

Health Insurance Rate Review Grant Program  
Cycle I Quarterly Report

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**Submission Date:** February 25, 2011

**State:** Mississippi

**Project Title:** MS Health Insurance Rate Review Program

**Project Quarter Reporting Period:** Quarter 1 (08/09/2010-12/31/2010)

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**Grant Performance Period-Cycle I:** August 9, 2010 to September 30, 2011

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## **PART I: NARRATIVE REPORT FORMAT**

### **Introduction:**

The Mississippi Insurance Department (“MID”) diligently began working on its proposed grant activities as soon as the grant was awarded in August, 2010. The plan for implementing the proposed enhancements to MID’s current rate review process is progressing with several milestones accomplished. The activities for the first quarter are described below and included in the attached Objective Work Plan. MID began planning for early stakeholder involvement and retained expert consultants to design a new website to promote public awareness of the rate review process. MID’s actuarial consultants conducted a health insurance rate analysis for grant reporting efforts and legal services were obtained to review regulatory actions.

### **Program Implementation Status:**

#### I. *Accomplishments to Date*

1. MID retained experts in the Information Technology (“IT”), Legal, and Actuarial fields as consultants to assist MID with enhancing the health insurance rate review process.

##### A. Information Technology Services

MID placed an emphasis on early planning for a user-friendly website to provide the public with access to rate review data and focused on early stakeholder involvement in building the proposed website. The website will not exist in a vacuum but will be an integral part of MID’s strategy for rate review reform. This will be a critical part of moving to a transparent rate review process.

Mississippi has a very lengthy and time consuming IT procurement process and another State agency is required to conduct the entire procurement. In an effort to accelerate this process, MID retained professional services for information technology consulting to assist in the development of the technical specifications for the upcoming Request for Proposal (“RFP”). The RFP will not be issued until the next quarter of the grant period.

##### B. Legal Services

MID immediately began the process of contracting with a legal firm to provide expert legal advice on the rate review process. The procurement process for obtaining professional legal services in Mississippi is another lengthy process. Two state agencies must pre-approve all legal contracts. The

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legal consultants were retained in November 2010 and are providing legal assistance to MID with regard to the Patient Protection and Affordable Care Act (“PPACA”), the United States Department of Health and Human Services (“HHS”) premium rate review regulations and how both apply to Mississippi’s current rate review process.

Draft legislation was initiated but not finalized in the first quarter to bring Mississippi in compliance with PPACA. The law firm is researching the HHS rate review regulations as well as, laws in other states in order to determine the best approach and changes that would strengthen Mississippi’s current process. The legal consultants will continue to assist MID to strengthen its State laws, regulations and bulletins to ensure they are in compliance with Federal law.

### C. Actuarial Services

MID currently contracts with an actuarial firm that uses SERFF to review rate filings and determine whether they are in compliance with State law and MID regulation. The actuarial firm’s contract was increased in September 2010 to begin tracking the rate filings in Mississippi as required by the grant’s quarterly reporting requirements. The actuarial firm prepared a quarterly report, which was more comprehensive than the initial SERFF report. MID decided to use the data from the actuarial firm’s report to complete the reporting requirements for this quarter. The actuarial firm will continue to perform the above services for MID for quarters two through four.

2. MID increased its Life and Actuarial staff by two employees and a consultant to assist with the various aspects of healthcare reform and management and administration of the grant’s activities. The existing staff has devoted twenty five percent (25 %) of time working on the rate review grant. It is anticipated that this staff time allocation will be maintained throughout the length of the grant period.

## II. *Challenges and Responses*

Time constraints have presented the largest challenge for the proposed grant activities. As mentioned previously, all procurement processes in Mississippi are extremely time-consuming. Also, because HHS’s rate review regulations were released late in the first quarter, MID’s preparation of rate review legislation will be delayed until the 2012 legislative session.

The information technology process is conducted entirely by the Mississippi Information Technology Services (“ITS”) agency. MID prepared the specifications for the RFP but must depend on ITS for the review, completion, and posting of the technical RFP. Although ITS does a thorough job in the preparation, the time for this

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process has taken more than four months to actually issue the RFP. The final product is expected to take a minimum of 15 weeks in order to be ready for testing. That said, MID expects the website to be operational by the end of the grant period.

### III. *Required variations from the original timeline*

The timeline for the proposed legislation has been revised to allow adequate time for the thorough review of HHS regulations, prior to the drafting of a rate review bill to be submitted for the 2012 Mississippi Legislative session.

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

- I. MID executed an addendum to its System for Electronic Rate and Form Filing (“SERFF”) contract to develop the capacities to compile and report rate trend information to the Secretary as required in the grant. In addition to the capacities being developed by SERFF, it was important that MID develop its own systems internally to facilitate its review of rate increase requests in accordance with PPACA and HHS regulations. Nearly ninety-eight (98%) of all filings received by MID are filed via SERFF.

