

# Health Insurance Rate Review Program Cycle II FFY2016 Quarter 3 Report

## Department of Insurance, State of Illinois

July 29, 2016

### PART I

#### Introduction

The Department is committed to making substantial enhancements to its current rate review program. On July 1, 2011, Illinois was found to have an Effective Rate Review Program as outlined in the Final Rule. In order to improve the performance, transparency, and accountability of the private health insurance marketplace, the Department will continue to collect and publicly disclose health insurance rates. Health insurance consumers—families and small businesses in particular—will benefit from increased scrutiny of proposed rate increases. Carriers that pursue rate increases that the Department deems to be unreasonable will have to publicly disclose this information on their website. Our continued focus is to provide a more functional, transparent private health insurance marketplace in our State.

The Department was approved for the first No-Cost Extension Grant which covered the period of October 1, 2014 to September 30, 2015 in order to continue to improve and expand the Effective Rate Review Program; and was granted the second No-Cost Extension Grant under Grant # PRPPR120017-01-05 for the period of October 1, 2015 through September 30, 2016. The Department is to continue to improve and expand the Effective Rate Review Program in accordance with the State's Rate Review Activities as further elaborated in this quarterly report. Currently the Department is preparing another No-Cost Extension request to extend the grant period from October 1, 2016 through September 30, 2017, if permitted.

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 resources and in the 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.

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 rate review webpages and documents to provide information on current rate filings in a consumer-friendly format and allow consumers to comment on those filings. More information on these and other rate review activities appears below.

#### Accomplishments to Date

The Department has laid out a framework for expanding and improving the current rate review program, categorizing milestones into three broad objective areas: 1) efforts to enhance the current review of private health insurance premium rate activities; 2) efforts to enhance consumer protections and marketplace efficiency; and 3) efforts to expand statewide understanding of the Illinois health care economy, including where and how premiums pay for health care. A more detailed and narrative discussion of the work behind these milestones appears under the section "Significant Activities: Undertaken and Planned".

***Objective: Effectively Enhance the Current Review of Private Health Insurance Premium Rate Activities***

- The Department continues to collect rate filings through the System for Electronic Rate and Form Filing (SERFF) and the Illinois-specific Premium Rate Review Web Portal (“portal”). Accompanying each filing is a Rate Data Collection Form that requires issuers to provide information on premium increases, loss ratios, earned premiums, paid claims, and incurred claims.
- Rate filings are also accompanied by an Actuarial Memorandum. The Actuarial Memorandum is required and is to contain the complete justification for the submitted rates, including background information, actuarial assumptions, and an explanation of the rationale for the requested rate action, as well as other relevant information.
- In addition, the Federal Unified Rate Review Template and Actuarial Certification must be included in each rate filing.
- The Department continues to participate in NAIC/SERFF conference calls regarding upgrades that have been made to the system to accommodate state data collection needs, and considered opportunities to leverage new capabilities. Consideration of the Proposed Benefit and Parameter Rule was undertaken to help determine the process of collection and review of rate data.
- The NAIC has a weekly call which addresses concerns and questions regulators may have in respect to rate review. The Department participates on these weekly calls.
- With Cycle II grant funding, plans are ongoing to implement the Illinois Enhanced Premium Review Project and establish the Department infrastructure necessary to expand current rate review activities. Technological upgrades will continue to streamline and expand the Department’s existing electronic submission and analysis systems.
- The Department was successful in hiring a health actuary, and continues retention of the services of an actuarial consulting firm to perform rate reviews in conjunction with the health actuary. Oliver Wyman continues to perform “Unreasonable Rate Reviews” for the Department under an extension to their original contract. In addition, an ACA Actuarial Services contract, which is separate from this contract, with Oliver Wyman, was renewed. (The ACA Actuarial Services contract is NOT funded by the Rate Review Grant).
- The Department was successful in being granted a No-Cost Extension to the Cycle II grant, to continue to perform and improve the Rate Review activities of this grant from October 1, 2015 – September 30, 2016. We are currently preparing another No-Cost Extension for the period of October 1, 2016 through September 30, 2017 and are hoping for another extension which would provide another year to bring further complete our objectives set forth under the Cycle II grant.

The Department initially intended to retain the three contractual insurance analysts through FFY 2016 using Cycle II funds. However; we currently have one contractual Rate Review Specialist. She is the first intake reviewer to determine completeness of the rate filing, to communicate deficiencies of the rate documentation in the filing to the issuers via SERFF, and to assign the rate filings to the appropriate actuarial staff. The Rate Review Specialist has also been instrumental in improving the web based portal and in the development of the infrastructure from a consumer perspective, an internal Department perspective, and from an issuer perspective. The Rate Review Specialist also monitors the email address which has been provided on our Department’s website for Illinois

consumers to provide their comments, concerns, or questions to DOI regarding premium rate increases of health policies [DOI.HealthRateReview@Illinois.gov](mailto:DOI.HealthRateReview@Illinois.gov)

- Our Rate Review Specialist is also actively conducting research of other state regulatory agencies for data points and discussion points that other states have provided to their residents regarding health insurance policy premium rates and rate increases.

***Objective: Effectively Enhance Consumer Protections and Marketplace Efficiency***

- The Department continues to compile and collect necessary data and utilize the process for reviewing rate filings developed and implemented with an actuarial consulting firm in 2011, and has retained the services of the actuarial consulting firm in conjunction with internal actuarial staff.
- The Department continues to focus efforts to provide a transparent process for rate review and to develop and improve interactive tools for consumers to navigate health insurance premium information on the DOI website. Tasks include a heightened effort to have a more visible and easily accessible web based communication interface with consumers. The Department has created the Report Card which allows consumers to view insurance company rate filing information as well as the percentage of rate increase or decrease. The Department will continue to review the Report Card process in order to make any changes or enhancements that will make it more user-friendly. The Department is working on a presentation to assist consumers walk through the Report Card.
- The Cycle II Grant Application, Annual and Quarterly Reports, and the first No-Cost Extension Request – Grant No. PRPPR120017 have been posted on the Department’s website. The second No-Cost Extension – Grant # PRPPR120017-01-05 has been posted on the Department’s website.
- An Effective Rate Review Process Procedure Manual continues to be available to reviewers on the Department’s internal staff webpage. The Procedure Manual has been updated to include new regulations and guidelines, and staff training will continue to reflect updates as they occur.

