



Illinois Department of Insurance

BRUCE RAUNER
Governor

ANNE MELISSA DOWLING
Acting Director

July 30, 2015

Iris Grady
Office of Acquisition and Grants Management
Center for Medicare and Medicaid Services
U.S. Department of Health and Human Services

Re: Affordable Care Act - Cooperative Agreement to Support Establishment of the Affordable Care Act's Health Insurance Exchanges (CFDA 93.525)

Dear Ms. Grady,

The Illinois Department of Insurance (Department) respectfully requests a No-Cost Extension to carry out activities related to the Rate Review Grant Cycle II (Grant No. PRPPR120017) received October 01, 2011, under the project title Grants to Support States in the Health Insurance Rate Review Grant Cycle II, CFDA 93.511. The Department was awarded a No-Cost Extension (NCE) for an additional year from October 1, 2014 to September 30, 2015. Specifically, the Department is requesting approval to use unspent funds allocated through the Grant for contractual services, employee salaries and benefits, and other costs for another period of twelve months after the current budget period end date of September 30, 2015. Part of our request of the NCE is to be able to continue drawing the Rate Review Specialist's salary, with unspent funds, to enable her to continue her services as the initial reviewer of rate filings as well as assist with drafting and preparing a webinar, which we are committed to do in our work plan. The topic of the webinar will be: "Risk Adjustment, Reinsurance, and Risk Corridors – known as the "Three R's". The webinar will attempt to explain the Three R's and how they may or may not affect the premium rates for health insurance in Illinois.

(The extended period would run through September 30, 2016) The requested extension does not change the project's scope, goals, or deliverables as articulated in the Department's original grant application. An updated project work plan is attached to this letter, with activities associated with Grant No. PRPPR120017 highlighted.

The State has made significant progress on Grant activities since receiving funding in October 2011. The Department continues to utilize the Grant to develop the infrastructure required for an effective rate review process, including new tools and procedures to collect, analyze, and publish premium information in order to inform consumers and State policymakers. Specifically, the Department is investing in technology necessary for enhanced collection and analysis of premium data; developing protocols for the collection, analysis, and publication of

premium rates. The goals of the Department's Premium Review Program are (1) to provide a thorough review of premium rates and (2) significantly enhance consumer protections, including effective engagement and education of the public and policymakers on the issue of health insurance premium rates.

The State hired Oliver Wyman Actuarial Consulting to perform reviews of proposed health insurance rate increase and help the Department identify any "unreasonable increases as outlined under the Affordable Care Act and certain state regulations. The State initially intended to hire multiple staff actuaries and analysts for this function but due to Department hiring constraints, Oliver Wyman was procured and has provided rate review services on health insurance premium filings and has helped determine compliance with applicable state and federal statutory requirements consistent with accepted actuarial ratemaking techniques.

In addition, the Department has made significant progress in its effort to enhance the public's access to rate information through its website. The Department developed and continues to improve its new rate review page to provide information on current rate filings in a consumer-friendly format and allow consumers to comment on those filings.

The Department is seeking approval to have the remainder of the funding, currently \$2,839,430.00 (on a cash basis) of the original \$3,531,085.00, extended through September 30, 2016, in order to complete these and other activities funded through the Grant.

In addition to the activities that are currently being worked on as part of the Enhanced Rate Review Program, the Department intends to continue monitoring and making improvements to its consumer friendly Report Card which is currently online and fully functioning. The main purpose of the Report Card is to provide easy to understand access to rate increases and decreases for consumers to see and comment on, if they wish.

In addition to the goals mentioned in the work plan for this Quarter (April 30 – June 30, 2015) we are still considering including a process during the NCE period by which consumers will be able to see the number of complaints for the company they are looking at. This would require disclaimers, etc. and would need to be thoroughly looked at by our legal staff before pursuing. If the display of complaints for companies come into fruition, they would be located on our website near the Report Card.

We expect to keep our web pages on Premium rate Review and Medical Loss Ratio current and designed in a very consumer friendly manner. This includes Fact Sheets, FAQ's, Power Point Presentations, etc.

We also plan to try and provide as much information on trends as possible. The Department has created a trend report, but has determined it to be very technical and not easily explained in laymen's terms. We will continue to run trend reports for analysis within the Department and will post these reports to our internal shared drive.

As mentioned above, the project's scope, goals, and deliverables will not change as a result of receiving a No-Cost Extension.

Thank you for your consideration of our request. A No-Cost Extension would allow the State of Illinois to continue its operations of rate review activities in the extended grant period outlined

in the Work Plan. Should you have any questions or need additional information, please do not hesitate to contact Yvonne Clearwater (Yvonne.Clearwater@Illinois.gov) or Cindy Colonius (Cindy.Colonius@Illinois.gov).

Sincerely,



Anne Melissa Dowling
Grantee Authorizing Official

CC: James Taing
Yvonne Clearwater
Cindy Colonius