The actuaries prepared a report on the rate filings for the first quarter of the grant period. MID determined that the actuaries’ report was more comprehensive than the report generated by SERFF and therefore, used that data to complete the attached data collection report.

- II. The IT consultants planned and conducted a “white-boarding” session to gain insight on different features for a website that would appeal to users and promote overall rate review transparency. The session was attended by health insurance representatives, health reform legal experts and staff from MID’s Management Information Systems and Life and Actuarial divisions. The valuable feedback from this session was used by the consultants to determine the specifications for the website to be used in the RFP. The RFP will be posted and a vendor should be selected in the second quarter. The website will promote awareness of MID’s rate increase review process and provide transparency for all rate filings submitted to MID. The stakeholder meeting agenda is listed as Attachment A.

### **Operational/Policy Developments/Issues**

MID began the assessment of its current insurance rate review practices and authority as soon as the grant was awarded. Activities were conducted to seek solutions that meet the unique needs of the State as well as comply with the requirements of PPACA and the Rate Increase Disclosure and Review proposed rule.

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MID did not have the time anticipated in the grant application to pursue legislative changes in the Mississippi 2011 Legislative Session. While MID has adequate authority to review health insurance rates, it is committed to strengthening that authority via legislation. MID began its initial review early on and has taken steps to identify areas that need to be addressed. MID will have more time to thoroughly review the proposed HHS regulations and prepare proposed legislation to update current Mississippi rate review laws for consideration in the 2012 Legislative Session.

### **Public Access Activities**

The purpose of the early “white-boarding” session held in December 2010 was to propose the various features for a web portal and to receive critical feedback from the attendees. Twenty-five (25) people attended, including, insurance agents, consumer groups, legal experts, and MID staff. The meeting was extremely beneficial for all parties and the specifications for the design of the web portal were developed. This web portal will be an invaluable resource for informing the people of Mississippi about health insurance rates and MID’s role in rate review. The site will reflect MID’s work in increasing transparency for health insurance rate reviews.

The web portal will also provide data for usage reports and will feature input capabilities to enhance MID’s management of rate filings.

### **Collaborative efforts**

The most significant collaborative efforts came from the attendees’ feedback and discussion during the “white-boarding” session. Health insurance representatives as well as legal consultants offered their perspectives on the features for the web portal to promote overall rate review transparency.

### **Lessons Learned**

MID recognized that early stakeholder involvement was a key step in gaining support for better public access to the rate review process. Continued stakeholder involvement with this process will promote a stronger relationship between MID and the insurance industry.

### **Updated Budget**

The following is a detailed account of expenditures for the first quarter. The allocation of funds follows the progression of the detailed budget provided in MID’s original application. However, a revised budget is attached as Attachment B to reflect a change to the miscellaneous budget category. MID moved \$50,000 to the contractual services category, because any additional expenditures will need to be classified as contractual and not miscellaneous or other.

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Expenditure	Salaries	Equipment	Travel	Other	Contractual
Actuarial Services					\$20,418.75
IT Consulting Services					\$10,312.13
SERFF Update					\$18,808.00
<b>TOTAL FOR QUARTER I</b>					<b>\$49,538.88</b>

### **Updated Work Plan and Timeline**

An updated objective work plan and timeline is attached to reflect the events of the previous quarter and the changes made to the timelines.

### **Enclosures/Attachments**

Attachment A:  
Agenda for White-boarding Session

Attachment B:  
Updated Grant Budget

Attachment C:  
MID Grant Objective Work Plan

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## **PART II: HEALTH INSURANCE RATE DATA COLLECTION**

The data for Tables A-D (provided below) and the Rate Filing Detailed Data Elements will be submitted through the Health Insurance Oversight System (HIOS). The rate filing data can either be downloaded through the SERFF system or uploaded directly by the States (for states not working with SERFF) into the HIOS system. States *do not need* to also input the data into the programmatic narrative report template displayed here.

### **Tables A-D: Rate Volume Tables**

**Table A. Rate Review Volume**

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
Number of submitted rate filings	<b>45</b>				
Number of policy rate filings requesting increase in premiums	<b>41</b>				
Number of filings reviewed for approval/denial, etc.	<b>45</b>				
Number of filings approved	<b>45</b>				
Number of filings denied	<b>-0-</b>				
Number of filings deferred	<b>-0-</b>				

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**Table B. Number and Percentage of Rate Filings Reviewed – Individual Group**

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
Product Type (PPO, HMO, etc.)	<b>16</b>				
Number of Policy Holders	<b>96,000</b>				
Number of covered lives affected	<b>96,000</b>				

