update web postings with data from TDFs received to date.	Executive Consultant
	1.A.v. By June 30, 2011, develop at least one consumer-friendly key-indicator of individual rate filings, for example, an item on the individual actuarial certification showing per-capita increases to premium of each rate revision.	Executive Consultant • Sr. Actuary Consultant. (new) • Insurance Analyst (new)
	1.A.vi. By June 30, 2011, develop at least one consumer-friendly key-indicator insurers from the annual small group base premium and index rate submissions.	Executive Consultant • Sr. Actuary Consultant • Insurance Analyst
	1.A.vii By August 31, 2011, develop the IT capacity to periodically and automatically update web postings with data from TDFs and consumer-friendly component(s) of rate filings.	Technology Architecture Consultant (new) • Web Development Consultant (new)
	1.A.viii. Throughout grant year, coordinate with SERFF project to make consumer-friendly rate-filing components available to the public on-line.	Technology Architecture Consultant

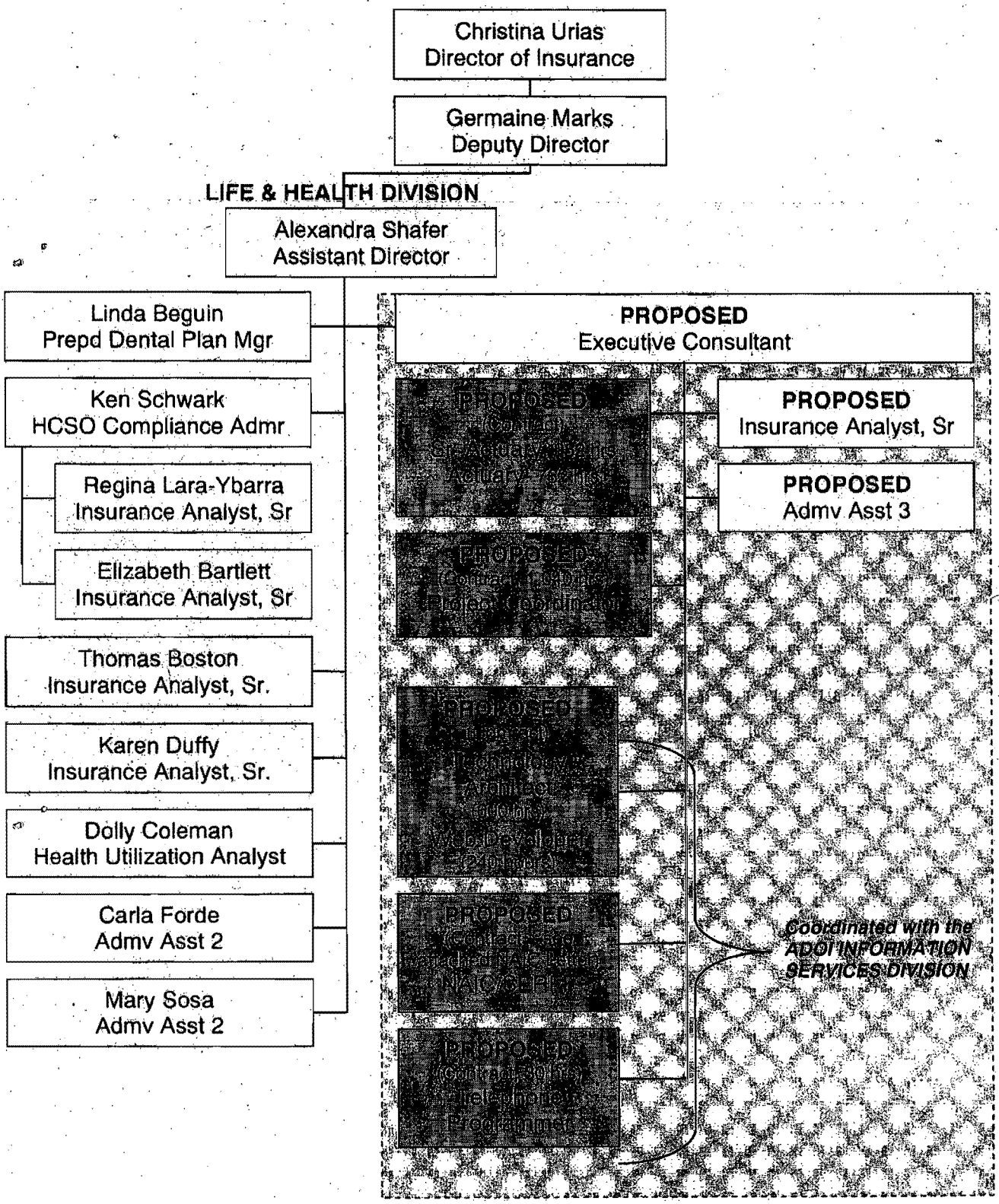
GOAL 1: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTH CARE INSURANCE PREMIUMS BY IMPROVING THE TRANSPARENCY AND EFFECTIVENESS OF RATE REVIEW.		
OBJECTIVE	**MILESTONE**	**RESPONSIBLE INDIVIDUAL**
MEASURABLE OBJECTIVE 1.B. By September 30, 2011, to determine whether ADOI's existing actuarial certification form for individual health insurance rates is a reliable tool for determining whether individual rate filings comply with the law and, if it is not, to revise the form	1.B.i. By October 31, 2010, develop the criteria and process for substantive review.	Sr. Actuary Consultant
	1.B.ii. By April 20, 2011, based on the new criteria and process, conduct substantive review of 100% of administratively complete initial rate filings and 75% of rate revision filings that insurers submit between November 1, 2010 and Aril 30, 2011.	Sr. Actuary Consultant • Insurance Analyst
	1.B iii. By May 15, 2011, for each filing reviewed under 1.B.ii, determine how often the actuarial certification of compliance is supported by the substantive review. In other words, how often ADOI can rely on the actuarial certification?	Sr. Actuary Consultant • Jr. Actuary Consultant • Insurance Analyst
	1.B.iv. By May 31, 2011, if the conclusion in the previous milestone (1.B.iii) is that the ADOI generally cannot rely on the actuarial certification, determine the reasons why.	Sr. Actuary Consultant • Jr. Actuary Consult.
	1.B.iv-a. By June 30, 2011, draft revisions to the existing form and related filing requirements as appropriate to make the actuarial certification a reliable tool.	Executive Consultant • Sr. Actuary Consultant • Tech. Arch, Consultant
	1.B.iv-b. By August 15, 2011, obtain stakeholder input on the draft revisions, any changes proposed under 1.A.v, above, other revisions to facilitate insurers' filing and ADOI review of the form, and a reasonable implementation date for the revised form	Executive Consultant • Sr. Actuary Consultant • Jr. Actuary Consultant • Insurance Analyst

