

Health Insurance Rate Review Program, Cycle II FFY2014 Quarter 1 Report

Department of Insurance, State of Illinois

January 30, 2014

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 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 website. The Department's current program has been expanded further during the last five quarters of this grant (September 2012 through December 2013). This funding opportunity enables the Department to continue its efforts to provide a more functional, transparent private health insurance marketplace. The Department will obtain the resources and staff to analyze data and enhance its ability to share that data in a meaningful and consumer-friendly format.

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.

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. 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.
- In addition, the Department has been involved in weekly calls and webinars to understand the new system that HHS and NAIC have been working on to enable states to use the System for Electronic Rate and Form Filing (SERFF) as part of the QHP submission and certification process in a State Plan Management Partnership Exchange.
- 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 streamline and expand the Department’s existing electronic submission and analysis systems.
- The Department was successful in hiring a Health Actuarial Assistant. We have attempted to fill a Health Actuary II position for a few years but have not attracted any qualified applicants, a common issue with many state insurance departments. ***Without qualified health actuaries on the Department’s staff we will not be able to transition rate review activities back to the Department and we will continue to retain actuarial consulting firms to perform these duties.***
- The Department intends to retain the three contractual insurance analysts through FFY 2014 using Cycle II funds. There were three Insurance Analyst IIs, but one left at the end of December 2012. We hired another Rate Review Specialist (contractual) to replace the one that left in December 2012. She started on May 1, 2013.

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 the interim.
- The Department intends to significantly invest in expanding consumer protection standards through a more open and transparent process for review. This includes developing new

interactive tools for consumers to navigate health insurance premium information and provide feedback.

- An initial system for the display of rate increases has been launched, and a more comprehensive system is in development.
- The Cycle II Grant Application and Annual and Quarterly Reports have been posted on the Department's website.
- In addition, a Procedure Manual has been completed and posted on the 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.
- As mentioned in our three previous reports, our Research Economist began working in May 2013 and has already completed his first reports that are based on loss ratios, rate increases, actuarial assumptions and some trend analysis on claims by company, aging by company, as well as lapse by company.
- Our initial intention was to have these reports posted on our website during the July – September 2013 quarter, but while the reports that were generated were being reviewed by senior staff, it was determined that there was a need to make some revisions to the way issuers are filing their rates.

The information collected, while it was sufficient for rate review, it was not collected in a manner that allowed for the information in the reports to be clear enough to be posted for the public to view. ***Therefore, we are in the process of implementing some changes to the web portal to allow this information to be collected in a manner that would allow the Department to generate, analyze and provide this information to the public by way of our website. As a result of closing about 50 filings during this last quarter, we are working with our research economist to re-run the reports. This may provide additional data which should help with the credibility of the reports. Our research economist will hopefully be able to run some simpler statistics which we should be able to put in a chart, which will help us explain the results in a way that a lay person can understand them.***

Challenges and Responses

- The Department was successful in hiring a Health Actuarial Assistant; however we have attempted to fill the Health Actuary II position for a few years but have not attracted any qualified candidates. *As such we continue to retain the services of an actuarial consulting firm to perform rate reviews. The current contract expires in February, 2014, and the Department is proceeding with a new RFP to continue these services. The Department is working to have the new contract in place when the current contract expires.*
- An additional challenge the Department continues to encounter is the lack of explicit statutory authority to approve or deny premium rate filings.
- *Due to the current political climate in Illinois, legislation to approve or deny premium rate filings will not take place this legislative session.* See details in the Obtain Authority to Approve or Deny Premium Rate Increases section further down in this report.
- Progress has been made in hiring IT consultant staff to assist the current IT staff and actuarial consulting firm in designing and building rate review software and convert to web-based system for consumer use. These positions will be funded through Cycle II grant funds.

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’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. The new reports submitted by the Research Economist will assist in these efforts.
- 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. Milestones implemented or initiated during the first quarter are divided by subcategory and described below.