***Objective: Effectively Expand Statewide Understanding of the Illinois Health Care Economy, Including Where and How Premiums Pay for Health Care***

- The Department intends to enhance current rate review activities by conducting in- depth analysis of proposed rate increases and then compiling and publishing proposed rate increases in order to engage and educate the public and policymakers about the cost of health insurance, the cost of health care, and the impact of benefit design.
- DOI efforts of expanding statewide understanding through transparency and accessibility of health premium data are evident in the data available to the public through the DOI’s Health Report Card on the DOI Website at <http://insurance.illinois.gov/applications/RegEntPortal/>. Additionally, the link to the SERFF public access page is found on the DOI website at the following location on the DOI FOIA webpage at <https://filingaccess.serff.com/sfa/home/il>

**Challenges and Responses**

- The Department was successful in hiring a Health Actuary II. The Department continues to retain the actuarial services of Oliver Wyman through the RFP process. Oliver Wyman, in conjunction with the Health Actuary and the Rate Review Specialist, work in tandem to carry out the objectives set forth under this grant. Until such time as the Department is able to additional health actuaries as full time employees, we will likely need to continue making use of the vendor contract options we have with Oliver Wyman.

- Although legislation has been proposed in the past regarding rate approval authority, explicit rate approval authority has not yet been statutorily granted to the Department.

### **Significant Activities: Undertaken and Planned**

On July 1, 2011, Illinois was found to have an Effective Rate Review Program as outlined in the Final Rule. The Department is committed to making substantial enhancements to its current rate review program. In order to improve the performance, transparency, and accountability of the private health insurance marketplace, the Department will continue to collect and publicly disclose health insurance rates. Health insurance consumers— families and small business in particular—will benefit from increased scrutiny of proposed rate increases. Carriers that pursue rate increases that the Department deems to be unreasonable will have to publicly disclose this information on their websites.

- The Department provides the weblink to the federal Healthcare.Gov at <https://ratereview.healthcare.gov/> regarding any rate increase pursued by a carrier of 10% or more. The link is available to the public at the bottom of the Health Policy Rate Filing Report.
- These filings must include rating documentation called “Rate Justification”. Rate Justification is a federally-developed form that enables consumers to see a summary of certain factors underlying a proposed rate increase and an explanation, provided by the insurance company, for the proposed increase.
- The Department’s current program will be expanded further to allow for the analysis of data provided by insurers to identify marketplace trends. The Department will continue to engage stakeholders and the people of Illinois in a collaborative effort to address the rising cost of health insurance coverage.
- 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.
- The Department is continuing to work towards updating all FAQ’s, and webinar presentations and to provide them in other languages. We have submitted through a translator for verification of accuracy, and this has taken more time than originally anticipated.
- 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. The Department intends to continue monitoring and making improvements to its consumer friendly Report Card which is currently online and fully functioning. The Department will continue to review and update all rate review documents posted on our website as well as create FAQs regarding navigating the Health Report Card.
- As noted above, the Department has categorized Grant implementation milestones into three broad areas: 1) efforts to enhance the current review of private health insurance premium rate activities; 2) efforts to enhance consumer protections and marketplace efficiency; and 3) efforts to expand statewide understanding of the Illinois health care economy, including where and how premiums pay for health care. Each of the three categories is further organized into multiple subcategories.

## 1. *Collection of Premium Rate Data*

### A. *Technical Capacity for Data Collection*

- In the first and second quarters of the Cycle I grant period, the Department determined that the SERFF system, as currently constituted, would be insufficient toward achieving the goals of the premium review program. In response, the Department developed and launched the Illinois Web Portal, which it has been using to collect and organize additional information from carriers (alongside the traditional SERFF process) since February 1, 2011.
- The Department continues to collect rate filings through the System for Electronic Rate and Form Filing (SERFF) and the Illinois-specific Premium Rate Review Web Portal (—portall). Accompanying each filing is a Rate Data Collection Form that requires issuers to provide information on premium increases, loss ratios, earned premiums, paid claims, and incurred claims.
- Rate filings are also accompanied by an Actuarial Memorandum. The Actuarial Memorandum is required and is to contain the complete justification for the submitted rates, including background information, actuarial assumptions, and an explanation of the rationale for the requested rate action, as well as other relevant information.
- In addition, the Federal Unified Rate Review Template and Actuarial Certification must be included in each rate filing.

The Department keeps apprised of changes to the Rate Review grant data detail template, transfer of rate-filing data from SERFF to HIOS, and submission of data and progress reports in HIOS through various conference calls and other data sources.

- With Cycle II grant funding, plans are ongoing to implement the Illinois Enhanced Premium Review Project and to continue to establish the Department infrastructure necessary to expand current rate review activities. Staffing will be increased to accommodate new demands and technological upgrades will streamline and expand the Department’s existing electronic submission and analysis systems.
- The DOI Web Portal enables filers to give a more accurate report of their rate changes. The features added include selecting if the block of business is: “Open” or “Closed” as well as if the filing is for a “Grandfathered” or “Non-Grandfathered” policy. Also, an option for an extra decimal place in the “Rate Change %” section has been added.
- We have made additions to the Web Portal that pertains to ACA filings, as well as keeping the option for pre-ACA products to file as before. The features added include interrogatory items that give more helpful information for ACA products than the previous items would have given.
- DOI created and released the [Health Rate Review Checklist](#) for insurers to use to make complete and accurate rate filings for Qualified Health Plans with the Department. This Rate Review Checklist was posted on our shared drive for the rate review process to be done by our contracted consulting team.
- The Health Rate Review Checklist was revised to include questions to determine whether the rate filing pertains to grandfathered, non-grandfathered or transitional policies.
- The Department has developed both internal and external checklists for use with Student Blanket Filings. The internal checklist is a Word document that lists all the required items that should be included in the rate filing, such as AV calculator printouts, a sample rate calculation, rate tables, rate factors, historical experience, and financial experience. It also includes some basic data checks that

should be performed. The external checklist is an Excel document that contains many of the same items in the internal checklist but it is a fill-able document. Companies will submit it along with the filing to verify that the required items are included in the filing and to indicate where they are found in the filing.

