

VIRGINIA

APPLICATION COVER SHEET

Identifying Information:

Grant Opportunity: **HHS Health Insurance Rate Review Grants – Cycle 1**

Duns #: 01581950010000 Grant Award: \$1 million

Applicant: Virginia State Corporation Commission, Bureau of Insurance

Primary Contact Person, Name: Van (Mary E.) Tompkins*

Telephone Number: 804-371-9802 (has voice mail and zero out capability)

Fax Number: 804-371-9873 Email address: van.tompkins@scc.virginia.gov

* Primary Contact Van Tompkins will be out of the office on vacation July 9-19, 2010. Project Director Jacqueline K. Cunningham will also be out of the office during that same period. From July 9-19, please direct questions with regard to the grant application to Deborah Bell at 804-371-9963. She is the assistant to Commissioner of Insurance Alfred W. Gross, and she will be able to obtain the necessary information for you.

Project Check Off List

- Cover Sheet

- Forms/Mandatory Documents:
 - SF-424 Application for Federal Assistance
 - SF-424 A Budget Information
 - SF-424 B Assurances for Non-Construction Programs (Assurance Certification)
 - SF-LLL Disclosure of Lobbying Activities

- Additional Assurance Certifications

- Governor's Letter of Support

- Applicant Cover Letter (can be attachment)

- Project Abstract

- Project Narrative

- Work Plan and Time Line (can use form or attach separate document)

- Proposed Budget Narrative

- Required Appendices

- List of Key Contacts

- Attachments Form (each document must have a name)

- Job Description/Resume for Project Director and Assistant Director

Virginia Rate Review Grant Project Abstract

CFDA 93.511 Rate Review Grant Application for \$1 Million Virginia State Corporation Commission, Bureau of Insurance

Objectives of the Proposed Project:

- To ensure that increases in health insurance premiums and rate filings are thoroughly evaluated and, to the extent permitted by Virginia law and regulations, approved or disapproved through a comprehensive rate review process that is meaningful and transparent to the public, enrollees, policyholders and the HHS Secretary;
- To ensure that states develop the infrastructure to collect, analyze and report to the Secretary critical information about rate filings and the review and, to the extent permitted by Virginia law and regulations, the approval and disapproval process; and
- To improve our knowledge base and increase capacity to perform effective surveillance of the Virginia health insurance markets and the insurers within our regulatory oversight.

The Virginia State Corporation Commission, Bureau of Insurance, if awarded the Rate Review Grant, would study the impact of health care reforms on premiums in the Virginia individual and group health insurance markets. The proposed study would identify the major Virginia insurers, health plans and health maintenance organizations (carriers); their market shares by carrier; aggregate premiums in these markets by carrier; and their current loss ratios. Effective 2011, new minimum loss ratios will apply under federal law in the individual, small group and large group segments of the marketplace. Carriers with loss ratios below the minimums may be required to issue premium rebates. The Bureau of Insurance will review the experience of carriers operating in the Virginia market and identify carriers whose loss ratios have not met the new federal standards over the last several years in the different segments of the Virginia marketplace. In addition, staff of the Bureau of Insurance will attempt to interpret the study results to predict the effect on premiums of meeting the new federal minimum loss ratios, particularly with respect to the effect on the competitive market in Virginia and the effect on the solvency of the individual carriers. The consultant will also request data from carriers to analyze actual historical premium trends in the marketplace for an extensive premium trend analysis. The work of this aspect of the project would be completed with the assistance of a consulting actuarial firm.

In addition to the actuarial study, the Bureau of Insurance will make enhancements to the existing rate review process to update rate review procedures, develop checklists for analysts and implement procedures for targeted rate filing reviews in response to federal health care reforms. The Bureau of Insurance will make enhancements to its website to make information available to consumers regarding approved and filed rates. Significant data reporting to HHS by states will also require enhancements to Bureau of Insurance systems. The work on this aspect of the project would be completed with the assistance of an information technology consultant.

III. Budget Narrative: Health Insurance Premium Review

Grant for Cycle 1

The Virginia State Corporation Commission (SCC) regulates insurance in the Commonwealth of Virginia through its Bureau of Insurance (BOI). The three SCC Commissioners (elected by the Virginia General Assembly) appoint a Commissioner of Insurance. Commissioner Alfred W. Gross has served in the position since 1996.

The total budget for BOI in Fiscal Year 2010 was \$26,256,198. There are 2 ½ full time employees (FTEs) currently evaluating accident and sickness (health) rate and form submissions. Their combined salaries are \$158,325, with benefits equaling an additional \$51,284. Actuarial costs associated with health rate and form filings to date for FY 2010 are \$50,398. The total cost to BOI for health rate and form review for FY 2010 to date is \$260,457. The BOI certifies that the Maintenance of Effort (MOE) for this regulatory function will continue at this same level of effort whether or not grant funds are awarded pursuant to CFDA 93.511. Grant funds, if awarded, will not supplant existing expenditures in support of our current health insurance rate review.

If grant funds are awarded pursuant to CFDA 93.511, BOI staff has planned a project with two objectives: enhancing our rate review and approval processes consistent with current Virginia statutes and regulations; and improving our knowledge base and increasing our staff's capacity to perform effective surveillance of the Virginia health insurance markets and the insurers within our regulatory oversight. The BOI plans to engage an actuarial consultant to conduct a study of Virginia's rate review process, the impact of PPACA on existing statutes and regulations and its impact on the competitive Virginia health insurance marketplace. Further, the plan calls for enhancements to our existing rate review process in order to update rate review

procedures as well as the development of checklists for analysts and of procedures for targeted rate filing reviews in response to PPACA.

The BOI plans to hire a consultant to coordinate all grant activity, including ensuring deliverables are timely and meet the standards required by the grant and BOI. This person will have a strong health market regulation background with knowledge of Virginia insurers as well as an understanding of PPACA's health care reforms. As such, this person will direct the activities of BOI's consulting actuarial firm and make the necessary contacts with and reports to HHS during the Cycle 1 grant period. This person will work as a contract employee for the duration of the grant and report directly to the Project Director/Assistant Director.

The BOI also plans to hire an information technology (IT) consultant regarding enhancements to the BOI website and to identify what specific IT infrastructure supports the health rate and form review process and what necessary enhancements will be needed with the enactment of PPACA. The BOI plans technical enhancements to its website to make information available to consumers regarding approved and filed rates. Significant data reporting to HHS by states will require enhancements to BOI systems. State insurance regulators through the auspices of the National Association of Insurance Commissioners jointly plan to use a portion of their individual state grants (an estimated \$18,808) to enhance the states' system of record for electronic rate and form filings, SERFF, used by most states and insurers. The IT consultant engaged by BOI will work as a contract employee for the duration of the grant overseeing all technical enhancements of the project plan and report directly to the Project Director and Assistant Director. Anticipated expenditures are outlined on the forms provided in the grant application.

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.

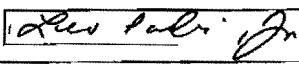
PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

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 COMPTROLLER
* APPLICANT ORGANIZATION VIRGINIA STATE CORPORATION COMMISSION	* DATE SUBMITTED 7/7/2010



COMMONWEALTH of VIRGINIA

Office of the Governor

Robert E. McDonnell
Governor

July 6, 2010

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

Dear Secretary Sebelius:

The Virginia State Corporation Commission's Bureau of Insurance is applying for a \$1 million grant offered under the auspices of the federal office of Health & Human Services pursuant to the Patient Protection and Affordable Care Act. I am writing in support of this grant request.

The Bureau of Insurance seeks to engage an actuarial consultant to study the impact of health care reforms on premiums in the Virginia individual and group health insurance markets. The proposed study would identify the major Virginia insurers, health plans and health maintenance organizations (carriers); their market shares by carrier; aggregate premiums in these markets by carrier; and their current loss ratios. Effective 2011, new minimum loss ratios will apply under federal law in the individual, small group and large group segments of the marketplace. Carriers with loss ratios below the minimums may be required to issue premium rebates. The consultant will review the experience of carriers operating in the Virginia market and identify carriers whose loss ratios have not met the new federal standards over the last several years in the different segments of the Virginia marketplace. In addition, they will attempt to interpret the study results to predict the effect on premiums of meeting the new federal minimum loss ratios, particularly with respect to the effect on the competitive market in Virginia and the effect on the solvency of the individual carriers. The consultant will also request data from carriers to analyze actual historical premium trends in the marketplace for an extensive premium trend analysis.

In addition to the actuarial study, the Bureau of Insurance will with the assistance of consultants make enhancements to its existing rate review process to update rate review procedures, checklists for analysts and procedures for targeted rate

filings reviews in response to federal health care reforms. The Bureau of Insurance will make enhancements to its website to make information available to consumers regarding approved and filed rates. Significant data reporting to HHS by states will require enhancements to Bureau of Insurance systems.

I appreciate your consideration of this grant application.

Sincerely,

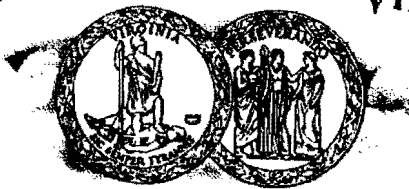


Robert F. McDonnell

RFM/es

COMMONWEALTH OF VIRGINIA

ALFRED W. GROSS
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE



P.O. BOX 1157
RICHMOND, VIRGINIA 23218
TELEPHONE: (804) 371-9741
TDD/VOICE: (804) 371-9206
<http://www.scc.virginia.gov/division/boi>

STATE CORPORATION COMMISSION BUREAU OF INSURANCE

July 6, 2010

Ms. Jacqueline Roche
Ms. Gladys Melendez-Bohler
Department of Health & Human Services
Office of Consumer Information and Insurance Oversight
200 Independence Avenue, SW
Washington, DC 20201

Dear Ms. Roche and Ms. Melendez-Bohler:

The Virginia State Corporation Commission's Bureau of Insurance (Bureau of Insurance) herein applies for a \$1 million grant offered under the auspices of the federal office of Health & Human Services pursuant to the Patient Protection and Affordable Care Act (PPACA). Please find attached to this email our completed application.

We certify that the Bureau of Insurance will comply with the reporting requirements as required for this Cycle 1 period and as outlined in Section 2794 of PPACA through our National Association of Insurance Commissioners' System for Electronic Rate and Form Filings (SERFF), our system of record for accident and sickness (health) form and rate filings. The NAIC has agreed to make the necessary enhancements to SERFF on behalf of its member states to prepare for these increased reporting requirements, and Virginia will use a portion of its Cycle 1 grant money, if awarded, in support of these efforts.

We also certify that the State Corporation Commission through its Bureau of Insurance has regulatory purview over insurance rate and form review processes for the Commonwealth. The Virginia Rate Review Project that we have planned for use of the Cycle 1 Grant, if awarded, would be led by Life & Health Division Deputy Commissioner Jacqueline Cunningham. The proposed project is primarily an actuarial study of the impact of health care reforms on premiums in the Virginia individual and group health insurance markets. In addition to the actuarial study, we plan enhancements to the Bureau's existing rate review process to update rate review procedures, checklists for analysts and procedures for targeted rate filing reviews in response to federal health care reforms. Finally, the Bureau of Insurance will make enhancements to our website to make information available to consumers regarding approved and filed rates.

We appreciate your consideration of this grant application. Please note that Project Director Cunningham and I will both be on vacation July 9-20, 2010. During that period, please direct questions with regard to the grant application to Deborah Bell at 804-371-9963. She is the assistant to Commissioner of Insurance Alfred W. Gross, who will be in the office during this vacation period, and she will be able to obtain any information to assist you.

Sincerely,

A handwritten signature in cursive script that reads "Van Tompkins". The signature is written in black ink and is positioned below the word "Sincerely,".

Van (Mary E.) Tompkins
Special Assistant to the Commissioner

VT/

Job Descriptions for Project Participants

Herein is information concerning the job descriptions of the Project Director and Assistant director and the BOI plan to hire a Grant Coordinator and IT Expert as contract employees. For more detailed information on our plans, see the Virginia Rate Review Project Plan appendix.

Current Job Descriptions of Project Director and Assistant Director:

Project Director Jacqueline Cunningham, Project Director and Deputy Commissioner of Life & Health Division:

Plan, assign, review, edit & evaluate work of 8 working sections in the Life & Health Division (L&H)

Plans and assigns all projects within L&H: Review and edit work and assist each section with difficult or complex cases; evaluate directly the performance of eight (8) section supervisors, and indirectly the performance of their respective staff members. Review all market conduct examination reports, surveys, flyers, guides and pamphlets prepared by the Outreach Section, all decisions rendered by independent, external medical reviewers, all reports prepared for the Special Advisory Commission reviewing Mandated Benefits, and all studies prior to distribution and/or dissemination. All work of the division is to be completed within designated time parameters, leaving sufficient time, where necessary, for review by the Commissioner and/or counsel. Work is to be reviewed for substance, style, proper use of grammar and spelling, format, clarity and accuracy. Evaluate and appraise work of supervisors of market conduct, forms and rates, consumer services, research, external appeals, managed care ombudsman, and outreach sections as well as the work of the special projects coordinator and the office supervisor. Provide guidance and feedback, where necessary and appropriate, to section supervisors concerning personnel and administrative matters within their sections. Review and provide comments on each performance appraisal prepared by section supervisors for their staff members. Ensure that work product is accurate and timely, and that consumers, providers and industry are provided with prompt, courteous and accurate responses and/or regulatory oversight.

Implement/administer policy established by the State Corporation Commission (Commission) & BOI management: Adhere to and ensure that all established Commission and BOI policies and procedures, including, but not limited to, all personnel policies and procedures, BOI dress code policies, utilization of technical resources, travel guidelines, and recruitment policies are followed and administered within the L&H Division in accordance with established standards and guidelines.

Direct/initiate action against L&H companies violating laws/regulations: Maintain oversight of all disciplinary proceedings within the L&H Division, and assure that such actions are consistent and equitable. Oversee preparation of all appropriate documentation to the satisfaction of the Office of General Counsel. When appropriate, ensure that appropriate referrals of disciplinary proceedings are made to the division or section charged with handling the matters.

Communicate with insurance industry, attorneys, trade associations, legislators and others: Respond within established time parameters to requests for information, explanation, etc. from those outside of BOI. Communications are to be clear, concise, accurate and appropriate to the circumstances.

Recommend adoption/amendments to laws/regulations on L&H insurance: Recommendations are to be submitted within established time parameters, and are to be fully explained and justified. Wherever feasible, recommendations for specific verbiage in proper form and format are to accompany statute and regulation recommendations. Analysis of outside proposals is to be submitted within established time parameters, and is to address the issues clearly and concisely. Where appropriate, recommendations for alternative wording or an alternative means of addressing the issue are to be included. Establish timelines and assign work to implement regulatory revisions as necessary to ensure that those regulations affecting life and health insurance are up-to-date and compliant with state and federal standards, and, where appropriate, in keeping with NAIC model regulation standards.

Report to the Commissioner on operational/technical issues in the L&H Division: Provide, as requested or periodically as agreed, written reports and updates as well as oral reports and updates on issues of importance within the L&H Division. Such reports include noted trends or new initiatives within the industry, new products in life and health insurance, NAIC initiatives, legislative initiatives, consumer service cases affecting Bureau and/or Commission management, Bureau studies and reports, Outreach presentations, and issues relating to BOI's Office of the Managed Care Ombudsman and Office of External Appeals.

Report to Management Team and Health & Human Services on Rate Review Grant Activities: Oversee and control work of contractors working on aspects of the project. Ensure that work of contract employees and consultants is effectively integrated into enhancement of the operation and regulatory processes of BOI. Liaise with the State Corporation Commission Comptroller and other appropriate SCC personnel. Report to the Project Management Team.

Note: Deputy Commissioner Jacqueline Cunningham has a forms & rates background and was once supervisor of BOI's Life & Health Forms & Rates Section. In her current position leading the division, Ms. Cunningham spends 30% of her time on forms and rates issues. Grant activities and working on enhancements to the rate review process will take approximately 10% of Ms. Cunningham's time once BOI has hired a contract employee who will direct the activities of BOI's consulting actuarial firm and make the necessary contacts with and reports to HHS during the Cycle 1 grant period. This contract employee will spend his/her time on grant activities and will essentially assume the duties of the position of Project Director reporting to Deputy Commissioner Cunningham. The BOI also plans to hire a contract information technology consultant to assist in website enhancements and in identifying specific IT infrastructure supports the rate and form review process will need with the enactment of PPACA. Until BOI is able to find a contractor with a strong health market regulation background with knowledge of Virginia insurers as well as an understanding of PPACA's health care

reforms, Deputy Commissioner Cunningham will serve as Project Director throughout Cycle 1.