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 (“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 has been involved in weekly calls and webinars to understand the new system that HHS and NAIC have been working on to enable states to use the System for Electronic Rate and Form Filing (SERFF) as part of the QHP submission and certification process in a State Plan Management Partnership Exchange.
- ***On January 15, 2014, the Center Consumer Information and Insurance Oversight (CCIIO) and the National Association for Insurance Commissioners (NAIC) jointly offered training on HIOS and SERFF for Rate Review Grantees. Illinois was a participant in the training session, to learn about the new enhancements made in SERFF version 6.4 and also the submission process through HIOS.***

The training covered the following topics:

- ***Changes to the Rate Review grant data detail template***
- ***Transfer of rate-filing data from SERFF to HIOS***
- ***Submission of data and progress reports in HIOS***
- 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. 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 Department intends to retain two contractual insurance analysts through FFY 2014 using Cycle II funds. The Department initially hired three contractual insurance analysts, but one left the Department at the end of December 2012. The Department successfully hired another Rate Review Specialist (contractual) to replace the one that left in December 2012. She started on May 1, 2013.
- Many improvements have been made to the internal portal since the IT consultant began working at

DOI in January 2012.

- We have 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. Also, an option for an extra decimal place in the “Rate Change %” section has been added. *(These features added were in part in regard to the “Report Card” as well as the trend analysis reporting)*
- 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.

B. Staffing Capacity for Data Collection

With the use of Cycle I grant funds, the Department was able to hire three full-time insurance analysts (contractual) to assist with data collection for the Rate Review Program. The Department initially hired three contractual insurance analysts through FFY 2014 using Cycle II funds, but one left the Department at the end of December 2012. The Department was successful in hiring another Rate Review Specialist (contractual) to replace the one that left in December 2012. She started on May 1, 2013.

C. Collection of Data

Pursuant to Company Bulletins [2010-08](#) and [2011-02](#), the Department has received 14 rate filings in the Cycle II FFY14 Quarter 1 of the grant period from September 30, 2013 through December 30, 2013, and of those, 5 requested rate increases and were subject to review. Of these 14 filings, 8 are pending review, 6 were filed, and 4 were withdrawn per company request.

2. Analysis of Premium Rate Data

A. Identifying Analytics Goals

- The Department reviewed the final HHS rules issued in May and identified all rate information necessary to compile from 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

- As detailed above in the “Challenges and Responses” section, the Department continues to have these services performed by outside actuarial consultants.

- The Department continues to retain an actuarial consulting firm to do rate filing reviews.
- The Department was able to transfer an Economist that we have on staff, who does rate review in the P&C area and has experience in health issues as well. It was decided by senior staff that this individual should be transferred to do become the Research Economist needed for the rate review grant activities. His job description includes collecting data from rate filings received from carriers, generating reports that will be used for consumer outreach, financial and actuarial analysis, and ultimately working with the Exchange in monitoring the insurance market in Illinois. The staff member has already produced certain reports based on loss ratios, rate increases, actuarial assumptions and some trend analysis.
- Our initial intention was to have these reports posted on our website during the July through September 2013 quarter, but while the reports that were generated were being reviewed by senior staff, it was determined that there was a need to make some revisions to the way issuers are filing their rates. The information collected, while it was sufficient for rate review, it was not collected in a manner that allowed for the information in the reports to be clear enough to be posted for the public to view. ***Therefore, we are in the process of implementing some changes to the web portal to allow this information to be collected in a manner that would allow the Department to generate, analyze and provide this information to the public by way of our website. As a result of closing about 50 filings during this last quarter, we are working with our research economist to re-run the reports. We are working to identify ways to present information, including statistics, in a way that a lay person can understand.***

D. Conduct Analysis

- The Department received 14 filings in the first quarter of FFY14, 5 of which were subject to review. For filings received after September 1, 2011, the Department's Actuary works with the actuarial consultants to review premium information received from carriers. For the majority of these filings, the Department requested further information from the carrier because the information provided in the initial filing was 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.
- 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

A. Obtain Authority to Approve or Deny Premium Rate Increases

- Three previous attempts at passing legislation during 2011 did not succeed: (HB 1501, HB 2736, SB 2344).
- A fourth attempt, SB 34 (the Health Benefits Exchange bill), introduced in the Illinois Senate, last session, contains language requiring all health plans that wish to be certified as QHPs to, at a minimum, fulfill all premium rate and contract filing requirements and ensure that no contract language has been disapproved by the Director, and charges the same premium rate without regard to whether the plan is offered through the Exchange and without regard to whether the plan is offered directly from the health carrier or through an insurance producer. The Department is working with legislators, consumer advocates and the Governor's office to strengthen the language in this bill, should it be reintroduced in the 2014 legislative session, or in another Health Benefits Exchange Bill that might be introduced during the 2014 legislative session, directing the Director to approve or disapprove unjustified rate increases.
- ***It has currently been decided that the political climate in Illinois is not conducive at this point to introduce a further attempt to allow the Director to approve or disapprove rate changes. Hopefully, we will have options in the not too distant future.***
- 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.