The Department has revised its Small Group and Individual Actuarial Memorandum requirements checklist to meet the current requirements. These checklists lay out the structure and format for the actuarial memorandums (AM's) that support the rate filings. They include all of the items that should be documented and discussed in the AM's, such as trend factors, credibility methodology, covered benefits and services, index rates, and rate development. The DOI Review Requirements Checklists have been revised, in addition to the Network Adequacy and the HMO Individual and Small Group Review Requirements Checklist. Completed.

- **Marketplace Analysis:** The Department is developing ways to analyze the premium rate data to identify trends in the marketplace. Some trends the Department is interested in understanding on a regular basis include: pricing in each of the respective markets (individual, small group, large group), pricing by policy type, the number of individuals affected by specific premium rate increases, seasonal changes or trends in premium rates, and others as determined by the Director. We have obtained better data and are currently working on the reports. Once the reports have been finalized, we will post on our website with explanations. Ongoing.

### ***B. Staffing Capacity for Data Collection***

The Department currently employs a Rate Specialist who's paid from the Rate Review Grant funds. The Rate Specialist continues to review incoming rate filings for completeness and assignment to the health actuaries, communicates with the issuers regarding any required documentation or objections to the filings, and provides data extraction and analysis related to the DOI effective rate review objectives.

### ***C. Collection of Data***

Pursuant to Company Bulletins **2010-08** and **2011-02**, the Department received 84 health rate filings during the third quarter FFY2016. The DOI Web Portal is also a repository of data that was created through the utilization of this grant funding. The web portal continues to provide data for aggregate analysis of trends and other data points that are useful as DOI's rate review activities proceed.

## ***2. Analysis of Premium Rate Data***

### ***A. Identifying Analytics Goals***

- The Department reviewed the final HHS rules issued and identified all rate information necessary to compile from rate filings. This information has been incorporated into the analysis process described under the Operational/Policy Developments section.

### ***B. Technical Capacity for Data Analysis***

- The Department launched the Rate Review Project on June 21, 2011, and continues to work with its actuarial consulting firm to enhance its processes for the review of premium filings. This process is described in detail under the —Operational/Policy Developments section of this report.

### ***C. Staffing Capacity for Data Analysis***

- The Department continues to retain an actuarial consulting firm to do rate filing reviews. <http://insurance2.illinois.gov/applications/RegEntPortal/> allowing anyone to search and review rate filings submitted to the Illinois Department of Insurance.

### ***D. Conducting Analysis***

- The Department received rate filings in the third quarter of FFY16 and the Department's Actuary works with the actuarial consultants to review premium rate increases.
- Once information has been received from carriers, for the majority of these filings, the Department requests further information from the carrier if the information provided in the initial filing was determined to be insufficient for a thorough analysis. The consultants then review the rate increase to determine reasonableness and accuracy. If the increase exceeds 10 percent, the consultants conduct a more in-depth review and issue a report to the Department's Actuary as to whether the rate increase is reasonable.
- The Department's Actuary then reviews the report and makes a final determination. The Department has worked with its actuarial consultants to streamline this review process to ensure efficiency and accuracy. The Department utilizes a rate submission checklist to promote consistency among filings and assist insurance analysts in efficiently reviewing filings for necessary information.
- The Department intends to complete reviews within 30 days, on average, once all information is received from the carrier.
- We have strived to meet the 30 day completion; however, the overall time frame due to the communications back and forth with the insurance companies may not have been met in each filing. Depending on the filing and the completeness of the data provided from the insurer, rate filing reviews are completed within 30 days.
- The Department's final determination will include an explanation of its analysis and is provided to CMS within five business days following its determination. This process has been put into place.
- In order to encourage consistency across reviewers and filings, the Department has developed a standardized template for reporting filings that are subject to review by HHS. The Department will then enter the outcome into the CMS web-based system, including a brief narrative of any rate increase subject to review.

## ***3. Establish Process for Conducting Comprehensive Premium Rate Review***

### ***Obtain Authority to Approve or Deny Premium Rate Increases***

- Four previous attempts at passing rate approval legislation were not successful: (HB 1501, HB 2736, SB 2344, and SB 34).
- The Department also carefully reviewed the proposed and final rules regarding rate review issued by HHS and incorporated the requirements into the review process established during the third quarter. For a detailed discussion of that process, please see the —Operational and Policy Developments section below. In addition, the Department actively participated in the commenting process on the proposed rules through NAIC in the past, and continues to monitor NAIC calls and information about emerging issues.

- ***Public Engagement and Education***

***A. Interactive Website***

- The Department has received a Consumer Assistance Program Grant under the Affordable Care Act and will be coordinating website improvement efforts related to both grants so as to avoid duplication. The Department is using Rate Review grant dollars to continue our development of the interactive and user-friendly website allowing consumers to, among other things, search and access all publicly available information related to premium rates and rate increases within the Illinois health insurance marketplace. The public may also communicate their concerns and questions directly to our Department regarding health premium rates via the email address [DOI.HealthRateReview@Illinois.gov](mailto:DOI.HealthRateReview@Illinois.gov)
- The Report Card contains fields such as number of members affected, a description of what effective date means, and a column which will say what kind of plan it is – large group, small group, or individual. Department staff continues to work on data analysis for populating certain fields on the Report Card with information from the web portal and can be accessed at this location on the DOI website -- <http://insurance2.illinois.gov/applications/RegEntPortal/>
- The Premium Rate Review and Medical Loss Ratio Web Pages are updated as changes emerge regarding regulations and guidelines. Consumers are able to obtain information regarding subjects such as how insurance companies may no longer adjust premiums on such as health status and gender; descriptions of what factors insurers may adjust premiums on, such as: geographic locations, tobacco usage, age, family composition, and whether the plan is grandfathered or non-grandfathered. The MLR updates include, among other things, reports containing the data that insurance companies have to submit to HHS each year since 2012, as well as the amount of rebate dollars that have been issued by insurance companies in each state to consumers.
- The Grant Quarterly and Annual Reports, as well as both No-Cost Extension Grants have been posted on our Premium Rate Review Web Page.