•

•

•

Assistant Director Althelia Battle, Assistant Project Director and Assistant Deputy Commissioner of Life & Health Division:

Oversee Forms and Rates, Consumer Services, Outreach and Research Sections: Be available and accessible to unit supervisors regarding administrative, personnel, automated system development and procedural matters. Maintain and communicate policy changes, additions, deletions, etc. to assure consistency of application of such policy among the units. Perform evaluations of unit supervisors, and develop and implement an audit function to ensure accuracy of work product. Assist and participate in employee selection and personnel issue resolution processes, including oversight of employee evaluation processes. Assist and participate in automated system development projects. Create, revise and assist unit supervisors in creating or revising detailed training manuals, procedure manuals, and policy manual. Assure consistency of format, style and substantive content of such manuals. Recommend professional and clerical attendance at professional development courses, seminars, and other meetings.

Assist and direct BOI supervisors, managers in life and health insurance matters: Work with unit supervisors to assure consistency in application of insurance laws, regulations, and SCC policies. Assist unit supervisors in responding to written inquiries. Be available for discussion, advice and comment, orally and in writing on technical life and health insurance issues and provide such discussion, advice and comment in a timely, succinct and professional manner. Coordinate and participate in meetings between and among professional staff, unit supervisors, Bureau management, counsel, and others, as appropriate.

Represent Commission and BOI on committees, working groups and task forces: As requested or required by Deputy Commissioner, Commissioner, or SCC, participate in or on meetings or groups. Engage in adequate preparation by scheduling meetings or eliciting information necessary to determine BOI's position on NAIC and other issues, and assure consistency in the manner in which such positions are expressed. As necessary, provide testimony or other participation in hearings before the Commission or such other public or private hearings as may be scheduled.

Communicate with staff and public on issues related to division functions: Responds promptly, accurately, consistently, clearly and professionally to oral and written requests for information, interpretation or review of staff decisions. Drafts correspondence for signature of Deputy Commissioner or Commissioner as requested. Correspondence is to be reviewed thoroughly for accuracy, consistency of content, grammar, and typographical errors prior to mailing.

Recommend and/or draft legislation, regulations and administrative letters: Maintains and coordinates requests, suggestions, and recommendations from division staff and outside sources. Provides, at times requested, appropriate recommendations, technical analysis, fiscal and other impact analyses, and policy implication analyses in required form and format. Coordinates internal meetings and discussions, as well as those with outside parties, to discuss legislative, regulatory or other proposals. Attends and

participates in outside meetings related to proposed legislation or regulation. Drafts, assists in drafting, or edits, as appropriate, proposed legislation, regulations, position papers, administrative letters, or other written documents.

Report to Management Team and Health & Human Services on Rate Review Grant Activities: Oversee and control work of contractors working on aspects of the project. Ensure that work of contract employees and consultants is effectively integrated into enhancement of the operation and regulatory processes of BOI. Liaise with the State Corporation Commission Comptroller and other appropriate SCC personnel. Report to the Project Management Team.

Note: Assistant Deputy Commissioner Althelia Battle has a forms & rates background and was once supervisor of BOI's Life & Health Forms and Rates Section. In her current position as second in command in the Life & Health Division, she spends 50% of her time on forms and rates issues. Grant activities and working on enhancements to the rate review process will take approximately 10% of Ms. Battle's time once BOI has hired a contract employee who will direct the activities of BOI's consulting actuarial firm and make the necessary contacts with and reports to HHS during the Cycle 1 grant period. This contract employee will spend his/her time on grant activities and will essentially assume the position of Project Director reporting to L&H Division Deputy Commissioner Cunningham. The BOI also plans to hire a contract information technology consultant to assist in website enhancements and in identification of specific IT infrastructure supports the rate and form review process will need with the enactment of PPACA. Until BOI is able to find a contractor with a strong health market regulation background with knowledge of Virginia insurers as well as an understanding of PPACA's health care reforms, Ms. Battle will serve as Assistant Project Director throughout Cycle 1, reporting to Project Director Cunningham.

Copies of the organizational chart for the Premium Review Grant Project and the Life & Health Division of BOI are attached.

Contract Employees Hired for Cycle 1 Grant Project

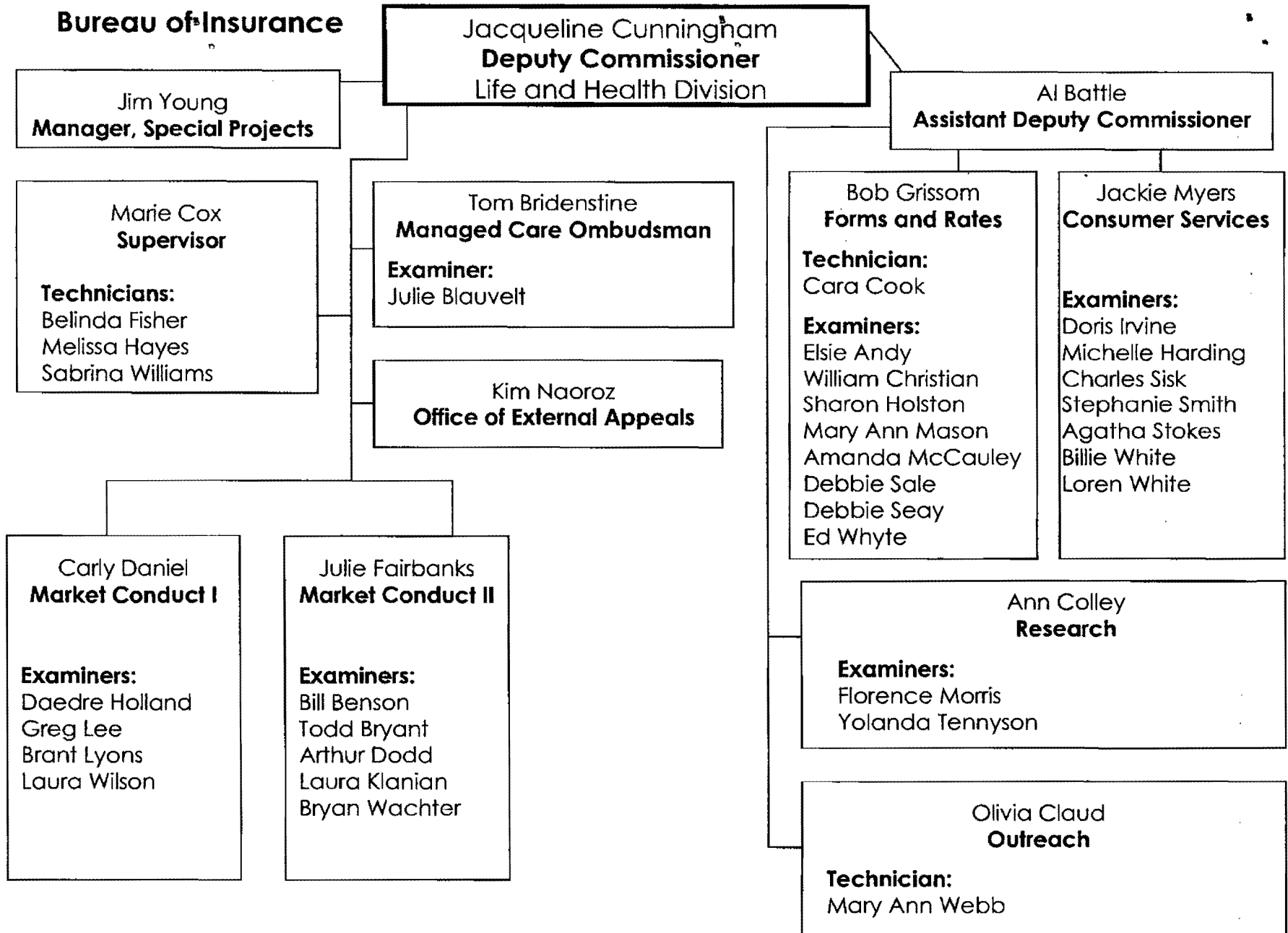
Grant Coordinator Consultant

The BOI plans to hire a consultant to coordinate all grant activity, including ensuring deliverables are timely and meet the standards required by the grant and BOI. This person will have a strong health market regulation background with knowledge of Virginia insurers as well as an understanding of PPACA's health care reforms. As such, this person will direct the activities of BOI's consulting actuarial firm and make the necessary contacts with and reports to HHS during the Cycle 1 grant period. This person will work as a contract employee for the duration of the grant and report directly to the Project Director/Assistant Director. The BOI has budgeted \$70,000 for the Grant Coordinator's hourly rate to be divided over the four quarters of the Virginia Rate Review Project.

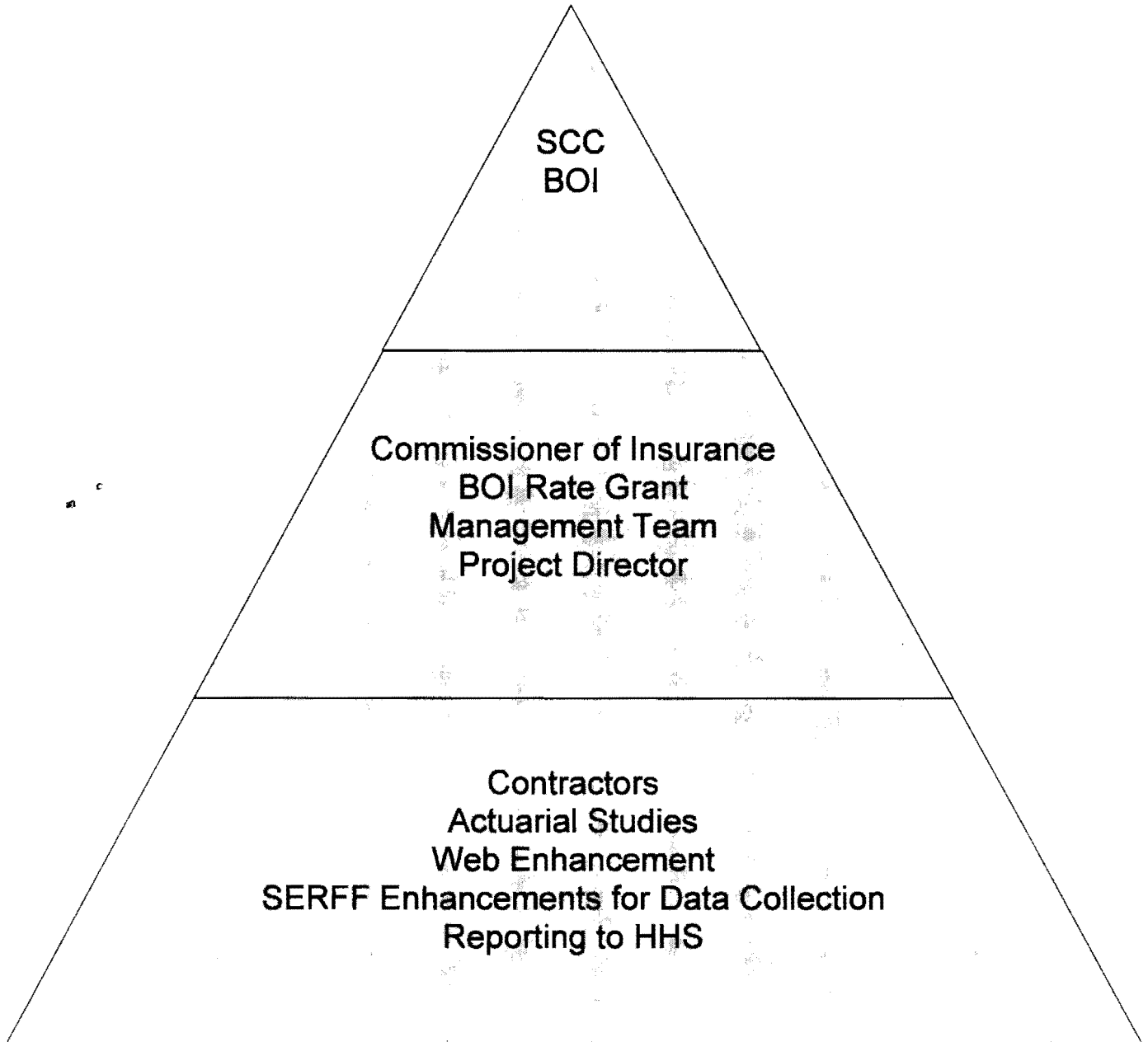
Information Technology Consultant

The BOI also plans to hire an information technology (IT) consultant regarding enhancements to the BOI website and to identify what specific IT infrastructure supports the health rate and form review process and what necessary enhancements will be needed with the enactment of PPACA. The BOI plans technical enhancements to its website to make information available to consumers regarding approved and filed rates. Significant data reporting to HHS by states will require enhancements to BOI systems. State insurance regulators through the auspices of the National Association of Insurance Commissioners jointly plan to use a portion of their individual state grants (an estimated \$18,808) to enhance the states' system of record for electronic rate and form filings, SERFF, used by most states and insurers. The IT consultant engaged by BOI will work as a contract employee for the duration of the grant overseeing all technical enhancements of the project plan and report directly to the Project Director and Assistant Director. The BOI has budgeted \$70,000 for the IT services, including the hourly rate of the IT consultant, to be divided over the four quarters of the Virginia Rate Review Project.

Life and Health Division Staff
Bureau of Insurance



BOI Project: Rate Review Grant



Management Team: Life & Health Deputy Commissioner, Financial Regulation Deputy Commissioner, Agent Regulation & Administration Deputy Commissioner and SCC Commission Comptroller

		Estimated Unobligated
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Federal (c)
Target Rate Review Summary		
Solvency Study		
Impact of Reforms		
IT Services		
Rate Review Grant Project Liaison		

Total

	Grant Program, F	
	Target Rate Review Summary	Solvency Study
a. Personnel		
b. Fringe Benefits		
c. Travel		
d. Equipment		
e. Supplies		
f. Contractual	\$125,000	\$90,000
g. Construction		
h. Other		
j. Indirect Charges		

Total

(a) Grant Program	(b) Applicant	(c) State
Target Rate Review Summary	\$0	\$0
Solvency Study	\$0	\$0
Impact of Reforms	\$0	\$0
IT Services	\$0	\$0

Rate Review Grant Project Liaison	\$0	\$0
--------------------------------------	-----	-----

Total

(a) Grant Program	FUTURE FUNDING PERIODS (Y	
	(b) First	(c) Second
Target Rate Review Summary	\$125,000	\$0
Solvency Study	\$90,000	\$0
Impact of Reforms	\$150,000	\$0
IT Services	\$70,000	\$0
Rate Review Grant Project Liaison	\$70,000	\$0
Totals	<u>\$505,000</u>	<u>\$0</u>

New or Revised Budget			
Funds	New or Revised Budget		
Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
	\$125,000		\$125,000
	\$90,000		\$90,000
	\$150,000		\$150,000
	\$70,000		\$70,000
	\$70,000		\$70,000

\$505,000

Function or Activity			
Impact of Reforms	IT Services	Rate Review Grant Project Liaison	Total
			\$0
			\$0
			\$0
			\$0
			\$0
\$150,000	\$70,000	\$70,000	\$505,000
			\$0
			\$0
			\$0

\$505,000

(d) Other Sources	(e) Totals		
\$0	\$0		
\$0	\$0		
\$0	\$0		
\$0	\$0		

\$0	\$0		
-----	-----	--	--

\$0



EARS)			
(d) Third	(e) Fourth		
\$0	\$0		
\$0	\$0		
\$0	\$0		
\$0	\$0		
\$0	\$0		

\$0

\$0

Timeline for Cycle 1 Grant Actuarial Study

Here is the Virginia project timeline. For more details, please see the Virginia Rate Review Project Work Plan and Timeline document.

