

Attachment A

AID RR BUDGET NARRATIVE

The Arkansas Insurance Department Rate Review grant application (CFDA 93.511 Cycle II, Phase I) is being submitted for a three year period. The budget requests are as follows:

Year 1	(10.1.11 through 9.30.12)	\$1,874,098	(see attached budget page 4)
Year 2	(10.1.12 through 9.30.13)	\$1,000,000	(see attached budget page 4)
Year 3	(10.1.13 through 9.30.14)	\$1,000,000	(see attached budget page 5)
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	Total	\$3,874,098 *	

*The \$3,874,098 total AID RR application consists of:

Baseline	(\$3,000,000)
Performance	(\$ 600,000)
Workload	(\$ 274,098)

The AID RR three year budget shows first year "**front loading**" (\$1,874,098) for very important reasons. If AID RR is to be as successful with Cycle II as we have been with Cycle I implementation, then beginning with our Cycle II funding date (10.1.11), certain categories such as Data and Outreach need immediate implementation steps which require significant "front end" funds. It is also obvious from our narrative content how important we consider Data and Outreach to be in our overall Cycle II strategy.

Data

- A. Aggressive collection, processing, and multi-query generated analyses of all relevant healthcare data is the mandatory cornerstone of the AID Rate Review program. To accomplish this, AID RR is committing \$500,000 in "year one" Cycle II funds to establish a data center **or** identify reliable and reputable alternative entities that can deliver all reliable, relevant healthcare data needed by AID RR on a timely basis.
- B. Creation of a robust, innovative, 'state of the art', internal healthcare database system within AID which will meet or exceed all of the requirements of the ACA, including but not limited to, all state Rate Review responsibilities as well as stated obligations of AID RR to the state Exchange.

Outreach

- A. It is critical that AID RR is able to issue an RFP as soon as possible to select an innovative and reputable company to create a user friendly, robust, and attractive website that will generate widespread usage among Arkansas residents in regard to rate review.
- B. It is very important that AID RR is able to execute an interagency agreement which will do a great deal of foundation work in educating and informing Arkansas residents about rate review.

Personnel and Fringe Benefits: Personnel costs, beginning in Quarter 1 of the Cycle II program, will have increased staffing by 1.0 FTE. (see attached budgets for 2011, 2012, and 2013).

Contractual Costs: Given the specialized nature of the proposed contractual needs of Data, IT, and rate review enhancements, \$1,048,015 is allocated to contracts in the first year. \$232,333 is allocated for contracts in the second year and \$255,403 in the third year.

Personnel

<u>Position Title and Name</u>	<u>Annual</u>	<u>Time</u>	<u>Months</u>	<u>Amount Requested</u>
Deputy Commissioner Dr. Lowell Nicholas	\$94,365	100%	12 months	\$94,365
Deputy Director Bob Alexander <i>(new position 10.1.11 but will <u>act as both</u> attorney and as Deputy Director)</i>	\$79,071	100%	12 months	\$79,071
Attorney Bob Alexander <i>(Position to be <u>eliminated</u> and combined with Deputy Director 10.1.11)</i>	\$67,071	100%	12 months	\$67,061
Public Information Officer Sandra McGrew	\$50,000	100%	12 months	\$50,000
Administrative Assistant <i>(new position)</i>	\$45,000	100%	12 months	\$45,000
Health Insurance Comp. <i>(authorized but vacant)</i>	\$57,000	100%	12 months	\$57,000
Database Administrator <i>(authorized but vacant)</i>	\$45,377	100%	12 months	\$45,377

Job Description: Deputy Commissioner – Dr. Lowell Nicholas

This position directs the overall operation of the project; responsible for overseeing the implementation of project activities, coordination with other agencies, development of materials, provisions of in service and training, conducting meetings; designs and directs the gathering, tabulating and interpreting of required data, responsible for overall program evaluation and for staff performance evaluation; and is the responsible authority for ensuring necessary reports/documentation are submitted to HHS. This position relates to all program objectives.

Job Description: Deputy Director- Vacant

This position will serve as the division's operations officer and assist the Deputy Commissioner in carrying out all of the division's responsibilities. This position is responsible for overseeing the drafting all legislation, administrative bulletins, department policies; reviewing all documents created by rate review division for legal compliance; reviewing all federal laws and regulations for state compliance; monitoring all NAIC activity regarding rate reviews and representing the division at all legislative meetings, public meetings and association conferences. This position relates to all program objectives.