***B. Translation Services***

- Previous updates had been made to the following documents listed below and all of the documents listed below have been translated into Polish, Spanish, Korean, and Chinese. All of these updated and translated documents have been posted on the Department's Premium Rate Review, [Medical Loss Ratios](#)
  - How Rate Review Works in Illinois;
  - Rate Review Q&As
  - Rate Review Brochure;
  - Rebates and the MLR Standard in the Individual Market
  - Rebates and the MLR Standard in the Group Market
  - Health Insurance Premium Group Coverage
  - Health Insurance Premium Individual Market

***C. Operational/Policy Developments/Issues***

While the Department has made significant progress to establish an IT infrastructure and process for premium rate review in Illinois, the Department intends to utilize Cycle II grant funding to refine this infrastructure to further enhance the Department's ability to collect information, analyze this information, make a reasonableness determination, and provide transparency in the process and results to the public. The Department continues its efforts to hire IT personnel, including, as well, the development of job



descriptions. This aspect of the project is crucial to ensure the portal can be maintained and updated over time.

### ***Data Entry***

- The web portal permits carriers to submit information through some drop down menus, but primarily it leverages text boxes. In an effort to ensure the database is easily queried for individual product information as well as marketplace-wide assessments there will be further capabilities added to its design.
- DOI has added features to the Web Portal which enables filers to give a more accurate report of their rate changes. The features added include selecting if the block of business is “Open” or “Closed” as well as if the filing is for a “Grandfathered” or “Non-Grandfathered” policy.
  - In addition, an option for an extra decimal place in the “Rate Change %” section has been added. Especially in light of new policies being issued with the ACA QHPs, filers can now select from new Policy Forms when searching “Form Selection” by their SERFF filings.
  - The section —Rate % has been removed from the Experience Assumption tab once the box is checked that the filing is for a new policy.
  - A “Loss Ratio” column has been added to the Experience Year List tab, which is calculated by the Web Portal based on the input of the filer for “Earned Premium” and “Incurred Claims” for each “Calendar Year”.
  - We have made additions to the Web Portal that pertains to ACA filings, as well as keeping the option for pre-ACA products to file as before. The features added include Interrogatory items that give more helpful information for ACA products than the previous items would have given.
  - The Rate Review Checklist for insurers is utilized to aid issuers in completing accurate rate filings for Qualified Health Plans with the Department of Insurance. The checklist was compiled based on both DOI and insurer comments and is updated frequently.

### ***Real-time Updates to Rate Increase Information***

The Department continues to work on an automatic reporting system which will instantly update the interactive web tool currently on the Department’s website, allowing consumers to have immediate access to the most up- to-date individual market information.

***Marketplace Analysis.*** The Department is developing ways to analyze the premium rate data to identify trends in the marketplace. Some trends the Department is interested in understanding on a regular basis include: pricing in each of the respective markets (individual, small group, large group), pricing by policy type, the number of individuals affected by specific premium rate increases, seasonal changes or trends in premium rates, and others as determined by the Director.

***Procedures Manual.*** The Department has completed a Procedure Manual on rate review to assist staff members in understanding the rate review process. The manual outlines the step-by-step procedures required by the Department to ensure accuracy and consistency. The manual has been posted to the Department’s internal webpage. It has recently been updated to reflect the regulations that have subsequently been released by HHS regarding rate review. The Procedures Manual is a living document

and will continue to be updated to reflect the changes in law and rule and to constantly improve the workflow and communication internally as our concerted efforts continue under this grant.

### **Public Access Activities**

- The Department received a Consumer Assistance Grant Program under the Affordable Care Act and is coordinating website efforts related to both grants so as to avoid duplication. The Department developed a new rate filing webpage to display rate information to consumers on its website, provide consumers with the opportunity to comment on rate filings, and educate consumers by designing two educational rate review webinar presentations; a graphic and easy-to-understand description of how the rate review process works in Illinois; a frequently asked questions and answers document; and a Guide to Rate Review Brochure - all of which were posted on the Department's webpage. In addition, the brochures describing the rate review process in Illinois were printed in English, Spanish, Polish, Chinese and Korean, and then distributed statewide. The rate brochures were included in the Department's outreach activities in order to educate and inform consumers, who may not have access to computers or the internet, about the rate review process.

#### ***Recent updates have been made to the following documents:***

- How Rate Review Works in Illinois;
  - Rate Review Q&As
  - Rate Review Brochure;
  - Health Insurance Premium Group Coverage
  - Health Insurance Premium Individual Market
- 
- In light of the new consumer protections under the Affordable Care Act that went into effect in September 2011, such as rate justification of rate hikes exceeding the 10% threshold, the Department identified a need to increase awareness and better educate consumers on how these technical processes affect them as well as their insurance carriers. The Department has had internal meetings with the Illinois Health Insurance Marketplace, to discuss the best avenue to combine efforts to engage consumers and consumer advocacy groups in identifying the types of information they would find most useful about health insurance rate increases, as well as the most effective methods of disseminating the information. The Department continues to engage the public at various events and provide information about rate review activities to chambers of commerce, military families and veterans, healthcare advocates, non-for-profit groups, medical professions, medical and law students, employee benefits professionals, religious organizations, agents and underwriters groups and other business alliance groups.
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- Previously the Department had been collecting information from consumers and stakeholders during our participation various public meetings in which we engaged subject matter experts, consumers, and others, to give us perspective as to the expectations of consumers regarding the information our Department should provide so that the public can obtain and have a clearer understanding of how the rate review process works in Illinois.

### **Recommendations to the State Marketplace Exchange on Insurer Participation**

- Rate submissions are required under 215 ILCS 5/355. Rates will be submitted through SERFF. QHP rates must be set for an entire benefit year in the individual Exchange and for the plan year in the SHOP Exchange. In the SHOP Exchange, rate changes must be submitted to DOI for review. The current rate review process will continue to be followed for all rate changes. DOI will continue to collect rate filings and actuarial memorandums electronically through its rate review web portal. DOI is evaluating the medical and insurance trend assumptions, anticipated loss ratio, anticipated distribution of business, contingency and risk margins, past and anticipated premium and claim experience, the history of rate adjustments, and other important data points submitted through the web portal as required by DOI. DOI will notify CCIIO of the rate review results within the QHP recommendation.
- Additionally, the rate review process is being updated to take into consideration new payments and charges to plans, including risk adjustment, reinsurance, risk corridors, the coverage of new populations and benefits, new underwriting limitations, MLR rebates, new federal taxes, and new risk pooling in non-grandfathered plans. DOI will verify that the same premium rate is offered inside and outside the Exchange for the same plans. The rate review processes will be applied consistently for multi-state plans and CO-OPs to maintain a level playing field. The Financial Corporate Regulatory Division in DOI has taken over the responsibilities of administering the duties and the reporting of this grant and will coordinate efforts with the Consumer Markets/Compliance unit to ensure DOI has the appropriate regulatory capacity.