1st Quarter (August 9-December 31, 2010)

- Impact of Health Care Reforms on Virginia Market & Carrier Solvency
- Study of the Impact that Health Care Reforms Will Have on Enrollment and Premiums in the Virginia Market
- Targeted Rate Reviews in the Individual Market

2nd Quarter (January 1-March 31, 2011)

- Impact of Health Care Reforms on Virginia Market & Carrier Solvency
- Study of the Impact that Health Care Reforms Will Have on Enrollment and Premiums in the Virginia Market
- Premium Trend Analysis
- Premium Analysis by Detailed Rate Cell
- Targeted Rate Reviews in the Individual Market

3rd Quarter (April 1-June 30, 2011)

- Premium Trend Analysis
- Premium Analysis by Detailed Rate Cell
- Rate Submission Requirements and Review Procedures Manual
- Targeted Rate Reviews in the Individual Market

4th Quarter (July 1-September 30, 2011)

- Premium Trend Analysis
- Premium Analysis by Detailed Rate Cell
- Rate Submission Requirements and Review Procedures Manual
- Targeted Rate Reviews in the Individual Market

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

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

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

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

* Application Filing Name:

Mandatory Documents

Move Form to Complete

Move Form to Delete

Mandatory Documents for Submission

Optional Documents

Move Form to Submission List

Move Form to Delete

Optional Documents for Submission

Instructions

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

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

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

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

ERROR!

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

THIS PACKAGE IS NO LONGER VALID AND CANNOT BE SUBMITTED.

To download the Grants.gov required version visit:

http://www.grants.gov/help/download_software.jsp#adobe811

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

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

Email: support@grants.gov

Phone: 1-800-518-4726

ERROR!

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

YOU CANNOT PROCEED WITH THIS DOCUMENT!

You are using the incorrect version: 9.304

Install the required version and try again.

To download the Grants.gov required version visit:

http://www.grants.gov/help/download_software.jsp#adobe811

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

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

Email: support@grants.gov

Phone: 1-800-518-4726

Application for Federal Assistance SF-424

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
--	--	--

* 3. Date Received: <input type="text" value="Completed by Grants.gov upon submission."/>	4. Applicant Identifier: <input type="text"/>
--	--

5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>
--	---

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
---	---

8. APPLICANT INFORMATION:

* a. Legal Name:

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="54-6001780"/>	* c. Organizational DUNS: <input type="text" value="0158195010000"/>
--	---

d. Address:

* Street1:
Street2:
* City:
County/Parish:
* State:
Province:
* Country:
* Zip / Postal Code:

e. Organizational Unit:

Department Name: <input type="text"/>	Division Name: <input type="text" value="Bureau of Insurance"/>
--	--

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

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

Title:

Organizational Affiliation:

* Telephone Number: Fax Number:

* Email:

Application for Federal Assistance SF-424

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

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

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

Ofc of Consumer Information & Insurance Oversight

11. Catalog of Federal Domestic Assistance Number:

93.511

CFDA Title:

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

*** 12. Funding Opportunity Number:**

RFA-FD-10-999

* Title:

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

13. Competition Identification Number:

ADOBE-FORMS-B

Title:

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

[Add Attachment](#)

[Delete Attachment](#)

[View Attachment](#)

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

Virginia Premium Review Grant Project

Attach supporting documents as specified in agency instructions.

[Add Attachments](#)

[Delete Attachments](#)

[View Attachments](#)

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

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

Add Attachment

Delete Attachment

View Attachment

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

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

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

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

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

- Yes
- No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

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

** I AGREE

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

Authorized Representative:

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

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

Key Contacts Form

*** Applicant Organization Name:**

Commonwealth of Virginia, State Corporation Commission

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

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

Prefix:

Mrs.

*** First Name:** Jacqueline

Middle Name:

K.

*** Last Name:** Cunningham

Suffix:

Title: Deputy Commissioner for Life & Health

Organizational Affiliation:

*** Street1:** 1300 East Main Street

Street2:

*** City:** Richmond

County:

*** State:** VA: Virginia

Province:

*** Country:** USA: UNITED STATES

*** Zip / Postal Code:** 23219-3630

*** Telephone Number:** 804-371-9074

Fax:

804-371-9944

*** Email:** jackie.cunningham@scc.virginia.gov

Delete Entry

Previous Person

Next Person

Key Contacts Form

*** Applicant Organization Name:**

Commonwealth of Virginia, State Corporation Commission

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

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

Prefix: Ms.

*** First Name:** Althelia

Middle Name:

*** Last Name:** Battle

Suffix:

Title: Assistant Deputy Commissioner Life & Health

Organizational Affiliation:

*** Street1:** 1300 East Main Street

Street2:

*** City:** Richmond

County:

*** State:** VA: Virginia

Province:

*** Country:** USA: UNITED STATES

*** Zip / Postal Code:** 23219-3630

*** Telephone Number:** 804-371-9074

Fax: 804-371-9944

*** Email:** al.battle@scc.virginia.gov

Delete Entry

Previous Person

Next Person

Key Contacts Form

*** Applicant Organization Name:**

Commonwealth of Virginia, State Corporation Commission

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

*** Contact 3 Project Role:** Finance Officer

Prefix: Mr.

* First Name: Leo

Middle Name:

* Last Name: Padis

Suffix: Jr.

Title: Commission Comptroller

Organizational Affiliation:

* Street1: 1300 East Main Street

Street2:

* City: Richmond

County:

* State: VA: Virginia

Province:

* Country: USA: UNITED STATES

* Zip / Postal Code: 23219-3630

* Telephone Number: 804-371-9017

Fax: 804-371-9836

* Email: leo.padis@scc.virginia.gov

Delete Entry

Previous Person

Next Person

Project/Performance Site Location(s)

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

Organization Name:

DUNS Number:

* Street1:

Street2:

* City: County:

* State:

Province:

* Country:

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

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

Organization Name:

DUNS Number:

* Street1:

Street2:

* City: County:

* State:

Province:

* Country:

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

Additional Location(s)

ATTACHMENTS FORM

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

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

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

Objective Work Plan

Project:

Virginia Premium Review Grant Project

* Year: * Funding Agency Goal:

* Objective:

* Results or Benefits Expected:

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

Objective Work Plan

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

* Criteria for Evaluating Results or Benefits Expected:

Objective Work Plan

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

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

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

Select to extract the Objective Work Plan Attachment

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

Project Abstract

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

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

Add Attachment

Delete Attachment

View Attachment

Project Narrative File(s)

* Mandatory Project Narrative File Filename:

Add Mandatory Project Narrative File

Delete Mandatory Project Narrative File

View Mandatory Project Narrative File

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

Add Optional Project Narrative File

Delete Optional Project Narrative File

View Optional Project Narrative File

^c
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**

^c
a

^c
a

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. Check List and Procedures Manual	RFA-FD-10-999	\$	\$	70,000.00	\$	\$ 70,000.00
2. Detailed Premium Analysis by Rate Cell	RFA-FD-10-999			200,000.00		200,000.00
3. Premium Trend Analysis	RFA-FD-10-999			225,000.00		225,000.00
4. Target Rate Review Summary; Solvency Study; Impact of Reform; IT Services; and Rate Review Grant Project Liaison-Page 2	RFA-FD-10-999			505,000.00		505,000.00
5. Totals		\$	\$	1,000,000.00	\$	\$ 1,000,000.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1) Check List and Procedures Manual	(2) Detailed Premium Analysis by Rate Cell	(3) Premium Trend Analysis	(4) Target Rate Review Summary; Solvency Study; Impact of Reform; IT Services; and Rate Review Grant Project Liaison-Page 2	
a. Personnel	\$	\$	\$	\$	\$
b. Fringe Benefits					
c. Travel					
d. Equipment					
e. Supplies					
f. Contractual	70,000.00	200,000.00	225,000.00	505,000.00	1,000,000.00
g. Construction					
h. Other					
i. Total Direct Charges (sum of 6a-6h)	70,000.00	200,000.00	225,000.00	505,000.00	\$ 1,000,000.00
j. Indirect Charges					\$
k. TOTALS (sum of 6i and 6j)	\$ 70,000.00	\$ 200,000.00	\$ 225,000.00	\$ 505,000.00	\$ 1,000,000.00
7. Program Income	\$	\$	\$	\$	\$

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program		(b) Applicant	(c) State	(d) Other Sources	(e)TOTALS
8.	Check List and Procedures Manual	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
9.	Detailed Premium Analysis by Rate Cell	0.00	0.00	0.00	0.00
10.	Premium Trend Analysis	0.00	0.00	0.00	0.00
11.	Target Rate Review Summary; Solvency Study; Impact of Reform; IT Services; and Rate Review Grant Project Liaison-Page 2	0.00	0.00	0.00	0.00
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	\$ 1,000,000.00	\$ 186,250.00	\$ 327,917.00	\$ 242,916.00	\$ 242,917.00
14. Non-Federal	\$				
15. TOTAL (sum of lines 13 and 14)	\$ 1,000,000.00	\$ 186,250.00	\$ 327,917.00	\$ 242,916.00	\$ 242,917.00

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.	\$ 70,000.00	\$ 0.00	\$ 0.00	\$ 0.00
17. Detailed Premium Analysis by Rate Cell	200,000.00	0.00	0.00	0.00
18. Premium Trend Analysis	225,000.00	0.00	0.00	0.00
19. Target Rate Review Summary; Solvency Study; Impact of Reform; IT Services; and Rate Review Grant Project Liaison-Page 2	505,000.00	0.00	0.00	0.00
20. TOTAL (sum of lines 16 - 19)	\$ 1,000,000.00	\$	\$	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: none	22. Indirect Charges: No indirect charges will be charged
23. Remarks: none	

ASSURANCES - NON-CONSTRUCTION PROGRAMS

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

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

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

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

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

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

<p>* SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL</p> <p>Completed on submission to Grants.gov</p>	<p>* TITLE</p> <p>Special Assistant to Insurance Commissioner</p>
<p>* APPLICANT ORGANIZATION</p> <p>Commonwealth of Virginia, State Corporation Commission</p>	<p>* DATE SUBMITTED</p> <p>Completed on submission to Grants.gov</p>

DISCLOSURE OF LOBBYING ACTIVITIES

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

Approved by OMB
0348-0046

1. * Type of Federal Action: <input type="checkbox"/> a. contract <input checked="" type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. * Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input checked="" type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. * Report Type: <input checked="" type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change
--	--	--

4. Name and Address of Reporting Entity:

Prime SubAwardee

* Name:

* Street 1: Street 2:

* City: State: Zip:

Congressional District, if known:

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

6. * Federal Department/Agency: <input type="text" value="Health & Human Services"/>	7. * Federal Program Name/Description: <input type="text" value="Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review"/> CFDA Number, if applicable: <input type="text" value="93.511"/>
--	---

8. Federal Action Number, if known: <input type="text"/>	9. Award Amount, if known: \$ <input type="text"/>
--	--

10. a. Name and Address of Lobbying Registrant:

Prefix: * First Name: Middle Name:

* Last Name: Suffix:

* Street 1: Street 2:

* City: State: Zip:

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

Prefix: * First Name: Middle Name:

* Last Name: Suffix:

* Street 1: Street 2:

* City: State: Zip:

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

* Signature:

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

Title: Telephone No.: Date:

Basic Work Plan

1. Estimated date of established funding agreement with State:

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

Describe the tasks in the work plan:

2 a. Describe this task or milestone:

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

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

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

Project Abstract Summary

Program Announcement (CFDA)

93.511 *

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

RFA-FD-10-999

*** Closing Date**

07/07/2010

*** Applicant Name**

Commonwealth of Virginia, State Corporation Commission

*** Length of Proposed Project**

Application Control No.

Federal Share Requested (for each year)

*** Federal Share 1st Year**

\$

*** Federal Share 2nd Year**

\$

*** Federal Share 3rd Year**

\$

*** Federal Share 4th Year**

\$

*** Federal Share 5th Year**

\$

Non-Federal Share Requested (for each year)

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

\$

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

\$

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

\$

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

\$

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

\$

*** Project Title**

Virginia Premium Review Grant Project

Project Abstract Summary

*** Project Summary**

(This area is currently blank for project summary input.)

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

Other Attachment File(s)

* Mandatory Other Attachment Filename:

Add Mandatory Other Attachment

Delete Mandatory Other Attachment

View Mandatory Other Attachment

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

Add Optional Other Attachment

Delete Optional Other Attachment

View Optional Other Attachment

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

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

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

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

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

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

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

- Yes No

If "Yes", provide explanation and attach

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

** I AGREE

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

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: Date Signed:

Virginia Health Insurance Rate Review and Filing Requirements

Individual Accident and Sickness Insurance Rates associated with all types of individual A&S products, including health services plans, but not including HMOs, are subject to prior approval, as follows:

§ 38.2-316 identifies filing and approval requirements applicable to forms and rates; § 38.2-3501 authorizes the Commission to disapprove a policy form of individual accident and sickness insurance if it is likely to be unreasonable in relation to the premium charged; and 14 VAC 5-130-10 et seq., *Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness Insurance Policy Forms*, establishes requirements with respect to rate filings. In particular, 14 VAC 5-130-50, 14 VAC 5-130-60, 14 VAC 5-130-70 and 14 VAC 5-130-80, identify the types of information that must be included in a submission; for example, loss ratio requirements and specific requirements for new products rate increases. Loss ratio requirements vary from 45% to 60% depending upon the product type and the basis under which it is renewed, but the vast majority of products subject to PPACA must achieve a minimum loss ratio of 60%. The term "anticipated loss ratio" is defined in 14 VAC 5-130-40 as the ratio of the present value of the future benefits to the present value of the future premiums of a policy form over the entire period for which rates are computed to provide coverage.

For more information concerning our rate regulator authority, please see **The Commission's Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness Insurance Policy Forms** (14 VAC 5-130 et seq.):

14VAC5-130-10. Purpose.

The purposes of this chapter (14VAC5-130-10 et seq.) are to: (i) implement procedures for the filing of rates for individual and certain group accident and sickness insurance policy forms and (ii) establish minimum loss ratios to assure that the benefits provided by such policy forms are or are likely to be reasonable in relation to the premiums charged.

Statutory Authority

§§ 38.2-3501 and 38.2-3600 through 38.7-3603 of the Code of Virginia.

14 VAC5-130-20. [Reserved]

14 VAC5-130-30. Scope.

A. This chapter (14VAC5-130-10 et seq.) applies to all individual accident and sickness insurance policy forms, subscriber contracts of hospital, medical or surgical plans, dental plans, and optometric plans delivered or issued for delivery in this Commonwealth on and after the effective date.

B. This chapter also applies to group Medicare supplement insurance policy forms and group Medicare supplement subscriber contracts of hospital, medical or surgical plans delivered or issued for delivery in this Commonwealth on and after the effective date.

C. For purposes of this chapter, a policy form shall include any rider or endorsement form affecting benefits which is attached to the base policy.

D. Except as otherwise provided, nothing contained in this chapter shall be construed to relieve an insurer of complying with the statutory requirements set forth in Title 38.2 of the Code of Virginia.

Statutory Authority

§§ 38.2-3501 and 38.2-3600 through 38.7-3603 of the Code of Virginia.

14VAC5-130-40. Definitions.

As used in this chapter:

"Anticipated loss ratio" is the ratio of the present value of the future benefits to the present value of the future premiums of a policy form over the entire period for which rates are computed to provide coverage.

"Group Medicare supplement policy" is a group policy of accident and sickness insurance, or a group subscriber contract of hospital, medical or surgical plans, covering individuals who are entitled to have payment made under Medicare, which is designed primarily to supplement Medicare by providing benefits for payment of hospital, medical or surgical expenses, or is advertised, marketed or otherwise purported to be a supplement to Medicare. Such term does not include:

1. A policy or contract of one or more employers or labor organizations, or of the trustees of a fund established by one or more employers or labor organizations, or combination thereof, for employees or former employees, or combination thereof, or for members or former members, or combination thereof, of the labor organizations; or

2. A policy or contract of any professional, trade or occupational association for its members or former retired members, or combination thereof, if such association:

- a. Is composed of individuals all of whom are actively engaged in the same profession, trade, or occupation;

b. Has been maintained in good faith for purposes other than obtaining insurance; and

c. Has been in existence for at least two years prior to the date of its initial offering of such policy or plan to its members.