GOAL 1: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTH CARE INSURANCE PREMIUMS BY IMPROVING THE TRANSPARENCY AND EFFECTIVENESS OF RATE REVIEW.		
OBJECTIVE	**MILESTONE**	**RESPONSIBLE INDIVIDUAL**
MEASURABLE OBJECTIVE 1.B *Continued*	1.B.v. By August 15, 2011, if the conclusion in 1.B.iii is that the ADOI generally can rely on the actuarial certification, obtain stakeholder input on any changes proposed under 1.A.v, , other revisions to facilitate insurers' filing and ADOI review of the form, and a reasonable implementation date for the revised form.	Executive Consultant • Insurance Analyst • Tech. Arch, Consultant
	1.B.vi. By September 15, 2011, finalize revisions to the existing form and related filing requirements and publish for implementation on a designated date.	Assistant Director, L&H • Executive Consult
MEASURABLE OBJECTIVE 1.C. By September 30, 2011, to determine whether the actuarial certification submission required by A.R.S. §2 0-2311(E) is a reliable tool for ADOI to use to determine whether small group rates in the market comply with the law and, if it is not, to develop a standardized form that is reliable tool.	1.C.i. By February 28, 2011, identify key indicators for compliance with small group rate-setting factors.	Sr. Actuary Consultant • Jr. Actuary Consultant
	1.C.ii. By April 30, 2011, summarize information and variations in A.R.S. § 20-2311(E) non-standardized actuarial) and in A.R.S. § 20-2311(G) non-standardized base premium and index rate submissions for calendar year (CY) 2009 and CY 2010.	Sr. Actuary Consultant • Jr. Actuary Consultant • Insurance Analyst
	1.C.iii. By June 30, 2011, based on 1.A.i. and 1.Ai, draft a standardized form for the small group actuarial certification and for submission of base premium and index rates, to be used by insurers for their CY 2011 filings.	Executive Consultant • Jr. Actuary Consultant. • Insurance Analyst
	1.C.iv.By July 30, 2011, obtain stakeholder input on the proposed standardized forms.	Executive Consultant
	1.C.v. By September 30, 2011, finalize standardized forms and publish for use by insurers for their CY 2011 filings.	Assistant Director, L&H Executive Consultant