5. 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 develop an 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 Department has agreed on the initial small changes regarding the design and implementation of a rate review "Report Card" to display rate information on its new rate filing webpage. The Report Card will initially include the addition of certain 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, and the Department staff is working on different options as to how to populate certain fields on the Report Card with information from the web portal. While the Department is progressing on this project, it has been temporarily put it on hold due to IT staff shortage and the IT staff having been swamped with the ACA needs there has not been enough time to complete this task. The Department has a meeting scheduled to review the recent changes to the web portal to determine the best approach for the Report Card. This still remains a priority and the Department hopes to have it in test mode during the next Quarter.***

- Our Premium Rate Review and Medical Loss Ratio Web Pages have been updated and made more consumer friendly. We have also posted Health Insurance Premium Group Coverage and Health Insurance Premium Individual Coverage on our Presentations Web Page. We have posted the Rate Review Brochure in 5 languages (English, Spanish, Polish Korean, and Chinese. The Grant Quarterly and Annual Reports have been posted on our Premium Rate Review Web Page.
- *In addition, recent updates have been made to the following documents listed below, and the first three documents 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 Ratio](#), and the [Rate Review Webinars/Presentations](#) web pages.*
 - How Rate Review Works in Illinois;
 - Rate Review Q&As
 - Rate Review Brochure;
 - Health Insurance Premium Group Coverage / October 2013
 - Health Insurance Premium Individual Market / October 2013
- *The updates include federal requirements that changed the wording of “preliminary justification” to “rate justification”. In addition the updates will help consumers understand what the interim period between now and January 1, 2014 means to them regarding which factors may be used currently by issuers to determine a consumer’s health insurance premium.*
- *The updates also note that premiums can only be rated based on gender, health conditions or personal health history on policies that go into effect or renew before January 1, 2014. These updates have been posted on the Premium Rate Review web page and the Webinars/Presentations webpage.*
- *We are expanding the information on the website to include whether the plans are grandfathered or non-grandfathered, # of covered lives and type of market, such as individual, large group, small group or association group. Reports generated by the Research Economist will improve the transparency of information available to consumers, posted on its website.*

B. Translation Services

- In an effort to provide appropriate services to all Illinois consumers, the Department intends to translate web-based databases, documents, reports and charts into Spanish, Polish and Korean, including all rate review- related information. These efforts will be undertaken when the updates to the new website, discussed above, are finalized. The funding allocated as part of this grant will supplement those efforts. These efforts will be undertaken shortly as soon as the updates to the new website are finalized. The funding allocated as part of this Cycle II grant will supplement those efforts. See details in the previous paragraph.
- *Translations have been made to the documents mentioned above. The cost of translating these documents are reflected in the contractual budget allocations section in the excel spreadsheet attached. These specific translations cost \$391.46.*
- *In addition to these transitional updates and translations, we are planning further updates on these documents during the next quarter to clearly reflect the changes that have already taken place in January, 2014 and to inform consumers that the QHP plans that are available to look at during the open enrollment period will reflect the changes applicable for plans that take*

place after January 1, 2014.

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. On a dual track, the newly appointed Deputy Director of IT within the Department is designing a new structure for permanent IT staffing to provide support to the premium rate review program. Specifically, this includes three new IT employees dedicated to portal and network support. The Department continues its efforts to hire these personnel, including the development of job descriptions. This aspect of the project is crucial to ensure the portal can be maintained and updated over time. The new enhancements proposed for the premium rate review portal include:

Data Entry. The portal currently 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 queryable for individual product information as well as marketplace-wide assessments, the portal data entry requirements needed to be amended.

- 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 pertain 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.

These changes have been implemented and are working well. The Department will be looking at this data to consider for the Report Card.

- As was discussed in the previous Quarterly Report, DOI created a Rate Review Checklist for insurers to use to make complete and accurate rate filings for Qualified Health Plans with the Department of Insurance. The checklist was compiled based on both DOI and insurer comments.