"Individual accident and sickness insurance" is insurance against loss resulting from sickness or from bodily injury or death by accident or accidental means or both when sold on an individual rather than group basis.

"Individual Medicare supplement policy" is an individual policy of accident and health insurance or a subscriber contract of hospital, medical or surgical plans, offered to individuals who are entitled to have payment made under Medicare, which is designed primarily to supplement Medicare by providing benefits for hospital, medical or surgical expenses, or is advertised, marketed or otherwise purported to be a supplement to Medicare.

"Qualified Actuary" is a member of the American Academy of Actuaries, or any other individual who has demonstrated actuarial competence that in the opinion of the Commission is deemed adequate to certify the actuarial content of the rate filing.

Statutory Authority

§§ 38.2-3501 and 38.2-3600 through 38.7-3603 of the Code of Virginia.

14VAC5-130-50. General rules on rate filing; experience records and data.

A. Every policy, 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.

B. 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 anticipated loss ratio. Interest, at a rate consistent with that assumed in the determination of premiums, shall be used in the calculation of this loss ratio. 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 the applicable laws and regulations of this Commonwealth and that the benefits are reasonable in relation to the premiums.

C. 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. 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 that data for calendar years prior to the most recent five years may be combined.

D. 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.

E. In the event of disapproval or withdrawal of approval by the Commission of a policy form, an insurer may proceed as indicated in § 38.2-1926 of the Code of Virginia.

Statutory Authority

§§ 38.2-3501 and 38.2-3600 through 38.7-3603 of the Code of Virginia.

14VAC5-130-60. Filing of rates for a new policy form.

A. Each rate submission shall include: (i) the policy form, application and endorsements required by § 38.2-316 of the Code of Virginia, (ii) a rate sheet and (iii) an actuarial memorandum.

B. Actuarial memorandum: The actuarial memorandum shall contain the following information:

1. A description of the type of policy, including benefits, renewability, general marketing method, and issue age limits.
2. A description of how rates were determined, including the general description and source of each assumption used.
3. The estimated average annual premium per policy.
4. The anticipated loss ratio and a description of how it was calculated.
5. The minimum anticipated loss ratio presumed reasonable in this chapter, as specified in subsection C of this section.
6. If item 4 is less than item 5, supporting documentation for the use of such premiums.
7. A certification by a qualified actuary that, to the best of the actuary's knowledge and judgment, the rate filing is in compliance with the applicable laws and regulations of this Commonwealth and the premiums are reasonable in relation to the benefits provided.

C. Reasonableness of benefits in relation to premiums: Benefits shall be deemed reasonable in relation to premiums provided the anticipated loss ratio of the policy form, including riders and endorsements, is at least as great as specified below:

1. If the expected average annual premium is at least \$200 but less than \$1,000:

Type of Coverage	Renewal Clause				
	OR	CR	GR	NC	Other
Hospital Expense, Medical-Surgical Expense, Major Medical Expense, Hospital Confinement Indemnity	60%	55%	55%	50%	60%
Disability Income Protection, Accident Only, Specified Disease and Other, whether paid on an expense incurred or indemnity basis	60%	55%	50%	45%	60%

Definitions of renewal clause:

OR - Optionally renewable: individual policy 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 or renewal can be declined on a geographic territory basis.

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-cancellable: renewal cannot be declined nor can rates be revised by the insurance company.

Other - Any other renewal or non-renewal clauses (e.g. short term non renewable policies).

2. If the expected average annual premium is \$100 or more but less than \$200, subtract five percentage points from the numbers in the table above.

3. If the expected average annual premium is less than \$100, subtract 10 percentage points from the numbers in the table above.

4. If the expected average annual premium is \$1,000 or more, add five percentage points to the numbers in the table above.

5. Notwithstanding 1 above, group Medicare supplement policies, shall be expected to return to policyholders in the form of aggregate benefits under the policy at least 75% of the aggregate amount of premiums collected.

6. Notwithstanding 1 and 5 above, Medicare supplement policies issued as a result of solicitation of individuals through the mails or by mass media advertising, which shall include both print and broadcast advertising, shall be expected to return to policyholders in the form of aggregate benefits under the policy at least 60% of the aggregate amount of premiums collected.

7. Notwithstanding 1 above, Medicare supplement policies sold on an individual rather than group basis shall be expected to return to policyholders in the form of aggregate benefits under the policy at least 60% of the aggregate amount of premiums collected.

The above anticipated loss ratio standards do not apply to a class of business where such standards are in conflict with specific statutes or regulations.

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).

Statutory Authority

§§ 38.2-3501 and 38.2-3600 through 38.7-3603 of the Code of Virginia.

14VAC5-130-70. Filing of a rate increase.

A. Each rate submission shall include: (i) a new rate sheet and (ii) an actuarial memorandum.

B. Actuarial memorandum. The actuarial memorandum shall contain the following information:

1. A description of the type of policy, including benefits, renewability, and issue age limits.

2. The scope and reason for the rate revision.

3. A comparison of the revised premiums with the current premium scale.

4. A statement of whether the revision applies only to new business, only to in-force business, or to both.

5. The estimated average annual premium per policy, before and after the proposed rate increase.

6. Past experience, as specified in 14VAC5-130-50 C:

a. Show Earned Premiums (EP), Incurred Benefits (IB), Increase in Reserves (IR), and Incurred Loss Ratio = $(IB + IR) \div (EP)$.

b. Any other available data the insurer may wish to provide. The additional data may include, if available and appropriate, the ratios of actual claims to the claims expected according to the assumptions underlying the existing rates; substitution of actual claim run-offs for claim reserves and liabilities; accumulations of experience funds; substitution of net level policy reserves for preliminary term policy reserves; adjustments 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.

7. Details and dates of all past rate increases on this form.

8. A description of how revised rates were determined, including the general description and source of each assumption used. For expenses, include percent of premium, dollars per policy, and/or dollars per unit of benefit.

9. If the rate revision applies to new business, the anticipated loss ratio and a description of how it was calculated.

10. If the rate revision applies to in-force business:

a. The anticipated future loss ratio and a description of how it was calculated.

b. The estimated cumulative loss ratio, past and future and a description of how it was calculated.

11. Minimum loss ratio presumed reasonable in 14VAC5-130-60 C.

12. If 9, 10a, or 10b is less than 11, supporting documentation for the use of such premiums.

13. The current number of Virginia policyholders and either premiums in force, premiums earned, or premiums collected for such policyholders in the year immediately prior to the filing of the rate increase.

14. 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 Commonwealth and the premiums are reasonable in relation to the benefits provided.

C. Reasonableness of benefits in relation to premiums. With respect to filings of rate revisions for a previously approved form, benefits shall be deemed reasonable in relation to premiums provided the following standards are met:

1. Both a and b as follows shall be at least as great as the standards in 14VAC5-130-60 C.

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

b. The ratio of (1) to (2) where

(1) is the sum of the accumulated benefits, from the original effective date of the form to the effective date of the revision, and the present value of future benefits, and

(2) is the sum of the accumulated premiums from the original effective date of the form to the effective date of the revision and the present value of future premiums,

such present values to 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, at a rate consistent with that assumed in the determination of premiums, shall be used in the calculation of this loss ratio.

2. If an insurer wishes to charge a premium for policies issued on or after the effective date of the revision which is different from the premium charged for such policies issued prior to the revision date, then with respect to policies issued prior to the effective date of the revision the requirements of subdivision C 1 above must be satisfied, and with respect to policies issued on and after the effective date of the revision, the standards are the same as in 14VAC5-130-60 C, except that the average annual premium shall be determined based on an actual rather than an anticipated distribution of business.

Statutory Authority

§§ 38.2-3501 and 38.2-3600 through 38.7-3603 of the Code of Virginia.

14VAC5-130-80. Special considerations relating to new forms and rate increases.

The Commission, in certain limited instances, may approve new forms and rate revisions with loss ratios lower than those indicated in 14VAC5-130-60 C and 14VAC5-130-70 C. Any such approval will require justification based on the special circumstances that may be applicable.

Statutory Authority

§§ 38.2-3501 and 38.2-3600 through 38.7-3603 of the Code of Virginia.

Virginia Rate Review Grant Project Abstract

CFDA 93.511 Rate Review Grant Application for \$1 Million Virginia State Corporation Commission, Bureau of Insurance

Objectives of the Proposed Project:

- To ensure that increases in health insurance premiums and rate filings are thoroughly evaluated and, to the extent permitted by Virginia law and regulations, approved or disapproved through a comprehensive rate review process that is meaningful and transparent to the public, enrollees, policyholders and the HHS Secretary;
- To ensure that states develop the infrastructure to collect, analyze and report to the Secretary critical information about rate filings and the review and, to the extent permitted by Virginia law and regulations, the approval and disapproval process; and
- To improve our knowledge base and increase capacity to perform effective surveillance of the Virginia health insurance markets and the insurers within our regulatory oversight.

The Virginia State Corporation Commission, Bureau of Insurance, if awarded the Rate Review Grant, would study the impact of health care reforms on premiums in the Virginia individual and group health insurance markets. The proposed study would identify the major Virginia insurers, health plans and health maintenance organizations (carriers); their market shares by carrier; aggregate premiums in these markets by carrier; and their current loss ratios. Effective 2011, new minimum loss ratios will apply under federal law in the individual, small group and large group segments of the marketplace. Carriers with loss ratios below the minimums may be required to issue premium rebates. The Bureau of Insurance will review the experience of carriers operating in the Virginia market and identify carriers whose loss ratios have not met the new federal standards over the last several years in the different segments of the Virginia marketplace. In addition, staff of the Bureau of Insurance will attempt to interpret the study results to predict the effect on premiums of meeting the new federal minimum loss ratios, particularly with respect to the effect on the competitive market in Virginia and the effect on the solvency of the individual carriers. The consultant will also request data from carriers to analyze actual historical premium trends in the marketplace for an extensive premium trend analysis. The work of this aspect of the project would be completed with the assistance of a consulting actuarial firm.

In addition to the actuarial study, the Bureau of Insurance will make enhancements to the existing rate review process to update rate review procedures, develop checklists for analysts and implement procedures for targeted rate filing reviews in response to federal health care reforms. The Bureau of Insurance will make enhancements to its website to make information available to consumers regarding approved and filed rates. Significant data reporting to HHS by states will also require enhancements to Bureau of Insurance systems. The work on this aspect of the project would be completed with the assistance of an information technology consultant.

Virginia Rate Review Grant Project Abstract

CFDA 93.511 Rate Review Grant Application for \$1 Million Virginia State Corporation Commission, Bureau of Insurance

Objectives of the Proposed Project:

- To ensure that increases in health insurance premiums and rate filings are thoroughly evaluated and, to the extent permitted by Virginia law and regulations, approved or disapproved through a comprehensive rate review process that is meaningful and transparent to the public, enrollees, policyholders and the HHS Secretary;
- To ensure that states develop the infrastructure to collect, analyze and report to the Secretary critical information about rate filings and the review and, to the extent permitted by Virginia law and regulations, the approval and disapproval process; and
- To improve our knowledge base and increase capacity to perform effective surveillance of the Virginia health insurance markets and the insurers within our regulatory oversight.

The Virginia State Corporation Commission, Bureau of Insurance, if awarded the Rate Review Grant, would study the impact of health care reforms on premiums in the Virginia individual and group health insurance markets. The proposed study would identify the major Virginia insurers, health plans and health maintenance organizations (carriers); their market shares by carrier; aggregate premiums in these markets by carrier; and their current loss ratios. Effective 2011, new minimum loss ratios will apply under federal law in the individual, small group and large group segments of the marketplace. Carriers with loss ratios below the minimums may be required to issue premium rebates. The Bureau of Insurance will review the experience of carriers operating in the Virginia market and identify carriers whose loss ratios have not met the new federal standards over the last several years in the different segments of the Virginia marketplace. In addition, staff of the Bureau of Insurance will attempt to interpret the study results to predict the effect on premiums of meeting the new federal minimum loss ratios, particularly with respect to the effect on the competitive market in Virginia and the effect on the solvency of the individual carriers. The consultant will also request data from carriers to analyze actual historical premium trends in the marketplace for an extensive premium trend analysis. The work of this aspect of the project would be completed with the assistance of a consulting actuarial firm.

In addition to the actuarial study, the Bureau of Insurance will make enhancements to the existing rate review process to update rate review procedures, develop checklists for analysts and implement procedures for targeted rate filing reviews in response to federal health care reforms. The Bureau of Insurance will make enhancements to its website to make information available to consumers regarding approved and filed rates. Significant data reporting to HHS by states will also require enhancements to Bureau of Insurance systems. The work on this aspect of the project would be completed with the assistance of an information technology consultant.

Virginia Rate Review Grant Project Narrative

I. Current Rate Review Process

Note: All statutory citations refer to the Code of Virginia. Regulatory citations refer to the Virginia Administrative Code (VAC). Working links to statutes and regulations are provided in the document. The website to the Virginia Legislative Information System, which includes the Code of Virginia and the VAC, is <http://leg1.state.va.us>.

General Health Insurance Rate Regulation Information for Virginia

- The Virginia State Corporation Commission Bureau of Insurance (BOI) licenses and regulates all companies writing accident and sickness (A&S) insurance in Virginia. Current numbers of carriers and their license types are listed below.

Note: these numbers reflect all licensed carriers operating in Virginia, some of which offer A&S products that are not subject to the Patient Protection and Affordable Care Act (PPACA):

- 738 companies are licensed to write A&S insurance in Virginia
 - 2 carriers are licensed as Health Services Plans in Virginia
 - 21 carriers are licensed as Health Maintenance Organizations in Virginia
- A&S insurance carriers other than HMOs may write Preferred Provider policies (i.e. PPO), and Exclusive Provider policies (EPOs) as per § 38.2-3407. As permitted by § 38.2-3407.12, A&S carriers (including HMOs and Health Services Plans) may also write Point-of-Service (POS) products. Once a carrier has obtained appropriate licensure and form approvals, it may write both individual and group insurance, although as per Virginia's *Rules Governing Essential and Standard Health Benefit Plan Contracts* at 14 VAC 5-234-40 A, separate registration as a small employer carrier must be provided if the carrier intends to

offer products to small employers (50 or fewer employees). Separate registration also must be obtained if a carrier will operate one or more Managed Care Health Insurance Plans (MCHIPs), as per 38.2-5802.

- In Virginia, “Accident and Sickness Insurance” is defined in § 38.2-109. By definition, A&S insurance includes a number of products that are not contemplated within the Patient Protection and Affordable Care Act. This narrative and description of rate review processes focuses only on those product types within the scope of PPACA.

Health Insurance Rate Review and Filing Requirements

1. Approval/Filing Requirements:

- Individual Accident and Sickness Insurance Rates associated with all types of individual A&S products, including health services plans, but not including HMOs, are subject to prior approval, as follows:

§ 38.2-316 identifies filing and approval requirements applicable to forms and rates; § 38.2-3501 authorizes the Commission to disapprove a policy form of individual accident and sickness insurance if it is likely to be unreasonable in relation to the premium charged; and 14 VAC 5-130-10 et seq., *Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness Insurance Policy Forms*, establishes requirements with respect to rate filings. In particular, 14 VAC 5-130-50, 14 VAC 5-130-60, 14 VAC 5-130-70 and 14 VAC 5-130-80, identify the types of information that must be included in a submission; for example, loss ratio requirements and specific requirements for new products rate increases. Loss ratio requirements vary from 45% to 60%

depending upon the product type and the basis under which it is renewed, but the vast majority of products subject to PPACA must achieve a minimum loss ratio of 60%. The term “anticipated loss ratio” is defined in 14 VAC 5-130-40 as the ratio of the present value of the future benefits to the present value of the future premiums of a policy form over the entire period for which rates are computed to provide coverage.

- Group A&S Rates *, including group health services plans, must be filed with the Commission prior to implementation, but they are not subject to prior approval, (*group HMO rates are addressed separately in the section immediately following).

§ 38.2-316 identifies filing requirements (refer to § 38.2-316 A).

Note: Special requirement for standard and essential health benefit plans: Insurers offering coverage to small employers must offer the essential and standard health benefit plans as per Virginia’s *Rules Governing Essential and Standard Health Benefit Plan Contracts*, 14 VAC 5-234-10 et seq. These plans must be community rated. The community rate may deviate from the filed community rate by not more than twenty percent above or twenty percent below such rate for claim experience, health status and duration during a rating period (§ 38.2-3433).

