



# Illinois Department of Insurance

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PAT QUINN  
Governor

Andrew Boron  
Director

August 25, 2014

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. 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 a period of twelve months after the current budget period end date of September 30, 2014. (The extended period would run through September 30, 2015.) 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 \$2,986,298.05 (on a cash basis) of the original \$3,531,085.00, extended through September 30, 2015, 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 updating a consumer friendly Report Card which will be online and fully functioning. In addition to the additions which are mentioned in the work plan for this Quarter (April 30 – June 30, 2014) we are 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 be thoroughly looked at by our legal staff before pursuing. The main purpose of the Report Card will be to provide easy to understand access to rate increases and decreases for consumers to see and comment on, if they wish.

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.

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](mailto:Yvonne.Clearwater@Illinois.gov)), Cindy Colonius ([Cindy.Colonius@Illinois.gov](mailto:Cindy.Colonius@Illinois.gov)) or Sheba Seif ([Sheba.Seif@Illinois.gov](mailto:Sheba.Seif@Illinois.gov)).

Sincerely,

A handwritten signature in black ink, appearing to read 'A B', followed by a horizontal line extending to the right.

Andrew Boron  
Grantee Authorizing Official

CC: James Taing  
Yvonne Clearwater  
Cindy Colonius  
Sheba Seif  
Syed Zaffer