Real-time Updates to Rate Increase Information. The Department is currently working to implement 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, and relieving the actuarial team from what is currently a very time-consuming and arduous task.

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.***

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. The 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 / October 2013
- Health Insurance Premium Individual Market / October 2013

These documents have been updated and posted. The first 3 documents have been translated into Spanish, Polish, Korean, and Chinese, and posted in all those languages on the website. The updates include federal requirements that changed the wording of "preliminary justification" to "rate justification". In addition the updates will help consumers understand what the interim period between now and January 1, 2014 means to them regarding which factors may be used currently by issuers to determine a consumer's health insurance premium. The updates note that premiums can only be rated based on gender, health conditions or personal health history on policies that go into effect or renew before January 1, 2014.

- 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. Last year, the Department held twenty different speaking engagements and four health fairs. Included in the discussions at these events, the Department provided 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.

- *In addition to the speaking engagements that have continued this Quarter, the Department has also been collecting information from consumers and stakeholders during the Health Reform Implementation Council meetings, as a start to what we would like future focus groups to include. The Director is a member of the Council. The questions asked by testifiers, consumers, and others give us an idea of what consumers expect to understand about how the rate review process works in Illinois and whether or not they have an understanding of the process.*

Recommendations to the State 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 and Life Actuarial Divisions in DOI will conduct rate review and will involve the Consumer Markets/Compliance unit to ensure DOI has the appropriate regulatory capacity.

Collaborative Efforts

- *The Department has participated in the NAIC and CCIIO’s recent training session on SERFF and HIOS.*

Lessons Learned

- The Department has experienced extensive delays in adding the staff necessary to conduct premium review activities. 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 associated with those experienced in the hiring process.

- *The Department has discussed and agreed upon an initial plan to make the Rate Review Report Card friendly for consumers. We have decided on what the initial field to add or edit will be: 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 plan, small group plan, and individual. There is still much work to be done on this project, but the process has begun. With the updates to the web portal, the Department will meet with staff to finalize the request for implementation by IT staff. There has been IT staff shortages; however, there appears to have been some additional staff hired for IT; therefore, the ideas for the report card will be finalized and submitted to IT within the next quarter.*

Premium Review Project Budget Narrative (Updated January 30, 2014)

Overall Budget

The Illinois Department of Insurance (DOI) budget for FY2013 totaled \$53,623,500. Projected annual revenue collected in FY14 is \$448,531,227 (this amount includes taxes collected and deposited to the General Revenue Fund).

Estimated Budget for Premium Review Cycle II

To enhance the current rate review process and to improve consumer protection standards, the Department estimates a total cost of \$3,531,085 from FY2012 to FY2014. An itemization of the costs originally submitted is provided below. The Department will be submitting a post-award amendment soon to reflect actual operational adjustments to the State's rate review program.

Rate Review Cycle II Grant					
Grant Period Expenditures (cash basis)					
	Budget Allocation	10/1/11 - 9/30/12 Expenditures	9/30/2012 Balance	10/1/12 - 9/30/13 Expenditures	9/30/2013 Balance
Salaries and Wages	\$1,790,185.00	\$0.00	\$1,790,185.00	\$105,329.98	\$1,684,855.02
Fringe Benefits	\$755,278.00	\$0.00	\$755,278.00	\$18,721.82	\$736,556.18
Travel	\$3,000.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00
Equipment	\$28,000.00	\$0.00	\$28,000.00	\$0.00	\$28,000.00
Supplies	\$14,000.00	\$0.00	\$14,000.00	\$0.00	\$14,000.00
Contractual	\$814,000.00	\$0.00	\$814,000.00	\$105,615.00	\$708,385.00
Other	\$126,622.00	\$20,856.00	\$105,766.00	\$4,721.33	\$101,044.67
TOTAL	\$3,531,085.00	\$20,856.00	\$3,510,229.00	\$234,388.13	\$3,275,840.87

Personnel

The Department's original submitted proposal included 11 staff members: two Health Actuaries, one Actuarial Assistant, two Insurance Analysts, one Insurance Analyst Assistant, three IT staff, one Research Economist, and one Fiscal Grants Specialist. Since the original proposal, the State has procured the services of an outside actuarial consulting firm to provide rate review services on health insurance premium filings and to determine compliance with applicable state and federal statutory requirements consistent with accepted actuarial ratemaking techniques. The State will reallocate salary and personnel costs to the contractual budget category to reflect the reduced staffing needs and proportional increases in consulting services.