GOAL 2: GOAL 2: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTH CARE INSURANCE PREMIUMS BY DEVELOPING THE PROCESSES AND SYSTEMS TO COMPLY WITH ACA REQUIREMENTS FOR COLLECTING, REVIEWING AND REPORTING HEALTH INSURANCE RATES		
OBJECTIVE	**MILESTONE**	**RESPONSIBLE INDIVIDUAL**
MEASURABLE OBJECTIVE 2.A As soon as practicable after HHS promulgates standards for "reasonable" and "unreasonable" health insurance rate requests, to review at least 95% of insurers' submissions of rate increases during the grant year that meet the forthcoming ACA standard for "unreasonable" and to apply HHS criteria to determine if the unreasonable increase is excessive or unjustified under forthcoming criteria.	2.A.i. Implement use, via SERFF, of a forthcoming Rate Filing Disclosure Form and Justification Form (the "threshold disclosure form" or "TDF") that federal law will require insurers to use if a rate request is "unreasonable."	Executive Consultant • Insurance Analyst • Tech. Arch. Consultant
	2.A.ii As soon as practicable after HHS promulgates standards for "reasonable" and "unreasonable" rate requests, apply forthcoming ACA criteria to determine if unreasonable rate increases are excessive or unjustified.	Jr. Actuary • Insurance Analayst
	2.A.iii. By three months after completion of 2.A.ii, incorporate conclusions with TDF data used to update expand and update web postings for consumers.	• Tech. Arch. Consultant • Web Development Consultant
MEASURABLE OBJECTIVE 2.B. To comply with ACA reporting requirements relating to rate data and rate trends using the uniform reporting template HHS will provide.	2.B.i. Contract with SERFF to make the modifications necessary to address the data collection and reporting requirements defined in Section A.1(c)(1) and A.1(c)(2) on pages 15, 16 and 17 of the Grant Announcement.	Tech. Arch. Consultant
	2.B.ii. Obtain training from SERFF on system changes.	Executive Consultant

GOAL 2: GOAL 2: TO IMPLEMENT ACA AND ENSURE THAT ARIZONA CONSUMERS GET VALUE FOR THEIR HEALTH CARE INSURANCE PREMIUMS BY DEVELOPING THE PROCESSES AND SYSTEMS TO COMPLY WITH ACA REQUIREMENTS FOR COLLECTING, REVIEWING AND REPORTING HEALTH INSURANCE RATES		
OBJECTIVE	**MILESTONE**	**RESPONSIBLE INDIVIDUAL**
MEASURABLE OBJECTIVE 2.B *Continued*	2.B.iii. Coordinate/develop SERFF's ability to satisfy reporting requirements of the uniform template for data reporting within the SERFF system, including basic trending reports.	Tech. Arch. Consultant

Affordable Care Act: Grants to States for Health Insurance Premium Review-Cycle I
Arizona Application: Organization Chart



Affordable Care Act: Grants to States for Health Insurance Premium Review-Cycle I
Arizona Application: Key Contacts

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ARIZONA (3)

GERMAINE L. MARKS

(b)(6)

PROFESSIONAL EXPERIENCE

Arizona Department of Insurance

Deputy Director **November 2003 – Present**

- Direct management of assistant directors, division heads and other executive staff.
- Oversee regulatory command and coordination decisions of agency.
- Develop and coordinate administrative policy throughout agency.
- Assist the Director of Insurance in the development and implementation of numerous initiatives including producer licensing, insurer licensing, product regulation and information sharing and coordination with other insurance and financial regulators.
- Review and approve proposed agency orders and regulatory bulletins for the Director.
- Coordinate agency interaction with federal and other state governmental agencies.
- Actively participate in National Association of Insurance Commissioners meetings, task forces and working groups as needed by the Director.

Acting Deputy Director for Regulatory Affairs **June-November 2003**

Executive Assistant for Regulatory Affairs **1997- June 2003**

- Advise all agency divisions on regulatory and administrative matters.
- Coordinate legal representation of the agency by the Office of the Attorney General, including planning litigation strategy, reviewing pleadings filed on the agency's behalf, and
- Assist in legal review of proposed legislation and rules.
- Draft Regulatory Bulletins regarding agency positions and legal interpretations.
- Negotiate and draft consent orders with insurance producers and insurance companies as well as facilitate resolution of multi-state settlements.
- Implement speed to market reforms to streamline insurance product regulation.
- Oversee legal review of publications distributed to consumers and regulated parties.

Office of the Arizona Attorney General **1992-1997**
Assistant Attorney General

- Represented the Departments of Insurance, Banking (now the Department of Financial Institutions) and Real Estate.
- Appeared on the agencies' behalf in administrative, superior court and appellate proceedings. See, e.g., Brown v. Arizona Dept. of Real Estate, 181 Ariz. 320, 890 P2d 615 (App. Div. I 1995).
- Prepared formal opinions and informal advice memoranda.
- Drafted rules, legislation and policies affecting the agencies.

Platt & Westby, P.C. **1990-1992**
Associate/Law Clerk
Represented debtors in Chapter 7 and 13 bankruptcies for six-attorney general practice firm.

The Honorable Robert D. Myers **1989-1990**
Maricopa County Superior Court
Law Clerk/Bailiff
Drafted orders, performed legal research and prepared case files for judicial review on civil calendar.