**Table C. Number and Percentage of Rate Filings Reviewed – Small Group**

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
Product Type (PPO, HMO, etc.)	<b>10</b>				
Number of Policy Holders	<b>10</b>				
Number of covered lives affected	<b>107,261</b>				

**Table D. Number and Percentage of Rate Filings Reviewed – Large Group**

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
Product Type (PPO, HMO, etc.)	<b>19</b>				
Number of Policy Holders	<b>19</b>				
Number of covered lives affected	<b>10,373</b>				

**Rate Filing Detailed Data Elements:** Please refer to the Enclosure for the updated **Rate Filing Detailed Data Elements** (originally Attachment C the “Data Dictionary”). Please note all the data collected for the Rate Filing Detailed Data Elements will be collected at the level of the *rate filing*.

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**ATTACHMENT A**

Rate Review Whiteboard Session  
Mississippi Insurance Department  
and  
Fraser Institute for Health Research  
December 9, 2010  
**AGENDA**

Welcome & Introductions <i>9:15 - 9:30</i>	MID
Purpose & Goals of the Project <i>9:30 - 9:45</i>	MID
Introduction to the Process <i>9:45 - 10:00</i>	Fraser
Focus on Features & Functions <i>10:00 - 11:30</i>	Fraser
Lunch <i>11:30</i>	
Feedback & Questions <i>11:30 - 12:00</i>	ALL
Summary, Timelines, & Next Steps <i>12:00 - 12:30</i>	MID/Fraser

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**ATTACHMENT B**

**MISSISSIPPI INSURANCE DEPARTMENT  
HEALTH INSURANCE RATE REVIEW  
REVISED BUDGET  
QUARTER I**

<b>BUDGET CATEGORY</b>	<b>ORIGINAL BUDGET</b>	<b>REVISED BUDGET</b>
<b>SALARIES AND WAGES</b>	\$100,000.00	\$100,000.00
<b>EQUIPMENT</b>	\$25,000.00	\$25,000.00
<b>TRAVEL</b>	\$20,000.00	\$20,000.00
<b>MISC</b>	\$50,000.00	-0-
<b>CONTRACTUAL SERVICES</b>	\$805,000.00	\$855,000.00
<b>TOTAL</b>	<b>\$1,000,000.00</b>	<b>\$1,000,000.00</b>

**ATTACHMENT C**

**MISSISSIPPI INSURANCE DEPARTMENT  
HEALTH INSURANCE RATE REVIEW PROGRAM  
OBJECTIVE WORK PLAN  
QUARTER I REPORT**

<b>ACTIVITIES</b>	<b>TIME PERIOD BEGIN</b>	<b>TIME PERIOD END</b>	<b>STATUS</b>
Retain Expert Consultants in Legal, Actuarial, Health Insurance, and Information Technology fields	08/30/2010	09/30/2011	Actuarial firm retained in September 2010; Information Technology Consulting Services obtained in November 2010; Legal Consultants hired in September 2010.
MID Life and Actuarial staff increases time allocation	08/30/2010	09/30/2011	Staff time for grant activities was increased in first quarter.
Assessment of Current Rate Review System	08/30/2010	09/30/2011	Assessment initiated immediately after grant receipt and will continue through grant period.
Begin Rate Revision and enhancement of rate review efforts after receipt of Federal Regulations	10/15/2010	01/31/2011 Revised 09/30/2011	Delayed due to regulations not available until the end of the first quarter. Efforts will continue until late 2011.
Draft and adopt new rate review regulations and bulletins in compliance with PPACA and Federal Law	10/15/2010	03/31/2011 Revised 09/30/2011	Delayed due to regulations not available until the end of the first quarter. Efforts will continue until late 2011.
Prepare Draft legislation and present to MS State Legislature to reflect compliance with Federal law	10/15/2010	03/31/2011 Revised 09/30/2011	Delayed due to regulations not available until the end of the first quarter. Efforts will continue until late 2011.
Educate state legislators on draft legislation to bring Mississippi law into compliance with Federal law	01/01/2011	04/01/2011 Revised 09/30/2011	Delayed due to regulations not available until the end of the first quarter. Efforts will continue until late 2011.

Develop new health insurance rate review system based on consultants' assessments of the current system to the new regulations.	10/15/2010	04/30/2011 Revised 09/30/2011	Delayed due to regulations not available until the end of the first quarter. Efforts will continue until late 2011.
Develop web portal on current MID website for public access to rate increase information and justifications	04/15/2011	09/30/2011	Initial IT consulting services completed and RFP process initiated in the first quarter.
Travel to National Conferences and In-state for outreach efforts	08/15/2010	09/30/2011	No travel conducted in the first quarter.
Educational outreach program implementation	04/15/2011	09/30/2011	Project Director gave presentation on MID's activities at the white boarding session with stakeholders in December 2010.