Fringe Benefits

The cost of fringe benefits in the original proposal was \$755,278, which included group insurance, social security, and retirement. Due to reduced personnel requirements as staff requirements were reduced in lieu of services provided by an outside actuarial consulting firm, fringe benefit costs will be decreased and reallocated in the post-award amendment to the contractual services line.

Travel

As mentioned above, the political climate in Illinois is not conducive at this point to introduce a further attempt to allow the Director to approve or disapprove rate changes. However, staff will still travel under the grant to perform activities related to coordinating with Springfield staff and other stakeholders across the state, as well as to keep the conversation going for future legislation to establish rate review authority.

The Department has allocated \$3,000 for the cost of travel, including mileage (408 miles roundtrip at the federal rate of 51 cents per mile, or \$208), hotel (\$70/night plus taxes), and Per Diem (\$27 per full day). This will cover the cost of traveling between Chicago and Springfield approximately three times per year.

Equipment

For both the additional permanent employees and contracted staff funded by this grant, the Department anticipates an average cost of \$1,000 per employee for equipment for each Fiscal Year. This comes to a total of \$28,000, and includes computers, printers, calculators, staplers, and other similar equipment.

Contractual Services

New Employee Contractual Services

For the two new permanent employees and four additional contracted staff funded by this grant, the Department estimates an average cost of \$1000 per employee for various contractual services for the year, for a total of \$4,000. These contractual services are a standard cost built into the cost of hiring new employees, and include services ranging from renting offsite storage for servers, to repairs and maintenance of IT and other electronic equipment.

IT Services

Illinois intends to develop a new analytic data system to report rate increases to consumers. Improvement to the current IT infrastructure requires funding for a consultant to work alongside new IT Staff to design and build rate review software and convert to web-based system for consumer use. IT development would consist of 3 consultants funded at \$180,000 each for FFY 2012 and 1.5 consultants funded at the same level for FFY 2013, for a total of \$810,000.

Rate Review Actuarial Services

The State currently has procured an external actuarial consulting firm to provide rate review services for health insurance premium filings. The actuary's will also determine compliance with applicable state and federal statutory requirements consistent with accepted actuarial ratemaking techniques. *DOI continues to utilize the services of Oliver Wyman, through 2 RFPs. Their contract to review unreasonable rate increases was renewed till February 2014. We have re-bid this contract and expect that a new contract will be in place when the current contract expires. The other RFP with Oliver Wyman is to do all of the QHP work and was entered into in April 2013. This contract has a couple of renewal options. Note: The RFP to do all the QHP work is not being funded by the Rate Review Grant.* The services were originally designated to be performed by State staff to be hired through funds of this grant but due to difficulties in obtaining clearance for new staff positions at the State, it was agreed an outside firm would provide these services.

“Other” Category Spending

Consumer Education and Outreach

- The Department intends to enhance the transparency of the rate review process. Information about premium rate increases in the individual and small group markets will be posted to the Department’s website as rates are filed. The Department also intends to publicize information about rate increases that the Department has determined to be unreasonable. Issuers that pursue these increases will be required to post rate increase information, including their Rate Justification, on their websites. In addition, the Department has provided a link to Healthcare.gov and CMS.gov to allow consumers to read a brief, non-technical explanation of the relevant review findings that formed the basis of the Department’s review determination.
- The Department will then post a consumer-friendly summary of the Department’s decision on its website for each filing reviewed.
- Consumers also have the option of commenting on rate increases through a public comment section, developed on the Department’s website. This page includes a link for consumers to connect directly to the HHS website, and information on issuers that have pursued increases that the Department has determined to be “unreasonable”.
- In order to provide information to the public about Illinois’ rate review activities, the Department has created, updated power point presentations on the Enhanced Rate Review Program. These presentations are available on the Webinars/Presentations Web Page of the DOI website.