EDUCATION

Arizona State University College of Law
Juris Doctorate, May 1989
Pedrick Scholar (Dean's List)
Graduate Tuition Scholarship
ASU Law School Clinic

University of Nebraska
Bachelor of Arts, Political Science, May 1986
Dean's List
Political Science Honors Program

LEGAL & COMMUNITY ACTIVITIES

Arizona Appellate Handbook (3d ed.) – *Authored Chapter 36.2 (Insurance Department)*

Boys & Girls Clubs of Metropolitan Phoenix Foundation – *Former Trustee*

Arizona State University College of Law Alumni Association – *Former President, Board of Directors*

References available upon request

ALEXANDRA M. SHAFER

(b)(6)

ashafer@azinsurance.gov

EXPERIENCE

ARIZONA DEPARTMENT OF INSURANCE 2000-PRESENT
Assistant Director, Life & Health Division. Oversee enforcement of provider timely pay laws; delivery of health care services by HMOs; review of health, life and annuity insurance forms and advertisements; licensing of third party administrators and utilization review agents; related rule-making activities and technical advice to policy makers.

MARICOPA COUNTY 1999-2000
Health System Contract Administrator. County Administrator's liaison to private firm contracted to manage the county health system.

AEGIS HEALTHCARE RESOURCES, INC. 1997-1999
Phoenix, Arizona
Principal Consultant. Consulted with physicians, hospitals and pharmaceutical companies on network contracting, managed care reimbursement and risk-sharing. Wrote managed care curriculum for a health system leadership institute. Spoke at national conferences

FHP HEALTHCARE/TALBERT MEDICAL GROUP
Phoenix, Arizona 1993-1997
Director of Plans and Contracting. Directed provider network contracting and relations for Arizona operations of national HMO; introduced non-capitated risk-based reimbursement for nephrology, urology, ob-gyn and pediatric services; Prepared for NCQA accreditation by creating key network management indicators.

Lewis and Roca 1985-1993
Phoenix, Arizona
Partner 1990-1993, Associate 1985-1990. Practiced construction and health care law in commercial law firm of 100 lawyers. Emphasized due diligence and disclosure in hospital system transactions; provider network contracting; medical peer review, regulatory compliance, right-to-treat/consent matters and alternative dispute resolution.

United States Court of Appeals for the Ninth Circuit 1984-1985
Pasadena, California
Law Clerk to the Honorable Alfred T. Goodwin

City of Los Angeles, Department of Recreation and Parks 1978-1981
Grants Management Specialist. Coordinated planning for new recreation facilities; Applied for and administered program and construction grants; Developed contracts for construction and design services.

EDUCATION

J.D., University of Pittsburgh School of Law
Law Review Editorial Board

A.B., Vassar College

STATE OF ARIZONA

JANICE K. BREWER
GOVERNOR

EXECUTIVE OFFICE

July 6, 2010

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

Dear Secretary Sebelius:

This letter is to express my support for the Arizona Department of Insurance's (ADOI) application for a grant from the Department of Health and Human Services (HHS) for Grants to States for Health Insurance Premium Review-Cycle I. This request will increase Arizona's ability to conduct the rate review activities required by the Affordable Care Act (ACA).

The ADOI proposed project design is aligned with the HHS Request for Application funding goals as indicated below:

1. Provide for State review of increases in health insurance premiums and evaluations of rate filings and, to the extent permitted by law, approval or disapproval through a comprehensive rate review process that is meaningful and transparent to the public, enrollees, policyholders and the HHS Secretary.
   - Improve individual rate filing requirements by evaluating the existing instructions, actuarial certification, and compliance checklist as tools to determine rate filing compliance and revising if/as appropriate;
   - Enhance the rate review process with additional information technology capacity to support more robust data analysis and data exchange capabilities within the State and with the federal government in preparation for enhanced data reporting in future HHS regulatory requirements;
   - Enhance consumer protection standards through increased stakeholder participation, including posting to the ADOI website, in plain language, a summary of information about the rate review process; and,
   - Track and publish increases that meet the "unreasonable" threshold, once those guidelines are established at the federal level.

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2. Assist the State in developing the infrastructure to collect, analyze, and report to the Secretary critical information about rate filings, to conduct rate review and, to the extent permitted by law, the approval and disapproval process.
   - Add process for ACA rate filings;
   - Build an on-line collection tool for data collection from insurers;
   - Collect 2009 data, internally or from insurers; and,
   - Report rate patterns to the Secretary.

As required, all grant funds will only be used to enhance Arizona's existing rate review efforts in accordance with ACA requirements and will not be used as a substitute for existing funding for such efforts. Arizona will use the grant funds to attempt to develop sustainable processes to comply with the mandates of ACA.

Sincerely,

Janice K. Brewer

Janice K. Brewer
Governor