### **Collaborative Efforts**

- The Department will continue to participate in NAIC and CCIIO's training sessions on SERFF and HIOS and other important topics.

### **Lessons Learned**

- Over the several quarters that the Department has utilized the Cycle II grant and the No Cost Extensions to the grant, the process continues to evolve as changes to law, rule and practice emerge. Being able to make adjustments in a proactive and responsive way to the Web Portal, webinars, brochures, fact sheets, and Frequently Asked Questions on our website is of utmost importance.
- The Department is adjusting its expectations for the addition of new staff moving forward, including the retention of the actuarial consulting firm, and has been granted Cycle II funding to accommodate the delays in project activities relative to the state employee hiring selection process.

The Health Rate Report Card is easily accessible on our Department’s website. From the home page, a consumer can click on the Companies tab, then choose the Company Lookup dropdown box.



“Health Rate Report Card” is the fourth option on the Company Lookup – Company Profile Search page.



### Company Profile Search

What are you looking for?

- General Information
- Accident & Health Expense Filings
- Company Rate Information
- Health Rate "Report Card"

A specific company name can be selected at this screen – for example – “Health Care Service Corporation”. However, “All Companies” could have been chosen to generate a comprehensive report of carriers.



**IDOI Health Care Rate Review Application - Version 2.2**

**HEALTH CARE SERVICE CORPORATION, a Mutual Legal Reserve Company**

<b>Form Name</b>	<b>Last Updated</b>
<a href="#">STUXXSB103</a>	11/23/2015
<a href="#">STUXXSB151</a>	5/9/2014
<a href="#">STUXXSB151</a>	3/24/2015
<a href="#">STUXXSB152</a>	11/23/2015
<a href="#">STUXXTB101</a>	5/9/2014
<a href="#">STUXXTB101</a>	3/24/2015
<a href="#">STUXXTB101</a>	11/23/2015

[...](#) [27](#) [28](#) [29](#) [30](#) [31](#) [32](#) [33](#) [34](#) [35](#) [36](#)

After the company name was selected, in this case, “Health Care Service Corporation”, then “Form Name” is selected, such as “STUXXTB101” from 11/23/2015, for example, data is then easily obtained for the viewer about the status, the effective date, the lives covered, and the percentage of the rate change, for example, which are all useful data points for the public.

## Premium Rate Review Work Plan

Updated July 29, 2016

### I. Goals of the Premium Rate Review Project are to:

- a. Enhance the current review of private health insurance premium rate activities;
- b. Enhance consumer protections and marketplace efficiency; and
- c. Expand statewide understanding of the Illinois health care economy, including where and how premiums pay for health care.

*This will be an ongoing project that our Department plans to improve and expand as possible. The expectation is to continue to enhance the current reviews of rates submitted by private health insurers and to strive for improved consumer protections and increased marketplace efficiency. A Frequently Asked Questions document, brochures and PowerPoint presentation slides to provide the consumers in Illinois with a better understanding of how premiums pay for health care and the implementation, utilization, maintenance, and improvement of a Web Portal for the capture of issuers rate data. Website documents are and will continue to be updated for accuracy and to encompass any changes to rule or law or procedures as they arise.*

### II. Evaluation Plan:

- a. The Department will gauge the success of its rate review program based upon the average time it takes for the Department to review rates and issue a determination.
  - i. With actuarial consultants assisting with the rate filings, this review is estimated to be

completed within 30 days after all information from the issuer has been received.

- ii. After the contract/contract extensions are completed with the actuarial consulting firm, the Department intends to maintain this average review time.

*The Department has made efforts to meet the 30 day rate determination goal and the majority of the reviews are completed within the 30 day determination window after receipt from the issuer of all required documentation as set forth through review process communications.*

- b. The Department can obtain its reach to consumers by the observation and analysis of the following data points:
  - i. Health Rates Webpage hits on the DOI Website: DOI had a total of 5,774,159 hits to the DOI Website from April 1, 2016 through June 30, 2016. The DOI health webpages containing information related to this Cycle II grant experienced 299,876 hits during the FFY 2016 third quarter time frame.
  - ii. Consumer comments: DOI has received numerous emails submitted to the DOI email account for consumer comments in regards to health rates or the health rates review process.
  - iii. The number of policyholders impacted by a proposed health rate change: according to data derived from the Department's Health Rate Review Web Portal, the number of lives impacted by health rate changes with filing dates occurring during April 1, 2016 through June 30, 2016 was 92,042.

### **III. Deliverables of the Enhanced Premium Rate Review Project**

- a. A report that identifies market trends in the Illinois insurance marketplace and includes a comprehensive assessment of premium increases.

Webinars about health rates are completed. Additionally, the DOI Web Portal enables our Department to extract data for updates to health rate reports in a more expedited manner.

- b. An updated and consumer-friendly webpage dedicated to premium rate review that will enable consumers to easily access information on health rate increases and justifications provided. We have established the "report card" located at the following link: <http://insurance.illinois.gov/applications/RegEntPortal/> allowing persons to search and review rate filings submitted to the Illinois Department of Insurance. Transparency of health rate filings is as we focus our efforts with each quarter to provide better and more accessible health

rate information, and is further increased in conjunction with the SERFF Public Access available on the DOI Website FOIA webpage at <https://filingaccess.serff.com/sfa/home/il>

-Complete

- c. **The Enhanced Premium Rate Review Project will be conducted by the Department's actuaries and insurance analysts.** The Department had posted Actuary II positions in the spring of 2013 and 2014, however; only two candidates applied and were interviewed however they were not hired as they were determined to not be qualified for the position. The DOI then posted Actuarial Assistant positions and hired two persons, one of whom was eventually promoted to an Actuary II. A Research Economist at the DOI was utilized and began working in May of 2013 on collecting data and identifying trends in the Illinois health insurance marketplace, and was tasked with providing reports on loss ratios, rate increases, actuarial assumptions, aging by company and lapse by company, and trend analysis. Initial intent was to have reports posted to DOI website; however, the reports derived from the research economist analysis were cumbersome and were not easily discernable for public consumption. As the DOI Web Portal came online, it provided the data from the issuers that could be extrapolated. DOI continues to utilize and to improve the DOI web portal to allow this data to be collected in a manner that would extract better data so that information can be provided to the public in a clear and concise representation. – Complete