Reporting to the Secretary on Rate Increase Patterns

- The Department will comply with the requirement that grant participants provide data to the Secretary on health insurance rate trends in premium rating areas. The Department has recently hired a Research Economist, who began working in mid May 2013, and whose responsibilities include, among other tasks, collecting the necessary data and identifying trends in the Illinois marketplace. As mentioned above, the initial tasks for this person is to provide reports based on loss ratios, rate increases, actuarial assumptions and some trend analysis. He has already completed his first reports that are based on loss ratios, rate increases, actuarial assumptions and some trend analysis on claims by company, aging by company, as well as lapse by company.
- Our initial intention was to have these reports posted on our website during the July - September 2013Qtr period, but while the reports that were generated were being reviewed by senior staff, it was determined that there was a need to make some revisions to the way issuers are filing their rates. The information collected, while it was sufficient for rate review, it was not collected in a manner that allowed for the information in the reports to be clear enough to be posted for the public to view. Therefore, we are in the process of implementing some changes to the web portal to allow this information to be collected in a manner that would allow the Department to generate, analyze and provide this information to the public by way of our website.

Translation Services

- In an effort to provide appropriate services to all Illinois consumers, the Department will translate web-based databases, documents, reports and charts to Spanish, Polish and Korean. The Department estimates the cost of these services to be \$35,835. The Department has already translated certain

documents in Spanish, Polish, Korean and Chinese pertaining to Premium Rate Review and Medical Loss Ratio. These documents have been posted on the web pages.

New updates in October 2013 have been completed and posted on the Premium Rate Review and Webinars/Presentation web pages on the following documents:

- How Rate Review Works in Illinois
- Rate Review Q&As
- Rate Review Brochure
- Health Insurance Premium Individual Coverage Presentation
- Health Insurance Premium Group Coverage Presentation

The first three documents have been translated into Spanish, Polish, Chinese, and Korean. The cost of the recent translated services was \$391.46. This amount is included in the new budget Narrative, as part of this Report, under Contractual Services.

Equipment

To accommodate the project's IT upgrades, the Department will need to purchase six development workstations from Illinois CMS at a cost of \$1,154 each plus an annual recurring cost of \$1,272 each. The Department also anticipates incurring additional charges for disk space at an annual cost of \$2,160. In total, new IT equipment will cost \$36,300.

Premium Rate Review Work Plan

(Updated January 30, 2014)

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.

II. Evaluation Plan:

- a. The Department will gauge the success of its rate review program based on the average time it takes for the Department to review rates and issue a determination.
 - i. With actuarial consultants assisting with filings, this review is estimated to be completed within 30 days once all information is received.
 - ii. After the contract with the consultants expires, the Department intends to maintain this average review time.
- b. The Department will know how many consumers it reaches by:
 - i. The number of “hits” to the website;
 - ii. The number of consumer comments; and
 - iii. The number of policyholders impacted by a proposed rate change.

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.
- b. An updated and consumer-friendly webpage dedicated to premium rate review that will enable consumers to easily access information on rate increases and justifications provided.

IV. The Enhanced Premium Rate Review Project will be conducted by the Department’s actuaries and insurance analysts.

- In regard to the Research Economist, the Department utilized a current staff person who has the skills to generate and analyze reports. He began working in mid May 2013, and his responsibilities include, among other tasks, collecting the necessary data and identifying trends in the Illinois marketplace. As mentioned above, the initial tasks for this person is to provide reports based on loss ratios, rate increases, actuarial assumptions and some trend analysis. He has already

completed his first reports that are based on loss ratios, rate increases, actuarial assumptions and some trend analysis on claims by company, aging by company, as well as lapse by company.

- Our initial intention was to have these reports posted on our website during the July – September 2013 quarter period, but while the reports that were generated were being reviewed by senior staff, it was determined that there was a need to make some revisions to the way issuers are filing their rates. The information collected, while it was sufficient for rate review, it was not collected in a manner that allowed for the information in the reports to be clear enough to be posted for the public to view. *Therefore, we are in the process of implementing some changes to the web portal to allow this information to be collected in a manner that would allow the Department to generate, analyze and provide this information to the public by way of our website.*

Credentials for Health Actuary and IT staff will include 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; 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; 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 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 IT 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 judgment in defining, evaluating, and solving difficult administrative, organizational, technical, or operational 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.

- The IT staff** requires experience in database design, database application development, Windows LAN 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.