Job description: Attorney Bob Alexander (*position to be eliminated 10.1.11*)

Job description: Public Information Officer- Sandra McGrew

This position oversees the consumer outreach program including public relations activities; planning, development, administration and distribution of educational and training material. The Public Service Officer will present the outreach programs to civic groups, governmental agencies, and all other interested parties. The PSO will also be responsible for the division's webpage, advertisement content and all printed material used in the outreach program.

Health Insurance Compliance Officer- Vacant

This position is responsible for reviewing all health insurance rate filings for compliance with applicable state laws, regulations and administrative bulletins and assisting in the development of all enhancement procedures to the rate review process. The Compliance Officer will confer with department legal staff, company compliance specialists, consulting actuaries and other department staff over compliance issues related to rate filings. This position relates to all program objectives.

Insurance Administrative Coordinator- Vacant

This position is responsible for coordinating all office activities, preparing all reports, reviewing office procedures in light of division goals and objectives, compiling financial information to assist staff in preparing grant reports and budget proposals and monitoring expenditures. Individual will maintain leave calendars, appointment calendars and travel schedules.

Database Administrator – Vacant

This position will manage the internal AID RR database, including but not limited to, operation, input, processing queries, and maintenance.

2011

	Core Rate Review	IT / Data	Outreach	Legal	Total
Personnel	196,435	78,574	98,217	19,643	\$ 392,869
Fringe Benefits	49,109	19,643	24,554	4,911	\$ 98,217
Travel	21,708		23,760		\$ 45,468
Equipment	14,794	38,466	3,465		\$ 56,725
Supplies	10,800	18,799	18,266	1,963	\$ 49,828
Contractual	319,000	500,000	75,000	55,430	\$ 949,430
		20,585	78,000		\$ 98,585
*Other	62,713	12,713	94,429	13,121	\$ 182,976
Total	\$ 674,558	\$688,780	\$415,692	\$95,068	\$1,874,098

* Other (2011)

Advertising	\$ 40,000.00
Furniture	\$ 3,800.00
Printing / Postage	\$ 24,426.00
Promotion	\$ 15,000.00
Rent	\$ 72,000.00
Staff Development	\$ 4,350.00
Subscriptions/Webinars/Seminars	\$ 9,400.00
Telecommunications	\$ 7,200.00
Training	\$ 6,800.00

2012

	Core Rate Review	IT / Data	Outreach	Legal	Total
Personnel	196,435	78,574	98,217	19,643	\$ 392,869
Fringe Benefits	49,109	19,643	24,554	4,911	\$ 98,217
Travel	28,232		25,434	248	\$53,914
Equipment	5,644	17,433	922	679	\$24,678
Supplies	11,466	13,234	17,666	997	\$ 43,363
Contractual	187,000	24,000	21,333		\$ 232,333
*Other	77,560	18,780	48,780	9,506	\$ 154,626
Total	\$ 555,445	\$ 171,664	\$ 236,907	\$35,984	\$ 1,000,000

*** Other (2012)**

Advertising	\$ 24,000.00
Printing / Postage	\$ 18,000.00
Promotion	\$ 9,500.00
Rent	\$ 72,000.00
Staff Development	\$ 8,750.00
Subscriptions/Webinars/Seminars	\$ 8,946.00
Telecommunications	\$ 7,200.00
Training	\$ 7,225.00

2013

	Core Rate Review	IT / Data	Outreach	Legal	Total
Personnel	196,435	78,574	98,217	19,643	\$ 392,869
Fringe Benefits	49,109	19,643	24,554	4,911	\$ 98,217
Travel	27,602		20,455	640	\$ 48,697
Equipment	15,444	19,336	3,922	1,679	\$ 40,381
Supplies	13,466	10,231	17,666	1,997	\$ 43,360
Contractual	206,080	14,990	34,333		\$ 255,403
*Other	69,031	13,268	30,268	8,506	\$ 121,073
Total	\$ 577,166	\$156,042	\$ 229,416	\$37,376	\$1,000,000

*** Other (2013)**

Advertising	\$ 18,000.00
Printing / Postage	\$ 2,987.00
Promotion	\$ 3,276.00
Rent	\$ 72,000.00
Staff Development	\$ 6,600.00
Subscriptions/Webinars/Seminars	\$ 2,450.00
Telecommunications	\$ 7,200.00
Training	\$ 8,560.00