Credentials for Health Actuary and Information Technology (I/T) staff included the following:

- **The Health Actuary** performs highly responsible professional actuarial work by providing counsel and advice and conducting technical research in the insurance field of life, accident and health insurance; conducts technical actuarial determinations of insurance firms doing business in the State; develops and prepares reports and recommends appropriate actions to the chief actuary or to the Department Director and administrators; and may supervise lower level actuaries. The Health Actuary requires knowledge and skill equivalent to completion of four years of college, with courses in higher mathematics, such as calculus, probability and statistics. Requires four years of professional experience in actuarial work in the life, accident and health field. Preferably requires the equivalent to the certificate received for the completion of necessary examinations to qualify as an Associate or Fellow of the Society of Actuaries (A.S.A. or F.S.A.) or Casualty Actuarial Society (A.C.A.S. or F.C.A.S.). Preferably requires the type and kind of experience and training necessary for membership in the American Academy of Actuaries.
- **The Information Technology (I/T) Staff** requires knowledge, skill and mental development equivalent to four years of college with course work in computer science or directly related fields, supplemented by three years of professional experience in a related Information Technology field. Requires extensive knowledge of Information Technology concepts and principles, the theories and functions of computer systems, and the principles and techniques of Information Technology documentation; hardware and software, languages, and procedures to provide assigned technical and analytical services; methods, procedures and techniques of conducting feasibility studies for system conversions and enhancements. Requires ability to effectively participate in and profit from continuing education, both in a formal and

in-service training setting; analyze data logically and exercise sound judgement in defining, evaluating, and solving difficult administrative, organizational, technical, or operation problems where solutions may be of a precedent-establishing or research nature; gain and maintain effective working relationships with agency officials, associates, vendors, clients, and others; coordinate the activities of work associates to achieve desired results; plan and recommend training requirements that are necessary for effective performance. Requires developed oral and written communication skills to present technical information to others with clarity and precision. Requires experience in database design, database application development, Windows LAH based operating system environments and Microsoft SQL Server Database Management System; requires experience developing complex database structures using MS SQL Server; requires experience with techniques for accessing relational data using programming tools including MS Access, MS Visual Basic, and MS Visual Studio; requires experience training programmers in proper database access techniques; requires the ability to diagnose and resolve problems with relational databases; requires experience monitoring relational databases in order to identify and address potential problems before they affect performance. The Department has hired additional I/T staff that perform work on the Health Rate Review Report Card and the Web Portal.

#### **IV. Management of the Enhanced Premium Rate Review Project**

Project Director – Amy Stuart, Supervisor, Life Accident & Health Corporate Regulation

Amy Stuart will serve as the Project Director working on logistics, coordination, contracting and outreach of the project. Amy Stuart had the HIOS Submitter and Confirmer Roles as well regarding this grant's reporting. Recording and reporting on progress made on key decision points, ensuring that consumer outreach is a priority, and that consumer materials are transparent, accurate, and accessible on the DOI website. The adherence to and mindfulness of federal reporting requirements of this grant and meeting those requirements will be of the utmost importance.

#### **V. The Enhanced Premium Rate Review Project will take place:**

- October 1, 2014 through September 30, 2015
- The second No Cost Extension Premium Rate Review Project is underway from:  
October 1, 2015 through September 30, 2016
- The third No Cost Extension is being requested and if it is approved, it will take place from:  
October 1, 2016 through September 30, 2017



## Milestones/Deliverables and Timeline

The goals and objectives of the Rate Review Cycle II Project have been and will continue to be accomplished according to the following timeline:

Activity	Goal - Objective
First Quarter (October, 2011 - December 2011)	
October 2011	
Prepare webinar on the new Illinois Enhanced Rate Review Program.	Completed
Develop new content for the rate review page of the Department's website including updates on the Cycle II funding.	Continues. The Cycles II Grant Application and the Quarterly and Annual Reports have been posted to the Department's website. More detailed information regarding Federal Regulations and Guidance from May 2011 through February 2013 was also posted. On the Premium Rate Review webpage the Federal Rate Review Annual Reports from 2012, 2013 and 2014 were also posted, and the Medical Loss Ratio webpage had also been updated to include the annual reports.
Provide a direct link to the HHS website for consumers.	Completed. DOI has been complying with this requirement since the beginning of this program as we have included the direct link to the HHS website on the DOI website and within the FAQs, How Rate Review Works in Illinois, the rates brochure, and the presentations.
Provide consumers with a public comments section on the Department's rate review page	Completed. Multiple emails have been submitted to the email account for consumer comments in regards to health rates since the inception of the dedicated email box.
Evaluate the specific reporting requirements of the grant and immediately amend the Department's existing program to accommodate these reporting requirements	Completed
Begin the procurement process for new computers and I/T equipment.	I/T equipment of existing staff utilized for preparation of documents and web based applications.
Post preliminary justifications on the Department's website or provide a link to the CMS website.	Completed. As per federal regulations, the DOI has changed the wording of "Preliminary Justification" to "Rate Justification" on all of our documents that include direction on justifications.
Develop job descriptions for research economist and I/T Staffing	The research economist is working on data reporting. DOI continues to pursue hiring of I/T staff, to assist in among other tasks, the Rate Review Report Card. All I/T staff must be certified.