V. Management of the Enhanced Premium Rate Review Project. Project Director,

Yvonne Clearwater

Yvonne Clearwater, Acting Deputy Director, Health Products will serve as the Project Director. The Project Director will assume the responsibilities associated with the logistics, coordination, contracting, and outreach of the project. The Project Director will record and report on progress made on key decision points, ensure consumer outreach activities are transparent and accessible, and make certain that all reporting requirements associated with the grant are met.

VI. The Enhanced Premium Rate Review Project will take place:

September 30, 2011 - September 30, 2014.

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 new Illinois Enhanced Rate Review Program.	Completed
Develop new content for the rate review page of the Department's website including updates on Cycle II funding.	An initial system for the display of rate increases has been launched, and a more comprehensive system is in development. The Cycle II Grant Application has been posted, and Quarterly and Annual Reports have been posted.
Provide a direct link to the HHS website for consumers.	Completed. DOI has been complying with this requirement, but discovered that the link no longer works. HHS's Rate Review team have acknowledged the issue and have assured us that until their consumer oriented rate review page is available again, states will continue to meet the expectations of federal regulation, in accordance with their current guidelines.
Provide consumers with a public comments section on the Department's rate review page	Completed.
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 IT equipment.	
Post preliminary justifications on the Department's website or provide a link to the CMS website.	Completed. As per federal regulations, we have changed the wording of "Preliminary Justification" to "Rate Justification" on all our documents that include direction on justifications.

Develop job descriptions for Research Economist and IT Staffing.	Research Economist has been hired and has started working on reports. For more details, see the Narrative above. DOI continues to work on hiring IT staff to assist in, among other tasks, the Rate Review Report Card. All IT staff must be certified.
Review public comments submitted through the Department's website (monthly).	Yvonne Clearwater and Cindy Colonius get the emails from the Rate Review page on the Website. They have not received many comments/questions in regard to this.
Update rate review content on the Department's website (monthly).	The rate chart on the website is being updated on an ongoing basis. <i>Recent updates are completed and have been posted on the webpage The Department hopes to present the beginnings of what we anticipate becoming the design of a consumer friendly "Rate Review Report Card" to display rate information on its new rate filing web page.</i>
November 2011	
Develop the IT infrastructure necessary to automatically post rate increases to the Department's website as they are filed.	<i>We just recently updated the spreadsheets again and have provided protected spreadsheets which allow the consumer to sort each column without the possibility of changing any of the data inserted within the cells.</i>
Implement a new process to produce consumer-friendly reports regarding the health insurance rate information, and update rate comparison technology.	<i>The Department is currently developing the enhanced reporting process.</i> In progress
Second Quarter (January 2012 - March 2012)	
January 2012	
Finalize development of "Frequently Asked Questions" for the Department's website.	<i>The FAQ's are finalized and posted. New updates have been recently completed, and posted.</i>
Conduct the webinar on new Illinois Enhanced Rate Review Program.	<i>The webinars are updated and posted. Senior staff is deciding on when the presentations will be given as a webinar.</i>

February 2012	
Begin preparing for transition of complete review of filings to internal Health Actuaries in preparation for departure of actuarial consultants.	The Department is still seeking to fill these positions.
Retain outside actuarial consulting firm until internal health actuaries are hired.	DOI continues to utilize the services of Oliver Wyman, through 2 RFPs. Their contract to review unreasonable rate increases was renewed till February 2014. We have re-bid this contract and anticipate that a new contract will be in place when the current contract expires. The other RFP is to do all of the QHP work and was entered into in April 2013. It has a couple of renewal options. <u>Note: The RFP to do all the QHP work is not being funded by the Rate Review Grant.</u>
March 2012	
Post positions/begin interviewing for Research Economist and IT Staffing.	Research Economist
Third Quarter (April 2012 - June 2012)	
April-June 2012	
Complete "Procedures Manual" and train staff.	<i>Complete. Training of staff will be ongoing.</i>
April-May 2012	
Establish an evaluative process for assessing the success of the Enhanced Rate Review Program.	In progress