- Individual and Group HMO products must be filed with the Commission prior to implementation, but are not subject to prior approval:

§ 38.2-316 identifies the filing requirements (refer to subsection A).

§ 38.2-4306 B requires that the company provide along with its rate filings a certification signed by a qualified actuary or other qualified professional approved by the Commission which states that the rates are appropriate based upon reasonable assumptions. No loss ratio standards are established, nor are there any other prescribed standards for setting HMO rates. These rates are not subject to prior approval.

Note: The same standards with regard to the standard and essential health benefit plans offered in the small employer market apply as noted above, under “Group A&S Rates”).

Staffing Resources and Information Technology Capacity

All rate filings associated with accident & sickness insurance are processed by the Forms & Rates Section of the Life and Health Division within BOI. Currently, three senior examiners and the principal examiner (the manager of the section) within the Forms & Rates Section assume responsibility for rate review. One clerical assistant assists with data entry, processing of incoming mail, and other clerical functions associated with the rate review processes. The amount of time spent on rate review varies depending on the volume of work received and the complexity of the filings. All professional (non-clerical) staff members responsible for rate review have several years of experience with BOI as well as prior insurance industry experience.

All rate submissions are processed and tracked through the NAIC’s System for Electronic Form Filings (SERFF). The BOI accepts non-electronic submissions, but the submissions are downloaded into SERFF, our system of record. The BOI will implement any and all SERFF enhancements that may be developed in connection with

its efforts to enhance rate review as per this grant application (See Proposed IT Enhancements below).

Budget Information Regarding Current Process

Four professional staff members and one clerical assistant are involved in the rate review process, although we estimate the number of employees with a 100% commitment to the rate review process is the equivalent of 2.5 full time employees (FTEs) for purposes of measuring their involvement in the rate review process. The combined salaries of the 2.5 FTEs are \$158,325, with benefits equaling an additional \$51,284. Actuarial costs associated with health rate and form filings to date for FY 2010 are \$50,398. The total cost to BOI for health rate and form review for FY 2010 to date is \$260,457. Additional details are contained in the Budget Narrative below.

Existing Consulting Actuarial Services at BOI

A significant portion of the rates that are subject to prior approval are also reviewed by BOI's consulting actuary. The BOI currently has two consulting actuarial firms under contract. The firms are Oliver Wyman and National Actuarial Network. Under the actuarial services contract (BOI 04-004), the actuaries review and evaluate certain life and health insurance rate filings. The BOI when entering into this contract required the selected firms to demonstrate the appropriate credentials and credibility to qualify as an expert witness for a rate hearing case. In addition, the firms are required to offer support in monitoring and evaluating the financial condition of life and health insurers; offer support in reviewing claims reserves and reserving methodologies; be knowledgeable with new trends in product development; work effectively with the concepts of risk transfer and pricing for reinsurance; be available for special studies of life and health insurance issues, as well as for other projects that require the expertise of an actuary.

Consumer Protections

Rates on file with BOI are available for public inspection in accordance with general public access processes and procedures employed by the State Corporation Commission, which are described at <http://www.scc.virginia.gov/comm/obtain.aspx>.

The BOI has also posted a consumer alert entitled "Health Insurance Rates in Virginia," describing rate review and approval processes applicable to A&S insurance on its website at: <http://www.scc.virginia.gov/division/boi/webpages/boiconsumer.htm>.

There are currently no requirements for notification to consumers by BOI of rate increases applicable to the consumers' policies, but there is a statutory requirement for insurers to notify both individual and group policyholders of any rate increase in excess of 35% at least 60 days in advance. (Refer to § 38.2-3407.14). There is no provision in Virginia law for the input of consumers or other interested parties in the review and approval of health insurance premium rates, either through public meetings or hearings, on rate filings. Virginia law does, however, provide for a hearing process relative to actions taken by BOI with respect to form and rate disapprovals and/or withdrawals in accordance with §§ 38.2-316 G and 38.2-1926.

Complaints and Inquiries

The BOI maintains records of consumer complaints and inquiries under general categories of complaint types. Under the general category of "premium and rating and premium notice/billing," the Bureau received 518 complaints and 51 inquiries during the period of April 1, 2008 through June 28, 2010. It should be noted, however, that within these general categories of complaints, there is no way to specify complaints or inquiries specifically associated with what may be considered excessive premiums or the application of incorrect charges.

Actions by the Bureau of Insurance 2008-2010

Significant rate review issues taken by BOI during the last two years are outlined below. To view any of these actions, go to <http://docket.scc.virginia.gov/vaproduct/main.asp>. Once on the above page, choose "Search Cases." Your cursor will automatically default to the "Enter Case Number:" field. Type in the desired case number (upper or lower case) i.e., INS-2010-00118 (include dashes); click the "**SEARCH**" button to the right. Click the underlined case number that appears to the left on the next screen under "Case Number." Then choose "Documents" (located to the right) and a list of all public documents with description will be retrieved in a PDF format. Click the PDF icon to open the document.

1. Subdivision 2 of § 38.2-508 of the Code prohibits, in part, unfairly discriminating or permitting any unfair discrimination between individuals of the same class and of essentially the same hazard in the amount of premium, policy fees, or rates charged for any policy or contract of accident or health insurance. See Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc (95639); Order INS-2008-00210 (1/22/09).

2. § 38.2-3407.14 A of the Code states that each (i) insurer issuing individual or group accident and sickness insurance policies providing hospital, medical and surgical or major medical coverage on an expense-incurred basis, (ii) corporation providing individual or group accident and sickness subscription contracts, and (iii) health maintenance organization providing a health care plan for health care services, shall provide in conjunction with the proposed renewal of coverage under any such policies, contracts or plans, prior written notice of intent to increase by more than 35 percent the annual premium charged for coverage there under. See Optima Health Plan (95281); Order INS-2009-00278 (2/4/10).

3. § 38.2-3407.14 B of the Code states that the notice required by this section shall be provided in writing at least 60 days prior to the proposed renewal of coverage under any such policy, contract, or plan to the policyholder, contract holder or subscriber, or to the designated consultant or other agent of the group policyholder, contract holder, or subscriber if requested in writing by the group policyholder, contract holder, or

subscriber, as appropriate. See Optima Health Plan (95281); Order INS-2009-00278 (2/4/10); Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc (95639); Order INS-2008-00210 (1/22/09); and United Healthcare of the Mid-Atlantic, Inc. (95025); Order INS-2008-00063 (5/28/08)

II. Proposed Rate Review Enhancements

The Virginia State Corporation Commission Bureau of Insurance has developed a plan by which the Cycle 1 grant would primarily be used for an actuarial study of the impact of health care reforms on premiums in the Virginia individual and group health insurance markets given the enactment of the Patient Protection and Affordable Care Act (PPACA). The objectives of the Project are to ensure that increases in health insurance premiums and rate filings are thoroughly evaluated and, to the extent permitted by Virginia law and regulations, approved or disapproved through a comprehensive rate review process that is meaningful and transparent to the public, enrollees, policyholders and the HHS Secretary; to ensure that states develop the infrastructure to collect, analyze and report to the Secretary critical information about rate filings and the review and, to the extent permitted by Virginia law and regulations, the approval and disapproval process; and to improve our knowledge base and increase capacity to perform effective surveillance of the Virginia health insurance markets and the insurers within our regulatory oversight.

The proposed study, entitled Virginia Rate Review Grant Project, would identify the major Virginia insurers, health plans and health maintenance organizations (carriers); their market shares by carrier; aggregate premiums in these markets by carrier; and their current loss ratios. Effective 2011, new minimum loss ratios will apply under federal law in the individual, small group and large group segments of the

marketplace. Carriers with loss ratios below the minimums may be required to issue premium rebates. The consultant will review the experience of carriers operating in the Virginia market and identify carriers whose loss ratios have not met the new federal standards over the last several years in the different segments of the Virginia marketplace. In addition, they will attempt to interpret the study results to predict the effect on premiums of meeting the new federal minimum loss ratios, particularly with respect to the effect on the competitive market in Virginia and the effect on the solvency of the individual carriers. The consultant will also request data from carriers to analyze actual historical premium trends in the marketplace for an extensive premium trend analysis.

The BOI Deputy Commissioner for Life & Health, Jacqueline Cunningham, and her Assistant Deputy Commissioner, Althelia Battle, will lead the project on behalf of the BOI with the assistance of the consulting actuarial firm, and oversee the work of a contract employee serving as grant coordinator and an information technology specialist who will insist in developing enhancements to BOI systems and the website. The National Association of Insurance Commissioners will enhance the system of record used by state insurance departments, the System for Electronic Rate and Form Filings (SERFF), to capture the data necessary to fulfill the reporting requirements of the rate grant. The details concerning the enhancements are outlined in the Project Work Plan. The proposed actuarial study is divided into six separate projects over the course of the Cycle 1 Grant as follows:

1. Impact of Health Care Reforms on Virginia Market and Carrier Solvency: this project will identify the impact of minimum loss ratio requirements on premium rates, insurer surplus, and the Virginia insurance market. As part of this work, the consulting actuary will model the impact of minimum loss ratio requirements on surplus levels of all

insurance carriers. This model will include the identification of carriers that may be at risk of having their surplus decline, which will allow BOI to focus more effectively our rate review and regulatory activities to mitigate any potential adverse impact of loss ratio requirements on the cost or availability of coverage for Virginia citizens.

2. Targeted Rate Reviews in the Individual Market: in-depth rate reviews will be conducted by auditing rate filings for individual insurance carriers with the largest market share and/or those carriers filing for the largest rate increases. This auditing process will include reviewing the carrier's work, as well as independently re-calculating rates based on company data. These targeted reviews will enhance the rate review process by providing BOI with insight into whether fundamental flaws in the rate development process exist for any reviewed carrier and/or are pervasive for multiple carriers, which will allow BOI to determine whether additional reviews or changes in the standard rate filing review process are warranted.

3. Rate Submission Requirements and Review Procedures Manual: enhancements to the rate review process will be made by both expanding the informational requirements through the development of a uniform submission checklist, and adding consistency to the review process through the development of a procedures manual to assist examiners in the review of individual rate filings. The manual will focus the examiners' efforts towards reviewing key pricing assumptions that drive rate increases and requiring carriers to provide detailed justification for those items.

4. Premium Trend Analysis Project: enhancements to the rate review process will be made by identifying the base premium trends observed in the marketplace, normalized for the effects of demographic or benefit changes. This analysis will be completed separately for the individual and small group markets. Having a better understanding of the base trends as well as other components of trends will allow examiners to identify

more easily potentially excessive and/or unreasonable rate increase requests. The analysis will be an effective tool to focus the examiners efforts toward the drivers of a given rate increase by providing benchmark industry values for underlying costs, aging, and benefit changes.

5. Premium Analysis by Detailed Rate Cell: means will be identified to enhance rate regulation at a more granular level to assess more effectively rates and rate increases by age, gender, benefit level, geography, and any other allowable factors that BOI deems appropriate. In addition, a tool will be developed to maintain premium data in a manner that allows for efficient assessments and studies of premium changes. The three main objectives of this project are to enhance the review of rates for internal consistency for major carriers; enhance the review of rates relative to industry norms; and maintain detailed premium information in a database to allow for the development of periodic, scheduled reports and ad hoc reports for the benefit of BOI, consumers, and policymakers.

6. Study of the Impact that Health Care Reforms Will Have on Enrollment and Premiums in the Virginia Market: a rate review process will allow BOI to gain an understanding of expected market size and premium levels in the individual and small group markets post-reforms. By understanding expected premium levels and enrollment, BOI will be better positioned to assess the reasonableness of rate increases caused by additional factors promulgated by health care reform that impact rates.

Details on the six projects, their budgets, work plan specifics by week, estimated timelines and quarters of work are outlined in the Project Work Plan and Timeline. The Project Work Plan also includes the duties of the Project Director and Assistant Director and contractors and the percentages of time they will spend on project activities. The BOI Deputy Commissioner and Assistant Deputy Commissioner for the Life & Health

Division will spend significant amounts of time on the project until the BOI is able to hire a grant coordinator who will spend his/her time on grant activities.

Additionally, there will be information technology enhancements to the BOI rate review process. The BOI will hire an information technology (IT) consultant for enhancements to the BOI website and to identify what specific IT infrastructure supports the rate and form review process and what necessary enhancements will be needed for PPACA. Details of IT work are contained in the Project Work Plan, and details of associated costs are outlined in the Budget Narrative. Finally, state insurance regulators through NAIC jointly plan to use a portion of their individual state grants (an estimated \$18,808) to enhance SERFF. The Project Work Plan includes the details of the NAIC SERFF enhancement project. The SERFF enhancements will allow BOI to attest that we will comply with the reporting requirements outlined in Section 2794 of PPACA.

III. Budget Narrative: Health Insurance Premium Review

Grant for Cycle 1

The Virginia State Corporation Commission (SCC) regulates insurance in the Commonwealth of Virginia through its Bureau of Insurance (BOI). The three SCC Commissioners (elected by the Virginia General Assembly) appoint a Commissioner of Insurance. Commissioner Alfred W. Gross has served in the position since 1996.

The total budget for BOI in Fiscal Year 2010 was \$26,256,198. There are 2 ½ full time employees (FTEs) currently evaluating accident and sickness (health) rate and form submissions. Their combined salaries are \$158,325, with benefits equaling an additional \$51,284. Actuarial costs associated with health rate and form filings to date

for FY 2010 are \$50,398. The total cost to BOI for health rate and form review for FY 2010 to date is \$260,457. The BOI certifies that the Maintenance of Effort (MOE) for this regulatory function will continue at this same level of effort whether or not grant funds are awarded pursuant to CFDA 93.511. Grant funds, if awarded, will not supplant existing expenditures in support of our current health insurance rate review.

If grant funds are awarded pursuant to CFDA 93.511, BOI staff has planned a project with two objectives: enhancing our rate review and approval processes consistent with current Virginia statutes and regulations; and improving our knowledge base and increasing our staff's capacity to perform effective surveillance of the Virginia health insurance markets and the insurers within our regulatory oversight. The BOI plans to engage an actuarial consultant to conduct a study of Virginia's rate review process, the impact of PPACA on existing statutes and regulations and its impact on the competitive Virginia health insurance marketplace. Further, the plan calls for enhancements to our existing rate review process in order to update rate review procedures as well as the development of checklists for analysts and of procedures for targeted rate filing reviews in response to PPACA.

The BOI plans to hire a consultant to coordinate all grant activity, including ensuring deliverables are timely and meet the standards required by the grant and BOI. This person will have a strong health market regulation background with knowledge of Virginia insurers as well as an understanding of PPACA's health care reforms. As such, this person will direct the activities of BOI's consulting actuarial firm and make the necessary contacts with and reports to HHS during the Cycle 1 grant period. This person will work as a contract employee for the duration of the grant and report directly to the Project Director/Assistant Director.

The BOI also plans to hire an information technology (IT) consultant regarding enhancements to the BOI website and to identify what specific IT infrastructure supports the health rate and form review process and what necessary enhancements will be needed with the enactment of PPACA. The BOI plans technical enhancements to its website to make information available to consumers regarding approved and filed rates. Significant data reporting to HHS by states will require enhancements to BOI systems. State insurance regulators through the auspices of the National Association of Insurance Commissioners jointly plan to use a portion of their individual state grants (an estimated \$18,808) to enhance the states' system of record for electronic rate and form filings, SERFF, used by most states and insurers. The IT consultant engaged by BOI will work as a contract employee for the duration of the grant overseeing all technical enhancements of the project plan and report directly to the Project Director and Assistant Director.

Anticipated expenditures are outlined on the forms provided in the grant application.