Review public comments submitted through the Department's website (monthly).	From the onset of the dedicated email box, Yvonne Clearwater and Cindy Colonius received the emails from the Rate Review page on the DOI website and reviewed the contents of those emails for perspective on how consumers are affected by premium increases.
Update Rate Review content on the Department's website (monthly).	The rate chart on the website is updated on an ongoing basis. Changes to the DOI Web Portal allowed for the implementation of the Rate Report Card. DOI staff met with I/T in regards to the implementation and placement of the Rate Report Card on the DOI website. This was an ongoing project in addition to the enhancement of rate reviews submitted by private health insurers to improve overall marketplace efficiency and to provide greater consumer protections. Fact sheets, webinars, brochures and power point slides have been provided on the website to assist the consumers in Illinois with understanding how premiums pay for health care. These documents will continue to be updated as necessary so that information provided is current and accurate. 85% completion.
November 2011	
Develop the I/T infrastructure necessary to automatically post rate increases to the Department's website as they are filed.	While the DOI has made significant progress to establish an I/T infrastructure and process for premium rate review in Illinois, the DOI intends to utilize Cycle II grant funding to refine this infrastructure to further enhance the DOI's ability to collect information, analyze this information, make a reasonableness determination, and provide transparency in the process and results to the public. The DOI continues its efforts to hire I/T personnel, including as well, the development of job descriptions. This aspect of the project is crucial to ensure the portal can be maintained and updated over time. There have been additional I/T staff hired, not specifically just for rate review -- with one I/T staff person spending significant time working on the Rate Review Report Card.
Implement a new process to produce consumer-friendly reports regarding the health insurance rate information and update rate comparison technology.	Completed.
Finalize development of - Frequently Asked Questions of the Department's website.	Further updates to the Frequently Asked Questions have been made. These updates have been posted to the Premium Rate Review website. Translations of the Frequently Asked Questions are complete and posted. Links in the <i>How Rate Review Works in Illinois</i> document on the website have been translated. Completed.
Second Quarter (January 2012 - March 2012)	
Conduct the webinar on new Illinois Enhanced Rate Review Program	Completed.
January 2012	

Refine the Frequently Asked Questions on the Department's website.	Further updates to the Frequently Asked Questions have been made. These updates have been posted to the Premium Rate Review website. Translations of the Frequently Asked Questions documents are complete and posted. Links in the <i>How Rate Review Works in Illinois</i> have also been translated. Completed.
February 2012	
Begin preparing for the transition of complete review of the filings to internal Health Actuaries in preparation for departure of the actuarial consultants.	The DOI has procured an external actuarial consulting firm to provide rate review services for health insurance premium filings. The Health Actuary will also determine compliance with applicable state and federal statutory requirements consistent with accepted actuarial ratemaking techniques.
Retain outside actuarial consulting firm until the internal health actuaries are hired.	DOI continues to utilize the services of the external actuarial consulting firm, Oliver Wyman. The contract with Oliver Wyman expired in February of 2014 so the DOI undertook an RFP process and procured a new contract with Oliver Wyman for Unreasonable Rate Review, which has two renewal options. The other contract with Oliver Wyman, the ACA Actuarial Services contract, was entered into in April of 2013, and was renewed. The ACA Actuarial Services contract is NOT funded by this Rate Review Grant. The services were originally designated to be performed by State staff to be hired through funds of this grant but there were difficulties in obtaining state headcount; therefore it was agreed that an outside firm such as in this case Oliver Wyman would provide these services and work in tandem with the DOI actuaries.
Post positions/ begin interviewing for the Research Economist and the I/T staff	Completed.
Third Quarter (April 2012 - June 2012)	
Monitor rate review process to ensure that transition from outside actuarial consultants to internal actuarial staff has been successful.	The external actuarial consulting firm Oliver Wyman continues to provide rate review services and monitoring of health insurance premium filings. The staff actuaries will also determine compliance with applicable state and federal statutory requirements consistent with accepted ratemaking techniques. DOI will continue to utilize Oliver Wyman through the two renewal options as DOI continues to try to hire qualified staff health actuaries.
Fourth Quarter (July 2012 - September 2012)	
July and August 2012	
Update the Frequently Asked Questions portion of the DOI website to explain rate making and the rate review process.	Complete. Updates will be made as changes to law and rule and federal guidance arises.
September 2012	

Begin the evaluation of state-specific threshold for evaluating rates that reflects the insurance and health care cost trends in Illinois.	DOI is still evaluating the trends reports.
Fifth Quarter (October 2012 - December 2012)	
October and November 2012	
Develop a publicly available annual report <i>Premium Increases in Illinois</i>	Completed
Review metrics for success of the Enhanced Rate Review Program.	Completed
December 2012	
Post 2012 Annual Report to the DOI website	Completed
Sixth Quarter (January 2013 - March 2013)	
Develop an updated webinar on Illinois Rate Review activities.	Completed
March 2013	
Update the Frequently Asked Questions section of the Department's rate review page.	Further updates to the Frequently Asked Questions have been made.
Seventh Quarter (April 2013 - June 2013)	
May and June 2013	
Finalize the process which includes all policies, business requirements, and legal relationships (contracts, Memorandum of Agreement) with the Illinois Exchange for sharing Department recommendations on issuer and plan participation on Exchange. This includes a launch of beta testing for all I/T technology leveraged to share information securely and only as appropriate.	DOI has shared all QHP recommendations with the Illinois Health Insurance Marketplace (the Exchange) and will continue to share the data as it becomes available. We have had reports posted on the DOI website showing both rates and QHP plans. A summary of Filed Health Plans as of 9/30/2013 and Rate Levels has been posted on the website. On 5/1/2013, the contractual Rate Specialist was hired to collect and perform an initial in house analysis of the premium rate filings and coordinate with actuarial staff and policy form filing staff in the review and evaluation of health rate filings. Rate Specialist will also work on fact sheets regarding health premiums, and will communicate with issuers regarding any documentation required to determine completeness of a health rate filing and then will assign those filings to the health actuary or to the external actuarial consultants. Rate Specialist also receives the consumer inquiries and complaints at the health rate review email inbox, provides insight to staff in formulating responses to the concerns, and utilizes the feedback from the emails to tailor documents available on the DOI website regarding health rate review and health premiums.
Eighth Quarter (July 2013 - September 2013)	
July 2013	