May-June 2012	
Monitor rate review process to ensure that transition from outside actuarial consultants to internal actuarial staff has been successful.	The State currently has procured an external actuarial consulting firm to provide rate review services, including monitoring for health insurance premium filings. The actuary's will also determine compliance with applicable state and federal statutory requirements consistent with accepted actuarial ratemaking techniques. The current firm, Oliver Wyman Actuarial Consulting, is contracted through February 2014. We have re-bid this contract and anticipate having a new contract in place when the current contract expires. The other RFP is to do all of the QHP work and was entered into in April 2013. This RFP has a couple of renewal options. <u>The RFP to do the QHP work is NOT being funded by the Rate Review Grant.</u> The services were originally designated to be performed by State staff to be hired through funds of this grant but due to difficulties in obtaining clearance for new staff positions at the State, it was agreed an outside firm would provide these services.
Fourth Quarter (July 2012 - September 2012)	
June-August 2012	
Update the "Frequently Asked Questions" portion of the Department's website to explain rate making and the rate review process.	<i>New version was recently posted. An even newer version will be updated during the next quarter.</i>
September 2012	
Begin evaluation of state-specific threshold for evaluating rates that reflects the insurance and health care cost trends in Illinois.	
Fifth Quarter (October, 2012 - December 2012)	
October-November 2012	
Develop a publically available "annual report" on premium increases in Illinois.	
Review metrics for success of the Enhanced Rate Review Program.	
December 2012	
Post 2012 "annual report" on the Department's website.	Completed

Sixth Quarter (January 2013 - March 2013)	
January-February 2013	
Develop an updated webinar on Illinois Rate Review activities.	Completed
Conduct webinar.	Senior staff is deciding on an appropriate time to conduct this webinar
March-April 2013	
Update the “Frequently Asked Questions” section of the Department’s rate review page.	Completed and posted
Seventh Quarter (April 2013 - June 2013)	
May-June 2013	
Finalize process – including 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 IT technology leveraged to share information securely and only as appropriate.	DOI has shared all QHP recommendations with Marketplace and will continue to share when data becomes available. We have had reports posted on DOI website for both rates and QHP plans. In addition, the Department has begun to share with the Marketplace our information we have obtained on rates. This is contained on our website (Summary of Filed Health Plans as of 9/30/13 and Rate Levels).
Eighth Quarter (July 2013 - September 2013)	
July 2013	
Begin sharing with the Illinois Exchange Department recommendations on issuers that should be excluded from the Exchange in preparation for Exchange “go live” date in January 2014.	Completed, all QHP recommendations were shared with the Marketplace
August 2013	
Review metrics for success of the Enhanced Rate Review Program.	In Progress

Ninth Quarter (October, 2013 - December 2013)	
September-November 2013	
Begin compiling information for “annual report.”	
Begin to develop a procedure for conducting “focus group” type activities around the state to gauge the effectiveness of the Department’s outreach activities.	<i>The Department has also been collecting information from consumers and stakeholders during the Health Reform Implementation Council meetings, as a start to what we would like future focus groups to include. The Director is a member of the Council. The questions asked by testifiers, consumers, and others give us an idea of what consumers expect to understand about how the rate review process works in Illinois and whether or not they have an understanding of the process.</i>
Tenth Quarter (January 2014 - March 2014)	
January 2014	
Design a “focus group” for gauging the effectiveness of the Department’s consumer outreach activities.	
February 2014	
Conduct a “focus group” in which the Department seeks feedback from Illinois residents on the effectiveness of rate review outreach activities.	
March 2014	
Review metrics for success of the Enhanced Rate Review Program.	
Develop an updated webinar on Illinois Rate Review activities.	
Eleventh Quarter (April 2014 - June 2014)	
April 2014	
Conduct webinar	

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.	
May – June 2014	
Update the “Frequently Asked Questions” section of the Department’s rate review page.	
Update content on the Department’s website	
Twelfth Quarter (July 2014 - October 2014).	
July-September 2014	
Begin compiling information for 2014 “Annual Report.”	

Updated Evaluation Plan

- The Department will gauge the success of its rate review program based on the average time it takes for the Department to review rates and issue a determination.
- With actuarial consultants assisting with filings, this review is estimated to be completed within 30 days once all information is received.
- After the contract with the consultants expires, the Department intends to maintain this average review time.
- The Department intends to hire an additional Health Actuary.
- The Department will know how many consumers it reaches by:
 - The number of “hits” to the website;
 - The number of consumer comments; and
 - The number of policyholders impacted by a proposed rate change.
- The Department intends to develop internal metrics to track the rate filing within the Department to ensure efficiency. This will take place when the Health Actuary can be brought on staff.