IV. Appendices

The Appendices include the following documents:

Organizational chart for the Virginia Rate Review Grant Project

Organizational chart for Life & Health Division of BOI

Project Work Plan and Timeline

Virginia Rate Review Project Plan

The State Corporation Commission Bureau of Insurance has developed a plan by which the Cycle 1 grant would primarily be used for an actuarial study of the impact of health care reforms on premiums in the Virginia individual and group health insurance markets. The proposed study, entitled Virginia Rate Review Grant Project, would identify the major Virginia insurers, health plans and health maintenance organizations (carriers); their market shares by carrier; aggregate premiums in these markets by carrier; and their current loss ratios. Effective 2011, new minimum loss ratios will apply under federal law in the individual, small group and large group segments of the marketplace. Carriers with loss ratios below the minimums may be required to issue premium rebates. The consultant will review the experience of carriers operating in the Virginia market and identify carriers whose loss ratios have not met the new federal standards over the last several years in the different segments of the Virginia marketplace. In addition, they will attempt to interpret the study results to predict the effect on premiums of meeting the new federal minimum loss ratios, particularly with respect to the effect on the competitive market in Virginia and the effect on the solvency of the individual carriers. The consultant will also request data from carriers to analyze actual historical premium trends in the marketplace for an extensive premium trend analysis.

Six Phases of the Virginia Rate Review Grant Project

The actuarial study is divided into six separate projects over the course of the Cycle 1 Grant as follows:

1. Impact of Health Care Reforms on Virginia Market and Carrier Solvency (Solvency Project): Quarters 1 and 2 of the Cycle 1 Grant

This project will identify the impact of minimum loss ratio requirements on premium rates, insurer surplus, and the Virginia insurance market. As part of this work, the consulting actuary will model the impact of minimum loss ratio requirements on surplus levels of all insurance carriers. This model will include the identification of carriers that may be at risk of having their surplus decline, which will allow BOI to focus more effectively our rate review and regulatory activities to mitigate any potential adverse impact of loss ratio requirements on the cost or availability of coverage for Virginia citizens.

Estimated Budget for Solvency Project \$90,000

Project Duration 12 weeks

Estimated Solvency Project Timeline

- Week 1: Meetings to confirm objectives of the project, investigate various data sources available.
- Weeks 2-7: Run queries and compile financial information, complete expense analysis, develop model to calculate estimated premium refunds and revised RBC ratios.
- Weeks 8-10: Use model results to identify insurers at-risk and estimate changes in the competitive landscape and the subsequent impact on policyholder premiums.
- Week 11: Write draft report.
- Week 12: Review, revise, and finalize report.

Project Quarters 1st and 2nd quarters of the project timeline

2. Targeted Rate Reviews in the Individual Market (Rate Review Project)

For this project, in-depth rate reviews will be conducted by auditing rate filings for individual insurance carriers with the largest market share and/or those carriers filing for the largest rate increases. This auditing process will include reviewing the carrier's work, as well as independently re-calculating rates based on company data. These targeted reviews will enhance the rate review process by providing BOI with insight into whether fundamental flaws in the rate development process exist for any reviewed carrier and/or are pervasive for multiple carriers which will allow BOI to determine whether additional reviews or changes in the standard rate filing review process are warranted.

Estimated Budget The cost to perform each review will vary based on the size and the number of products offered by each carrier. The BOI estimates that the average cost of each review will be \$25,000. During the period covered by this grant, BOI estimates that five of these reviews will be conducted. Therefore, the total budgeted cost for this project is \$125,000

Project Duration Each review is estimated to take on average eight weeks to complete, and it is possible to work on two or more reviews concurrently.

Estimated Project Timeline

- Week 1: Review prior filings for the carrier, develop and issue data request.
- Week 2: Carrier submits data. Data is reviewed for completeness and carrier is asked to provide additional or revised data where warranted.
- Weeks 3-5: Incurred claim, trend and rate calculation analysis is performed.
- Week 6: Preliminary results are discussed. Additional analysis is performed as deemed necessary.
- Week 7: Draft report is developed.
- Week 8: Report is reviewed, modifications are made and report is finalized.

Project Quarters All quarters of the project timeline

3. Rate Submission Requirements and Review Procedures Manual (Requirements & Manual Project)

This project will enhance the rate review process by both expanding the informational requirements through the development of a uniform submission checklist, and adding consistency to the review process through the development of a procedures manual to assist examiners in the review of individual rate filings. The manual will focus the examiners' efforts towards reviewing key pricing assumptions that drive rate increases and requiring carriers to provide detailed justification for those items.

Estimated Budget \$70,000
Project Duration 14 weeks
Estimated Project Timeline

- Weeks 1-2: Discussions with BOI to gain an understanding of the current informational requirements and workflow process associated with rate reviews; review any procedures/training manuals currently used. An initial review of information/regulations from other states to gain an understanding of the level of information required in other states for benchmarking purposes.
- Weeks 3-4: Provide a summary of rate filing requirements in other states for BOI; discuss with BOI information requirements they may want to include in a rate submission checklist.
- Week 5: Prepare draft checklist for Bureau's review including detailed checklists of required items, any standardized formatting for submission, required forms, etc.
- Week 6: Make revisions and finalize the checklist.
- Weeks 7-9: Discuss current review process and enhanced process, including any changes necessary to comply with federal requirements in order to develop specifications for a procedure manual
- Weeks 10-11: Develop initial examiner's desk level procedures manual for individual rate filings.
- Week 12: Hold conference calls with Bureau management staff to discuss questions and potential revisions to the manual.
- Week 13: Finalize the manual.
- Week 14: Hold on-site meeting with Bureau examiners to walk through manual, provide training on the rating and underwriting process, and answer questions. Make any necessary revisions to the manual as a result of on-site visit.

Project Quarters 3rd and 4th quarters of the project timeline

4. Premium Trend Analysis Project

This project will enhance the rate review process by identifying the base premium trends observed in the marketplace, normalized for the effects of demographic or benefit changes. This analysis will be completed separately for the individual and small group markets. Having a better understanding of the base trends as well as other components of trends will allow examiners to identify more easily potentially excessive and/or unreasonable rate increase requests. The analysis will be an effective tool to focus the examiners efforts toward the drivers of a given rate increase by providing benchmark industry values for underlying costs, aging, and benefit changes.

Estimated Budget: \$175,000 for the individual and small group markets;
Additional \$50,000 for large group market
Project Duration: 24 weeks
Estimated Project Timeline

- Weeks 1-2: Review and confirm detailed objectives of the analysis, and discuss any existing data that may be useful in the analysis or for benchmarking purposes. Identify the carriers that will participate in the study.
- Week 3: Prepare a data request to submit to the participating carriers.
- Weeks 6-11: Review the data from carriers for reasonableness. This will include checks to ensure that the data is internally consistent, as well as comparisons to published financial data when available. Request clarification and/or revised data from the carriers.
- Weeks 12-15: Perform analyses for the individual market.
- Weeks 16-19: Perform analyses for the group market.
- Weeks 20-21: Draft report containing the analysis, methodology, results, and key findings of the study.
- Weeks 22-23: Discuss the draft report with the reviewers. Address questions, and revise report as needed to incorporate reviewer comments.
- Week 24: Production and distribution of final report.

Project Quarters Project Quarters 2nd, 3rd, and 4th quarters of the project timeline

5. Premium Analysis by Detailed Rate Cell (Detailed Rate Cell Analysis)

This project will identify means to enhance rate regulation at a more granular level to assess more effectively rates and rate increases by age, gender, benefit level, geography, and any other allowable factors that BOI deems appropriate. In addition, a tool will be developed to maintain premium data in a manner that allows for efficient assessments and studies of premium changes. There are three main objectives of this project:

- Enhance the review of rates for internal consistency for major carriers
- Enhance the review of rates relative to industry norms
- Maintain detailed premium information in a database to allow for the development of periodic, scheduled reports and ad hoc reports for the benefit of BOI, consumers, and policymakers

Estimated Budget \$200,000

Project Duration 20 weeks

Estimated Project Timeline

- Weeks 1-2: Meetings to confirm objectives of project and focus of analyses.
- Weeks 3-4: Develop “mock” reports to determine the type of reporting desired which will affect how data is collected and stored, as well as the database application used.
- Weeks 5-8: Confirm database application to be used, available data, needed data, and develop template for insurers to submit premium rate and plan benefit data.
- Weeks 9-12: Carriers submit necessary information. Analysts work on developing queries and report template.

- Weeks 13-14: Complete carrier analysis for a single carrier, and produce exhibits from database queries.
- Weeks 15-16: Draft carrier report for single carrier, modify and finalize single carrier report based on recommendations of those reviewing. Complete market analysis and produce market exhibits.
- Weeks 17-18: Complete individual carrier reports for remaining large carriers. Draft market report.
- Weeks 19-20: Finalize market report based on reviewer input.
- Periodically complete rate increase summaries when new rates are filed.

Project Quarters 2nd, 3rd, and 4th quarters of the project timeline

6. Study of the Impact that Health Care Reforms Will Have on Enrollment and Premiums in the Virginia Market (PPACA Impact Study)

This project will enhance the rate review process by allowing BOI to gain an understanding of expected market size and premium levels in the individual and small group markets post-reforms. By understanding expected premium levels and enrollment, BOI will be better positioned to assess the reasonableness of rate increases caused by additional factors promulgated by health care reform that impact rates.

Estimated Budget \$150,000

Project Duration 20 weeks

Estimated Project Timeline

- Weeks 1-2: Review and confirm detailed objectives of the analysis, explore existing data that may be useful in the analysis.
- Weeks 3-4: Gather available data sources, draft and send morbidity survey to small group carriers.
- Weeks 6-7: Use data sources gathered to develop a snapshot of current individual and small group markets (e.g., number of enrollees, income levels, demographics, average costs, etc.)
- Weeks 8-13: Develop migration model to project enrollment by type of coverage and claim and premium costs, included in this work is the development of key assumptions like market demand or elasticity assumptions, and population of the model with market and enrollee data. As part of this modeling, the morbidity survey data from small group carriers will be analyzed. Scenario testing will be completed and results will be reviewed for general reasonableness relative to other similar studies which have generally been done on a national basis.
- Weeks 14-16: Review preliminary results, discuss and model alternate scenarios.
- Weeks 17-18: Draft report containing the analysis, methodology, results, and key findings of the study.
- Week 19: Discuss the draft report with the reviewers. Address questions, and revise report as needed to incorporate reviewer comments.
- Week 20: Production and distribution of final report.

Project Quarters 1st and 2nd quarters of the Project Timeline

Project Director and Assistant Director Duties

- Oversee and control work of contractors working on aspects of the project.
- Ensure that work of contract employees and consultants is effectively integrated into enhancement of the operation and regulatory processes of BOI.
- Liaise with the State Corporation Commission Comptroller and other appropriate SCC personnel.
- Report to the Project Management Team, Financial Regulation Deputy Commissioner Douglas Stolte, Agent Regulation and Administration Deputy Commissioner Brian Gaudiose and SCC Comptroller Leo Padis.

Current Job Descriptions of Project Director and Assistant Director:

Project Director Jacqueline Cunningham, Project Director and Deputy Commissioner of Life & Health Division:

Plan, assign, review, edit & evaluate work of 8 working sections in the Life & Health Division (L&H)

Plans and assigns all projects within L&H: Review and edit work and assist each section with difficult or complex cases; evaluate directly the performance of eight (8) section supervisors, and indirectly the performance of their respective staff members. Review all market conduct examination reports, surveys, flyers, guides and pamphlets prepared by the Outreach Section, all decisions rendered by independent, external medical reviewers, all reports prepared for the Special Advisory Commission reviewing Mandated Benefits, and all studies prior to distribution and/or dissemination. All work of the division is to be completed within designated time parameters, leaving sufficient time, where necessary, for review by the Commissioner and/or counsel. Work is to be reviewed for substance, style, proper use of grammar and spelling, format, clarity and accuracy. Evaluate and appraise work of supervisors of market conduct, forms and rates, consumer services, research, external appeals, managed care ombudsman, and outreach sections as well as the work of the special projects coordinator and the office supervisor. Provide guidance and feedback, where necessary and appropriate, to section supervisors concerning personnel and administrative matters within their sections. Review and provide comments on each performance appraisal prepared by section supervisors for their staff members. Ensure that work product is accurate and timely, and that consumers, providers and industry are provided with prompt, courteous and accurate responses and/or regulatory oversight.

Implement/administer policy established by the State Corporation Commission (Commission) & BOI management: Adhere to and ensure that all established Commission and BOI policies and procedures, including, but not limited to, all personnel

policies and procedures, BOI dress code policies, utilization of technical resources, travel guidelines, and recruitment policies are followed and administered within the L&H Division in accordance with established standards and guidelines.

Direct/initiate action against L&H companies violating laws/regulations: Maintain oversight of all disciplinary proceedings within the L&H Division, and assure that such actions are consistent and equitable. Oversee preparation of all appropriate documentation to the satisfaction of the Office of General Counsel. When appropriate, ensure that appropriate referrals of disciplinary proceedings are made to the division or section charged with handling the matters.

Communicate with insurance industry, attorneys, trade associations, legislators and others: Respond within established time parameters to requests for information, explanation, etc. from those outside of BOI. Communications are to be clear, concise, accurate and appropriate to the circumstances.

Recommend adoption/amendments to laws/regulations on L&H insurance: Recommendations are to be submitted within established time parameters, and are to be fully explained and justified. Wherever feasible, recommendations for specific verbiage in proper form and format are to accompany statute and regulation recommendations. Analysis of outside proposals is to be submitted within established time parameters, and is to address the issues clearly and concisely. Where appropriate, recommendations for alternative wording or an alternative means of addressing the issue are to be included. Establish timelines and assign work to implement regulatory revisions as necessary to ensure that those regulations affecting life and health insurance are up-to-date and compliant with state and federal standards, and, where appropriate, in keeping with NAIC model regulation standards.

Report to the Commissioner on operational/technical issues in the L&H Division: Provide, as requested or periodically as agreed, written reports and updates as well as oral reports and updates on issues of importance within the L&H Division. Such reports include noted trends or new initiatives within the industry, new products in life and health insurance, NAIC initiatives, legislative initiatives, consumer service cases affecting Bureau and/or Commission management, Bureau studies and reports, Outreach presentations, and issues relating to BOI's Office of the Managed Care Ombudsman and Office of External Appeals.

Report to Management Team and Health & Human Services on Rate Review Grant Activities: Oversee and control work of contractors working on aspects of the project. Ensure that work of contract employees and consultants is effectively integrated into enhancement of the operation and regulatory processes of BOI. Liaise with the State Corporation Commission Comptroller and other appropriate SCC personnel. Report to the Project Management Team.

Note: Deputy Commissioner Jacqueline Cunningham has a forms & rates background and was once supervisor of BOI's Life & Health Forms & Rates Section. In her current position leading the division, Ms. Cunningham spends 30% of her time on forms and rates issues. Grant activities and working on enhancements to the rate review process will take approximately 10% of Ms. Cunningham's time once BOI has hired a contract employee who will direct the activities of BOI's consulting actuarial firm and make the necessary contacts with and reports to HHS during the Cycle 1 grant period. This

contract employee will spend his/her time on grant activities and will essentially assume the duties of the position of Project Director reporting to Deputy Commissioner Cunningham. The BOI also plans to hire a contract information technology consultant to assist in website enhancements and in identifying specific IT infrastructure supports the rate and form review process will need with the enactment of PPACA. Until BOI is able to find a contractor with a strong health market regulation background with knowledge of Virginia insurers as well as an understanding of PPACA's health care reforms, Deputy Commissioner Cunningham will serve as Project Director throughout Cycle 1.

Assistant Director Althelia Battle, Assistant Project Director and Assistant Deputy Commissioner of Life & Health Division:

Oversee Forms and Rates, Consumer Services, Outreach and Research Sections: Be available and accessible to unit supervisors regarding administrative, personnel, automated system development and procedural matters. Maintain and communicate policy changes, additions, deletions, etc. to assure consistency of application of such policy among the units. Perform evaluations of unit supervisors, and develop and implement an audit function to ensure accuracy of work product. Assist and participate in employee selection and personnel issue resolution processes, including oversight of employee evaluation processes. Assist and participate in automated system development projects. Create, revise and assist unit supervisors in creating or revising detailed training manuals, procedure manuals, and policy manual. Assure consistency of format, style and substantive content of such manuals. Recommend professional and clerical attendance at professional development courses, seminars, and other meetings.

Assist and direct BOI supervisors, managers in life and health insurance matters: Work with unit supervisors to assure consistency in application of insurance laws, regulations, and SCC policies. Assist unit supervisors in responding to written inquiries. Be available for discussion, advice and comment, orally and in writing on technical life and health insurance issues and provide such discussion, advice and comment in a timely, succinct and professional manner. Coordinate and participate in meetings between and among professional staff, unit supervisors, Bureau management, counsel, and others, as appropriate.