Begin sharing with information regarding the DOI's recommendations on Issuers with the Illinois Exchange	Completed. All QHP recommendations were shared with the Illinois Health Insurance Marketplace for the 2014 Plan Year.
August 2013	
Review metrics for success of the enhanced Rate Review Program.	Completed
Ninth Quarter (October 2013 - December 2013)	
Begin to develop a procedure for conducting Focus Group type activities around the state to gauge the effectiveness of the Department's outreach activities.	In addition the speaking engagements that occurred during this quarter, the DOI collected information from consumers and stakeholders during the Health Reform Implementation Council (HRIC) meetings. Questions and concerns raised by the testifiers and consumers give the DOI an idea of what consumers expect to understand about how the rate review process works in Illinois. Multiple HRIC meetings were attended by DOI staff and more feedback was obtained from consumers and stakeholders. Consumers appeared to need a clearer understanding of health insurance, and regarding which health plans are the best suited for them. The DOI determined from this feedback that making our Premium Rate Review and Medical Loss Ratio web pages more informative and consumer friendly was of high importance. The Health Rate Report Card was developed and was completed in October of 2014. Additionally, adding a link to the SERFF Public Access that allows consumers to physically view SERFF Rate Filings was completed in October of 2014 and can be accessed on the DOI website's FOIA page at this link -- <a href="http://insurance.illinois.gov/Main/foia.asp">http://insurance.illinois.gov/Main/foia.asp</a> which also contains the SERFF Public Access link -- <a href="https://filingaccess.serff.com/sfa/home/il">https://filingaccess.serff.com/sfa/home/il</a> Completed.
Tenth Quarter (January 2014 - March 2014)	
January 2014	
Design a Focus Group to gauge the effectiveness of the Department's outreach activities.	DOI collected information from consumers and stakeholders during the Health Reform Implementation Council (HRIC) meetings. Questions and concerns raised by the testifiers and consumers give the DOI an idea of what consumers expect to understand about how the rate review process works in Illinois. Multiple HRIC meetings were attended by DOI staff and more feedback was obtained from consumers and stakeholders.
March 2014	
Reviewed metrics for success of the Enhanced Rate Review Program.	Completed.
Develop an updated webinar on the Illinois Rate Review activities.	Completed.
Eleventh Quarter (April 2014 - June 2014)	

April 2014	
Compile and evaluate information obtained through focus group activities to hone the Department's outreach efforts to ensure wide understanding of the rate review program.	Completed.
May and June 2014	
Update the Frequently Asked Questions section of the Department's rate review page.	Completed, and will update as emerging issues occur.
Update the content provided on the DOI website.	Updates have been made to the Premium Rate Review web page to include more recent Federal Regulations and Guidance to assure accuracy of our website's content. A new Section on the Premium Rate Review webpage includes the federal Rate Review Annual Reports for 2012, 2013, and 2014. The medical Loss Ratios webpage has also been updated to include the Federal Annual Reports. Updates to the consumer documents have been made regarding which factors may be used currently by issuers to determine a consumer's health insurance premium for grandfathered plans vs. those QHPs that are effective after January 1, 2014.
Twelfth Quarter (July 2014 - September 2014)	
Begin compiling information for the 2014 Annual Report	Completed on November 3, 2014.
July through September 2014	Applied for and received the No-Cost Extension for the Cycle II Grant from October 1, 2014 through September 30, 2015. Also shared all health rates data with the Illinois Health Insurance Marketplace. Continuation of consumer oriented health rate document improvements, monitoring consumer complaints and emails regarding health rates.
Thirteenth Quarter (October 2014 - December 2014)	Rate Specialist, Health Actuary and actuarial consultants continue to perform the rigorous reviews of health rate filings. Continuation of consumer oriented health rate document improvements, monitoring consumer complaints and emails regarding health rates.
Fourteenth Quarter (January 2015 - March 2015)	Rate Specialist, Health Actuary and actuarial consultants continue to perform the rigorous reviews of health rate filings. Continuation of consumer oriented health rate document improvements, monitoring consumer complaints and emails regarding health rates.
Fifteenth Quarter (April 2015 - June 2015)	Rate Specialist, Health Actuary and actuarial consultants continue to perform the rigorous reviews of health rate filings. Continuation of consumer oriented health rate document improvements, monitoring consumer complaints and emails regarding health rates.
Sixteenth Quarter (July 2015 - September 2015)	Applied for and received the No-Cost Extension for the Cycle II Grant from October 1, 2015 through September 30, 2016. Continuation of consumer oriented health rate

	document improvements, monitoring consumer complaints and emails regarding health rates.
Seventeenth Quarter (October 2015 - December 2015)	Rate Specialist, Health Actuary and actuarial consultants continue to perform the rigorous reviews of health rate filings. Continuance of consumer oriented health rate document improvements, monitoring consumer complaints and emails regarding health rates.
Eighteenth Quarter (January 2016 - March 2016)	Rate Specialist, Health Actuary and actuarial consultants continue to perform the rigorous reviews of health rate filings. Continuance of consumer oriented health rate document improvements, monitoring consumer complaints and emails regarding health rates.
Nineteenth Quarter (April 2016 - June 2016)	DOI efforts are focusing on refinements to the DOI Web Portal for data extraction capabilities, and to increasing the responsiveness to consumer inquiries and complaints to the health rate email inbox. Consumers' concerns and feedback expressed in the emails are being considered in our constant endeavors to improve our Department's consumer fact sheets, web portal, Frequently Asked Questions, and the Health Rate Report Card, and any other related documents or webpages. Yvonne Clearwater and Cindy Colonius left the DOI as of June of 2016. Since their departure, the Rate Specialist receives the health rate review inbox emails and staff reviews those emails thoroughly to glean insight into the concerns of consumers regarding specific issuers' rate increases, or regarding market wide rate increases in general. With the departure of the Project Director Yvonne Clearwater, the grant reporting and coordinating efforts have been reassigned to Amy Stuart. All of the above efforts are ongoing.
Twentieth Quarter (July 2016 - September 2016) <i>July 2016 Currently</i>	The DOI is in the process of applying for another No-Cost Extension for the Cycle II Grant for the period of October 1, 2016 through September 30, 2017. Efforts as listed in the nineteenth quarter continue, and we are also improving our data collection and analysis efforts of the numerous rate increase emails we are receiving on a daily basis to our dedicated health rate email box. Our rate review specialist and actuaries are taking each email into consideration in our efforts to provide more transparent and accurate, easily accessible and useful information to the public regarding health rates and health rate review. DOI is also compiling information and data for utilization in producing the FFY 2016 Annual Narrative Report which is due October 30, 2016. If the NCE is once again approved, DOI will continue to work through objectives to bring them to completion.