Represent Commission and BOI on committees, working groups and task forces: As requested or required by Deputy Commissioner, Commissioner, or SCC, participate in or on meetings or groups. Engage in adequate preparation by scheduling meetings or eliciting information necessary to determine BOI's position on NAIC and other issues, and assure consistency in the manner in which such positions are expressed. As necessary, provide testimony or other participation in hearings before the Commission or such other public or private hearings as may be scheduled.

Communicate with staff and public on issues related to division functions: Responds promptly, accurately, consistently, clearly and professionally to oral and written requests for information, interpretation or review of staff decisions. Drafts correspondence for signature of Deputy Commissioner or Commissioner as requested. Correspondence is to be reviewed thoroughly for accuracy, consistency of content, grammar, and typographical errors prior to mailing.

Recommend and/or draft legislation, regulations and administrative letters: Maintains and coordinates requests, suggestions, and recommendations from division staff and outside sources. Provides, at times requested, appropriate recommendations, technical analysis, fiscal and other impact analyses, and policy implication analyses in required form and format. Coordinates internal meetings and discussions, as well as those with outside parties, to discuss legislative, regulatory or other proposals. Attends and participates in outside meetings related to proposed legislation or regulation. Drafts, assists in drafting, or edits, as appropriate, proposed legislation, regulations, position papers, administrative letters, or other written documents.

Report to Management Team and Health & Human Services on Rate Review Grant Activities: Oversee and control work of contractors working on aspects of the project. Ensure that work of contract employees and consultants is effectively integrated into enhancement of the operation and regulatory processes of BOI. Liaise with the State Corporation Commission Comptroller and other appropriate SCC personnel. Report to the Project Management Team.

Note: Assistant Deputy Commissioner Althelia Battle has a forms & rates background and was once supervisor of BOI's Life & Health Forms and Rates Section. In her current position as second in command in the Life & Health Division, she spends 50% of her time on forms and rates issues. Grant activities and working on enhancements to the rate review process will take approximately 10% of Ms. Battle's time once BOI has hired a contract employee who will direct the activities of BOI's consulting actuarial firm and make the necessary contacts with and reports to HHS during the Cycle 1 grant period. This contract employee will spend his/her time on grant activities and will essentially assume the position of Project Director reporting to L&H Division Deputy Commissioner Cunningham. The BOI also plans to hire a contract information technology consultant to assist in website enhancements and in identification of specific IT infrastructure supports the rate and form review process will need with the enactment of PPACA. Until BOI is able to find a contractor with a strong health market regulation background with knowledge of Virginia insurers as well as an understanding of PPACA's health care reforms, Ms. Battle will serve as Assistant Project Director throughout Cycle 1, reporting to Project Director Cunningham.

Copies of the organizational chart for the Premium Review Grant Project and the Life & Health Division of BOI are attached.

Contract Employees Hired for Cycle 1 Grant Project

Grant Coordinator Consultant

The BOI plans to hire a consultant to coordinate all grant activity, including ensuring deliverables are timely and meet the standards required by the grant and BOI. This person will have a strong health market regulation background with knowledge of Virginia insurers as well as an understanding of PPACA's health care reforms. As such, this person will direct the activities of BOI's consulting actuarial firm and make the necessary contacts with and reports to HHS during the Cycle 1 grant period. This person will work as a contract employee for the duration of the grant and report directly to the Project Director/Assistant Director. The BOI has budgeted \$70,000 for the Grant

Coordinator's hourly rate to be divided over the four quarters of the Virginia Rate Review Project.

Information Technology Consultant

The BOI also plans to hire an information technology (IT) consultant regarding enhancements to the BOI website and to identify what specific IT infrastructure supports the health rate and form review process and what necessary enhancements will be needed with the enactment of PPACA. The BOI plans technical enhancements to its website to make information available to consumers regarding approved and filed rates. Significant data reporting to HHS by states will require enhancements to BOI systems. State insurance regulators through the auspices of the National Association of Insurance Commissioners jointly plan to use a portion of their individual state grants (an estimated \$18,808) to enhance the states' system of record for electronic rate and form filings, SERFF, used by most states and insurers. The IT consultant engaged by BOI will work as a contract employee for the duration of the grant overseeing all technical enhancements of the project plan and report directly to the Project Director and Assistant Director. The BOI has budgeted \$70,000 for the IT services, including the hourly rate of the IT consultant, to be divided over the four quarters of the Virginia Rate Review Project.

Timeline for Cycle 1 Grant Actuarial Study

1st Quarter (August 9-December 31, 2010)

- Impact of Health Care Reforms on Virginia Market & Carrier Solvency
- Study of the Impact that Health Care Reforms Will Have on Enrollment and Premiums in the Virginia Market
- Targeted Rate Reviews in the Individual Market

2nd Quarter (January 1-March 31, 2011)

- Impact of Health Care Reforms on Virginia Market & Carrier Solvency
- Study of the Impact that Health Care Reforms Will Have on Enrollment and Premiums in the Virginia Market
- Premium Trend Analysis
- Premium Analysis by Detailed Rate Cell
- Targeted Rate Reviews in the Individual Market

3rd Quarter (April 1-June 30, 2011)

- Premium Trend Analysis
- Premium Analysis by Detailed Rate Cell
- Rate Submission Requirements and Review Procedures Manual
- Targeted Rate Reviews in the Individual Market

4th Quarter (July 1-September 30, 2011)

- Premium Trend Analysis
- Premium Analysis by Detailed Rate Cell
- Rate Submission Requirements and Review Procedures Manual
- Targeted Rate Reviews in the Individual Market

Information Technology Enhancements to Rate Process

We certify that the Bureau of Insurance will comply with the reporting requirements outlined in Section 2794 of PPACA through our National Association of Insurance Commissioners' System for Electronic Rate and Form Filings (SERFF), which is our system of record for accident and sickness (health) form and rate filings. The NAIC has agreed to make the necessary enhancements to SERFF on behalf of its member states to prepare for these increased reporting requirements, and Virginia will share a portion, estimated at \$18,808, of its Cycle 1 grant money, if awarded, in support of these efforts.

The following has been provided by NAIC to states for inclusion in their Cycle 1 Grant applications as to SERFF enhancements:

Description of Deliverables:

- 1) Requirements defined in Section A.1(c)(1) and A.1(c)(2) on pages 15, 16 and 17. Specifically, the estimate covers the expenses associated with modifying SERFF to address data collection and reporting requirements, such as:
 - a. State options to indicate premium review grant participation
 - b. Company profile changes to incorporate company type
 - c. State-maintained indicator for rate filing requests meeting the HHS threshold for 'unreasonable'.
 - d. Addition of field to indicate product types
 - e. Company-maintained product information including product name, HHS id, and product status that will allow the companies to track products and apply them to filings.
 - f. A new set of fields added to the Rate/Rule schedule items to provide HIPR data on a policy form basis.
 - g. Changes to the State API to accommodate retrieval of the data elements added above and to allow for updates of appropriate data elements via the State API.
- 2) Incorporating the submission of a federally mandated Rate Filing Disclosure Form and Justification (currently being reviewed by the B Committee) that is required to be filed under provisions of the Affordable Care Act if a rate request falls under the definition of 'unreasonable'. The estimate provided by the NAIC would also allow the Rate Filing Disclosure Form, or similar document, to be filed regardless of whether the rate request falls under the definition of 'unreasonable' in the event the states wanted to include this in their submission requirements to facilitate meeting the requirement that consumer friendly descriptions of rate filings be made available publicly.

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

The workflow on a Health filing that requires the enhanced data reporting fields will vary from the existing SERFF workflow. States will set preferences that will indicate the level of data they would like to require. Fields exposed to the industry during the filing creation process are determined by these state preferences. The overall workflow will be changed in that the filer will now be required to tie schedule items (such as rates and policy forms) to a specific product. This will allow for the reporting of 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 from SERFF is included within the estimate should that prove a requirement.

Delivery Timeline:

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

Virginia Rate Review Project Plan

The State Corporation Commission Bureau of Insurance has developed a plan by which the Cycle 1 grant would primarily be used for an actuarial study of the impact of health care reforms on premiums in the Virginia individual and group health insurance markets. The proposed study, entitled Virginia Rate Review Grant Project, would identify the major Virginia insurers, health plans and health maintenance organizations (carriers); their market shares by carrier; aggregate premiums in these markets by carrier; and their current loss ratios. Effective 2011, new minimum loss ratios will apply under federal law in the individual, small group and large group segments of the marketplace. Carriers with loss ratios below the minimums may be required to issue premium rebates. The consultant will review the experience of carriers operating in the Virginia market and identify carriers whose loss ratios have not met the new federal standards over the last several years in the different segments of the Virginia marketplace. In addition, they will attempt to interpret the study results to predict the effect on premiums of meeting the new federal minimum loss ratios, particularly with respect to the effect on the competitive market in Virginia and the effect on the solvency of the individual carriers. The consultant will also request data from carriers to analyze actual historical premium trends in the marketplace for an extensive premium trend analysis.

Six Phases of the Virginia Rate Review Grant Project

The actuarial study is divided into six separate projects over the course of the Cycle 1 Grant as follows:

1. Impact of Health Care Reforms on Virginia Market and Carrier Solvency (Solvency Project): Quarters 1 and 2 of the Cycle 1 Grant

This project will identify the impact of minimum loss ratio requirements on premium rates, insurer surplus, and the Virginia insurance market. As part of this work, the consulting actuary will model the impact of minimum loss ratio requirements on surplus levels of all insurance carriers. This model will include the identification of carriers that may be at risk of having their surplus decline, which will allow BOI to focus more effectively our rate review and regulatory activities to mitigate any potential adverse impact of loss ratio requirements on the cost or availability of coverage for Virginia citizens.

Estimated Budget for Solvency Project \$90,000

Project Duration 12 weeks

Estimated Solvency Project Timeline

- Week 1: Meetings to confirm objectives of the project, investigate various data sources available.
- Weeks 2-7: Run queries and compile financial information, complete expense analysis, develop model to calculate estimated premium refunds and revised RBC ratios.
- Weeks 8-10: Use model results to identify insurers at-risk and estimate changes in the competitive landscape and the subsequent impact on policyholder premiums.
- Week 11: Write draft report.
- Week 12: Review, revise, and finalize report.

Project Quarters 1st and 2nd quarters of the project timeline

2. Targeted Rate Reviews in the Individual Market (Rate Review Project)

For this project, in-depth rate reviews will be conducted by auditing rate filings for individual insurance carriers with the largest market share and/or those carriers filing for the largest rate increases. This auditing process will include reviewing the carrier's work, as well as independently re-calculating rates based on company data. These targeted reviews will enhance the rate review process by providing BOI with insight into whether fundamental flaws in the rate development process exist for any reviewed carrier and/or are pervasive for multiple carriers which will allow BOI to determine whether additional reviews or changes in the standard rate filing review process are warranted.

Estimated Budget The cost to perform each review will vary based on the size and the number of products offered by each carrier. The BOI estimates that the average cost of each review will be \$25,000. During the period covered by this grant, BOI estimates that five of these reviews will be conducted. Therefore, the total budgeted cost for this project is \$125,000

Project Duration Each review is estimated to take on average eight weeks to complete, and it is possible to work on two or more reviews concurrently.

Estimated Project Timeline

- Week 1: Review prior filings for the carrier, develop and issue data request.
- Week 2: Carrier submits data. Data is reviewed for completeness and carrier is asked to provide additional or revised data where warranted.
- Weeks 3-5: Incurred claim, trend and rate calculation analysis is performed.
- Week 6: Preliminary results are discussed. Additional analysis is performed as deemed necessary.
- Week 7: Draft report is developed.
- Week 8: Report is reviewed, modifications are made and report is finalized.

Project Quarters All quarters of the project timeline

3. Rate Submission Requirements and Review Procedures Manual (Requirements & Manual Project)

This project will enhance the rate review process by both expanding the informational requirements through the development of a uniform submission checklist, and adding consistency to the review process through the development of a procedures manual to assist examiners in the review of individual rate filings. The manual will focus the examiners' efforts towards reviewing key pricing assumptions that drive rate increases and requiring carriers to provide detailed justification for those items.

Estimated Budget \$70,000
Project Duration 14 weeks
Estimated Project Timeline

- Weeks 1-2: Discussions with BOI to gain an understanding of the current informational requirements and workflow process associated with rate reviews; review any procedures/training manuals currently used. An initial review of information/regulations from other states to gain an understanding of the level of information required in other states for benchmarking purposes.
- Weeks 3-4: Provide a summary of rate filing requirements in other states for BOI; discuss with BOI information requirements they may want to include in a rate submission checklist.
- Week 5: Prepare draft checklist for Bureau's review including detailed checklists of required items, any standardized formatting for submission, required forms, etc.
- Week 6: Make revisions and finalize the checklist.
- Weeks 7-9: Discuss current review process and enhanced process, including any changes necessary to comply with federal requirements in order to develop specifications for a procedure manual
- Weeks 10-11: Develop initial examiner's desk level procedures manual for individual rate filings.
- Week 12: Hold conference calls with Bureau management staff to discuss questions and potential revisions to the manual.
- Week 13: Finalize the manual.
- Week 14: Hold on-site meeting with Bureau examiners to walk through manual, provide training on the rating and underwriting process, and answer questions. Make any necessary revisions to the manual as a result of on-site visit.

Project Quarters 3rd and 4th quarters of the project timeline

4. Premium Trend Analysis Project

This project will enhance the rate review process by identifying the base premium trends observed in the marketplace, normalized for the effects of demographic or benefit changes. This analysis will be completed separately for the individual and small group markets. Having a better understanding of the base trends as well as other components of trends will allow examiners to identify more easily potentially excessive and/or unreasonable rate increase requests. The analysis will be an effective tool to focus the examiners efforts toward the drivers of a given rate increase by providing benchmark industry values for underlying costs, aging, and benefit changes.

Estimated Budget: \$175,000 for the individual and small group markets;
Additional \$50,000 for large group market
Project Duration: 24 weeks
Estimated Project Timeline

- Weeks 1-2: Review and confirm detailed objectives of the analysis, and discuss any existing data that may be useful in the analysis or for benchmarking purposes. Identify the carriers that will participate in the study.
- Week 3: Prepare a data request to submit to the participating carriers.
- Weeks 6-11: Review the data from carriers for reasonableness. This will include checks to ensure that the data is internally consistent, as well as comparisons to published financial data when available. Request clarification and/or revised data from the carriers.
- Weeks 12-15: Perform analyses for the individual market.
- Weeks 16-19: Perform analyses for the group market.
- Weeks 20-21: Draft report containing the analysis, methodology, results, and key findings of the study.
- Weeks 22-23: Discuss the draft report with the reviewers. Address questions, and revise report as needed to incorporate reviewer comments.
- Week 24: Production and distribution of final report.

Project Quarters Project Quarters 2nd, 3rd, and 4th quarters of the project timeline

5. Premium Analysis by Detailed Rate Cell (Detailed Rate Cell Analysis)

This project will identify means to enhance rate regulation at a more granular level to assess more effectively rates and rate increases by age, gender, benefit level, geography, and any other allowable factors that BOI deems appropriate. In addition, a tool will be developed to maintain premium data in a manner that allows for efficient assessments and studies of premium changes. There are three main objectives of this project:

- Enhance the review of rates for internal consistency for major carriers
- Enhance the review of rates relative to industry norms
- Maintain detailed premium information in a database to allow for the development of periodic, scheduled reports and ad hoc reports for the benefit of BOI, consumers, and policymakers

Estimated Budget \$200,000

Project Duration 20 weeks

Estimated Project Timeline

- Weeks 1-2: Meetings to confirm objectives of project and focus of analyses.
- Weeks 3-4: Develop “mock” reports to determine the type of reporting desired which will affect how data is collected and stored, as well as the database application used.
- Weeks 5-8: Confirm database application to be used, available data, needed data, and develop template for insurers to submit premium rate and plan benefit data.
- Weeks 9-12: Carriers submit necessary information. Analysts work on developing queries and report template.

- Weeks 13-14: Complete carrier analysis for a single carrier, and produce exhibits from database queries.
- Weeks 15-16: Draft carrier report for single carrier, modify and finalize single carrier report based on recommendations of those reviewing. Complete market analysis and produce market exhibits.
- Weeks 17-18: Complete individual carrier reports for remaining large carriers. Draft market report.
- Weeks 19-20: Finalize market report based on reviewer input.
- Periodically complete rate increase summaries when new rates are filed.

Project Quarters 2nd, 3rd, and 4th quarters of the project timeline

6. Study of the Impact that Health Care Reforms Will Have on Enrollment and Premiums in the Virginia Market (PPACA Impact Study)

This project will enhance the rate review process by allowing BOI to gain an understanding of expected market size and premium levels in the individual and small group markets post-reforms. By understanding expected premium levels and enrollment, BOI will be better positioned to assess the reasonableness of rate increases caused by additional factors promulgated by health care reform that impact rates.

Estimated Budget \$150,000

Project Duration 20 weeks

Estimated Project Timeline

- Weeks 1-2: Review and confirm detailed objectives of the analysis, explore existing data that may be useful in the analysis.
- Weeks 3-4: Gather available data sources, draft and send morbidity survey to small group carriers.
- Weeks 6-7: Use data sources gathered to develop a snapshot of current individual and small group markets (e.g., number of enrollees, income levels, demographics, average costs, etc.)
- Weeks 8-13: Develop migration model to project enrollment by type of coverage and claim and premium costs, included in this work is the development of key assumptions like market demand or elasticity assumptions, and population of the model with market and enrollee data. As part of this modeling, the morbidity survey data from small group carriers will be analyzed. Scenario testing will be completed and results will be reviewed for general reasonableness relative to other similar studies which have generally been done on a national basis.
- Weeks 14-16: Review preliminary results, discuss and model alternate scenarios.
- Weeks 17-18: Draft report containing the analysis, methodology, results, and key findings of the study.
- Week 19: Discuss the draft report with the reviewers. Address questions, and revise report as needed to incorporate reviewer comments.
- Week 20: Production and distribution of final report.

Project Quarters 1st and 2nd quarters of the Project Timeline

Project Director and Assistant Director Duties

- Oversee and control work of contractors working on aspects of the project.
- Ensure that work of contract employees and consultants is effectively integrated into enhancement of the operation and regulatory processes of BOI.
- Liaise with the State Corporation Commission Comptroller and other appropriate SCC personnel.
- Report to the Project Management Team, Financial Regulation Deputy Commissioner Douglas Stolte, Agent Regulation and Administration Deputy Commissioner Brian Gaudiose and SCC Comptroller Leo Padis.

Current Job Descriptions of Project Director and Assistant Director:

Project Director Jacqueline Cunningham, Project Director and Deputy Commissioner of Life & Health Division:

Plan, assign, review, edit & evaluate work of 8 working sections in the Life & Health Division (L&H)

Plans and assigns all projects within L&H: Review and edit work and assist each section with difficult or complex cases; evaluate directly the performance of eight (8) section supervisors, and indirectly the performance of their respective staff members. Review all market conduct examination reports, surveys, flyers, guides and pamphlets prepared by the Outreach Section, all decisions rendered by independent, external medical reviewers, all reports prepared for the Special Advisory Commission reviewing Mandated Benefits, and all studies prior to distribution and/or dissemination. All work of the division is to be completed within designated time parameters, leaving sufficient time, where necessary, for review by the Commissioner and/or counsel. Work is to be reviewed for substance, style, proper use of grammar and spelling, format, clarity and accuracy. Evaluate and appraise work of supervisors of market conduct, forms and rates, consumer services, research, external appeals, managed care ombudsman, and outreach sections as well as the work of the special projects coordinator and the office supervisor. Provide guidance and feedback, where necessary and appropriate, to section supervisors concerning personnel and administrative matters within their sections. Review and provide comments on each performance appraisal prepared by section supervisors for their staff members. Ensure that work product is accurate and timely, and that consumers, providers and industry are provided with prompt, courteous and accurate responses and/or regulatory oversight.

Implement/administer policy established by the State Corporation Commission (Commission) & BOI management: Adhere to and ensure that all established Commission and BOI policies and procedures, including, but not limited to, all personnel

policies and procedures, BOI dress code policies, utilization of technical resources, travel guidelines, and recruitment policies are followed and administered within the L&H Division in accordance with established standards and guidelines.

Direct/initiate action against L&H companies violating laws/regulations: Maintain oversight of all disciplinary proceedings within the L&H Division, and assure that such actions are consistent and equitable. Oversee preparation of all appropriate documentation to the satisfaction of the Office of General Counsel. When appropriate, ensure that appropriate referrals of disciplinary proceedings are made to the division or section charged with handling the matters.

Communicate with insurance industry, attorneys, trade associations, legislators and others: Respond within established time parameters to requests for information, explanation, etc. from those outside of BOI. Communications are to be clear, concise, accurate and appropriate to the circumstances.

Recommend adoption/amendments to laws/regulations on L&H insurance: Recommendations are to be submitted within established time parameters, and are to be fully explained and justified. Wherever feasible, recommendations for specific verbiage in proper form and format are to accompany statute and regulation recommendations. Analysis of outside proposals is to be submitted within established time parameters, and is to address the issues clearly and concisely. Where appropriate, recommendations for alternative wording or an alternative means of addressing the issue are to be included. Establish timelines and assign work to implement regulatory revisions as necessary to ensure that those regulations affecting life and health insurance are up-to-date and compliant with state and federal standards, and, where appropriate, in keeping with NAIC model regulation standards.

Report to the Commissioner on operational/technical issues in the L&H Division: Provide, as requested or periodically as agreed, written reports and updates as well as oral reports and updates on issues of importance within the L&H Division. Such reports include noted trends or new initiatives within the industry, new products in life and health insurance, NAIC initiatives, legislative initiatives, consumer service cases affecting Bureau and/or Commission management, Bureau studies and reports, Outreach presentations, and issues relating to BOI's Office of the Managed Care Ombudsman and Office of External Appeals.

Report to Management Team and Health & Human Services on Rate Review Grant Activities: Oversee and control work of contractors working on aspects of the project. Ensure that work of contract employees and consultants is effectively integrated into enhancement of the operation and regulatory processes of BOI. Liaise with the State Corporation Commission Comptroller and other appropriate SCC personnel. Report to the Project Management Team.

Note: Deputy Commissioner Jacqueline Cunningham has a forms & rates background and was once supervisor of BOI's Life & Health Forms & Rates Section. In her current position leading the division, Ms. Cunningham spends 30% of her time on forms and rates issues. Grant activities and working on enhancements to the rate review process will take approximately 10% of Ms. Cunningham's time once BOI has hired a contract employee who will direct the activities of BOI's consulting actuarial firm and make the necessary contacts with and reports to HHS during the Cycle 1 grant period. This

contract employee will spend his/her time on grant activities and will essentially assume the duties of the position of Project Director reporting to Deputy Commissioner Cunningham. The BOI also plans to hire a contract information technology consultant to assist in website enhancements and in identifying specific IT infrastructure supports the rate and form review process will need with the enactment of PPACA. Until BOI is able to find a contractor with a strong health market regulation background with knowledge of Virginia insurers as well as an understanding of PPACA's health care reforms, Deputy Commissioner Cunningham will serve as Project Director throughout Cycle 1.

Assistant Director Althelia Battle, Assistant Project Director and Assistant Deputy Commissioner of Life & Health Division:

Oversee Forms and Rates, Consumer Services, Outreach and Research Sections: Be available and accessible to unit supervisors regarding administrative, personnel, automated system development and procedural matters. Maintain and communicate policy changes, additions, deletions, etc. to assure consistency of application of such policy among the units. Perform evaluations of unit supervisors, and develop and implement an audit function to ensure accuracy of work product. Assist and participate in employee selection and personnel issue resolution processes, including oversight of employee evaluation processes. Assist and participate in automated system development projects. Create, revise and assist unit supervisors in creating or revising detailed training manuals, procedure manuals, and policy manual. Assure consistency of format, style and substantive content of such manuals. Recommend professional and clerical attendance at professional development courses, seminars, and other meetings.

Assist and direct BOI supervisors, managers in life and health insurance matters: Work with unit supervisors to assure consistency in application of insurance laws, regulations, and SCC policies. Assist unit supervisors in responding to written inquiries. Be available for discussion, advice and comment, orally and in writing on technical life and health insurance issues and provide such discussion, advice and comment in a timely, succinct and professional manner. Coordinate and participate in meetings between and among professional staff, unit supervisors, Bureau management, counsel, and others, as appropriate.

Represent Commission and BOI on committees, working groups and task forces: As requested or required by Deputy Commissioner, Commissioner, or SCC, participate in or on meetings or groups. Engage in adequate preparation by scheduling meetings or eliciting information necessary to determine BOI's position on NAIC and other issues, and assure consistency in the manner in which such positions are expressed. As necessary, provide testimony or other participation in hearings before the Commission or such other public or private hearings as may be scheduled.

Communicate with staff and public on issues related to division functions: Responds promptly, accurately, consistently, clearly and professionally to oral and written requests for information, interpretation or review of staff decisions. Drafts correspondence for signature of Deputy Commissioner or Commissioner as requested. Correspondence is to be reviewed thoroughly for accuracy, consistency of content, grammar, and typographical errors prior to mailing.

Recommend and/or draft legislation, regulations and administrative letters: Maintains and coordinates requests, suggestions, and recommendations from division staff and outside sources. Provides, at times requested, appropriate recommendations, technical analysis, fiscal and other impact analyses, and policy implication analyses in required form and format. Coordinates internal meetings and discussions, as well as those with outside parties, to discuss legislative, regulatory or other proposals. Attends and participates in outside meetings related to proposed legislation or regulation. Drafts, assists in drafting, or edits, as appropriate, proposed legislation, regulations, position papers, administrative letters, or other written documents.

Report to Management Team and Health & Human Services on Rate Review Grant Activities: Oversee and control work of contractors working on aspects of the project. Ensure that work of contract employees and consultants is effectively integrated into enhancement of the operation and regulatory processes of BOI. Liaise with the State Corporation Commission Comptroller and other appropriate SCC personnel. Report to the Project Management Team.

Note: Assistant Deputy Commissioner Althelia Battle has a forms & rates background and was once supervisor of BOI's Life & Health Forms and Rates Section. In her current position as second in command in the Life & Health Division, she spends 50% of her time on forms and rates issues. Grant activities and working on enhancements to the rate review process will take approximately 10% of Ms. Battle's time once BOI has hired a contract employee who will direct the activities of BOI's consulting actuarial firm and make the necessary contacts with and reports to HHS during the Cycle 1 grant period. This contract employee will spend his/her time on grant activities and will essentially assume the position of Project Director reporting to L&H Division Deputy Commissioner Cunningham. The BOI also plans to hire a contract information technology consultant to assist in website enhancements and in identification of specific IT infrastructure supports the rate and form review process will need with the enactment of PPACA. Until BOI is able to find a contractor with a strong health market regulation background with knowledge of Virginia insurers as well as an understanding of PPACA's health care reforms, Ms. Battle will serve as Assistant Project Director throughout Cycle 1, reporting to Project Director Cunningham.

Copies of the organizational chart for the Premium Review Grant Project and the Life & Health Division of BOI are attached.

Contract Employees Hired for Cycle 1 Grant Project

Grant Coordinator Consultant

The BOI plans to hire a consultant to coordinate all grant activity, including ensuring deliverables are timely and meet the standards required by the grant and BOI. This person will have a strong health market regulation background with knowledge of Virginia insurers as well as an understanding of PPACA's health care reforms. As such, this person will direct the activities of BOI's consulting actuarial firm and make the necessary contacts with and reports to HHS during the Cycle 1 grant period. This person will work as a contract employee for the duration of the grant and report directly to the Project Director/Assistant Director. The BOI has budgeted \$70,000 for the Grant

Coordinator's hourly rate to be divided over the four quarters of the Virginia Rate Review Project.

Information Technology Consultant

The BOI also plans to hire an information technology (IT) consultant regarding enhancements to the BOI website and to identify what specific IT infrastructure supports the health rate and form review process and what necessary enhancements will be needed with the enactment of PPACA. The BOI plans technical enhancements to its website to make information available to consumers regarding approved and filed rates. Significant data reporting to HHS by states will require enhancements to BOI systems. State insurance regulators through the auspices of the National Association of Insurance Commissioners jointly plan to use a portion of their individual state grants (an estimated \$18,808) to enhance the states' system of record for electronic rate and form filings, SERFF, used by most states and insurers. The IT consultant engaged by BOI will work as a contract employee for the duration of the grant overseeing all technical enhancements of the project plan and report directly to the Project Director and Assistant Director. The BOI has budgeted \$70,000 for the IT services, including the hourly rate of the IT consultant, to be divided over the four quarters of the Virginia Rate Review Project.

Timeline for Cycle 1 Grant Actuarial Study

1st Quarter (August 9-December 31, 2010)

- Impact of Health Care Reforms on Virginia Market & Carrier Solvency
- Study of the Impact that Health Care Reforms Will Have on Enrollment and Premiums in the Virginia Market
- Targeted Rate Reviews in the Individual Market

2nd Quarter (January 1-March 31, 2011)

- Impact of Health Care Reforms on Virginia Market & Carrier Solvency
- Study of the Impact that Health Care Reforms Will Have on Enrollment and Premiums in the Virginia Market
- Premium Trend Analysis
- Premium Analysis by Detailed Rate Cell
- Targeted Rate Reviews in the Individual Market

3rd Quarter (April 1-June 30, 2011)

- Premium Trend Analysis
- Premium Analysis by Detailed Rate Cell
- Rate Submission Requirements and Review Procedures Manual
- Targeted Rate Reviews in the Individual Market

4th Quarter (July 1-September 30, 2011)

- Premium Trend Analysis
- Premium Analysis by Detailed Rate Cell
- Rate Submission Requirements and Review Procedures Manual
- Targeted Rate Reviews in the Individual Market

Information Technology Enhancements to Rate Process

We certify that the Bureau of Insurance will comply with the reporting requirements outlined in Section 2794 of PPACA through our National Association of Insurance Commissioners' System for Electronic Rate and Form Filings (SERFF), which is our system of record for accident and sickness (health) form and rate filings. The NAIC has agreed to make the necessary enhancements to SERFF on behalf of its member states to prepare for these increased reporting requirements, and Virginia will share a portion, estimated at \$18,808, of its Cycle 1 grant money, if awarded, in support of these efforts.

The following has been provided by NAIC to states for inclusion in their Cycle 1 Grant applications as to SERFF enhancements:

Description of Deliverables:

- 1) Requirements defined in Section A.1(c)(1) and A.1(c)(2) on pages 15, 16 and 17. Specifically, the estimate covers the expenses associated with modifying SERFF to address data collection and reporting requirements, such as:
 - a. State options to indicate premium review grant participation
 - b. Company profile changes to incorporate company type
 - c. State-maintained indicator for rate filing requests meeting the HHS threshold for 'unreasonable'.
 - d. Addition of field to indicate product types
 - e. Company-maintained product information including product name, HHS id, and product status that will allow the companies to track products and apply them to filings.
 - f. A new set of fields added to the Rate/Rule schedule items to provide HIPR data on a policy form basis.
 - g. Changes to the State API to accommodate retrieval of the data elements added above and to allow for updates of appropriate data elements via the State API.
- 2) Incorporating the submission of a federally mandated Rate Filing Disclosure Form and Justification (currently being reviewed by the B Committee) that is required to be filed under provisions of the Affordable Care Act if a rate request falls under the definition of 'unreasonable'. The estimate provided by the NAIC would also allow the Rate Filing Disclosure Form, or similar document, to be filed regardless of whether the rate request falls under the definition of 'unreasonable' in the event the states wanted to include this in their submission requirements to facilitate meeting the requirement that consumer friendly descriptions of rate filings be made available publicly.

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

The workflow on a Health filing that requires the enhanced data reporting fields will vary from the existing SERFF workflow. States will set preferences that will indicate the level of data they would like to require. Fields exposed to the industry during the filing creation process are determined by these state preferences. The overall workflow will be changed in that the filer will now be required to tie schedule items (such as rates and policy forms) to a specific product. This will allow for the reporting of 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 from SERFF is included within the estimate should that prove a requirement.

Delivery Timeline:

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