



THE STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT

21 SOUTH FRUIT STREET SUITE 14
CONCORD, NEW HAMPSHIRE 03301

Roger A. Seigny
Commissioner

Alexander K. Feldvebel
Deputy Commissioner

March 7, 2014

The Honorable Mary Jane Wallner, Chairman
Fiscal Committee of the General Court
State House
Concord, NH 03301

RE: FIS 14-014, requesting Insurance Department authorization to 1) accept and expend \$2,048,237 in federal funds for FY 2014 and FY 2015, through December 31, 2014, and 2) authorization to establish consultant positions through December 31, 2014.

Dear Chairman Wallner and Members of the Fiscal Committee:

At the February 14, 2014 meeting of the Fiscal Committee, the above-referenced item was tabled in order to allow time for the Joint Health Care Reform Oversight Committee to review the matter. That Committee met on March 3, 2014 and, after hearing a presentation from the Insurance Department, voted to recommend that the Fiscal Committee approve this item subject to the following conditions:

- 1) The Insurance Department should submit a letter to the Fiscal Committee providing further detail as to who will be performing the grant-funded activities, explaining why this year's plan management grant is larger than last year's plan management grant, and detailing what activities vendors will be performing; and
- 2) The Insurance Department should provide quarterly spending reports to the Joint Health Care Reform Oversight Committee and the Fiscal Committee, verified by the LBA, that confirm that no plan management funds were used to carry out consumer outreach or assistance activities.

The Insurance Department submits this letter in fulfillment of the first condition, and pledges to make the quarterly reports as described in the second condition.

Further Detail on the Plan Management Grant

This is a federal grant awarded to the Insurance Department in order to allow the Department to continue to conduct health insurance Plan Management partnership functions with respect to the Health Insurance Marketplace being operated by the federal government. This is the second and final year of the grant program. Plan Management consists of the process of reviewing and making recommendations for certification of Qualified Health Plans (QHPs) and rates filed by health insurance issuers participating in the Federally Facilitated Marketplace under the Marketplace partnership arrangement between the state and CMS. By performing Plan Management for Marketplace products, the Department preserves its traditional regulatory function and avoids having state authority displaced by the federal government.

Who will be performing the grant-funded activities?

Public Consulting Group (PCG) has been retained by the Department to perform grant-funded activities related to 2014 review of QHP filings. PCG is a large firm that focuses on assisting public sector clients. It is headquartered in Boston, Massachusetts and also has an office in Portsmouth, New Hampshire. PCG has experience in all 50 states and is currently assisting insurance departments in a number of other states with QHP Plan Management.

Why is this year's Plan Management grant larger than last year's Plan Management grant?

This year's grant is divided into two parts, both of which would be used for work taking place during 2014:

1. The first part is for assistance in completing the QHP review process for 2015 plans, with the most intensive work taking place between mid-March and mid-August. This part is about the same as last year's grant, which was just shy of \$900,000, both in terms of the contemplated work and the amount of the grant funding.
2. The second part will fund research, planning and assistance in developing tools and proposed policies that will promote continuity of coverage for consumers who are transitioning to or from the New Hampshire Marketplace. The most intensive work under this part of the grant will take place between June and December of 2014, and much of the focus will be on 2016 plans. If SB 413 passes, one part of this effort will be to work with Managed Care Organizations (MCOs) as they decide whether to offer commercial coverage in the Marketplace in 2016, and, if they do choose to participate, as they work to develop products that meet the standards for commercial insurance policies sold on the Marketplace. This part of the funding would also be used to contract for assistance to the Insurance Department as it coordinates with the NH Department of Health and Human Services regarding the Marketplace premium assistance program. Plan Management grant funds would be used only for commercial insurance regulatory purposes and not in support of the Medicaid program.

What will PCG be doing for the Insurance Department?

PCG's assistance with the review of 2015 Marketplace plans will include at least the following:

1. Interpretation of CMS guidance as it applies to insurance regulatory standards.
2. Development of tools to support the certification process, such as a network adequacy submission forms and summary report form which will aid in increasing the transparency of the network adequacy certification process.
3. Provide training to NHID staff on the use of CMS QHP certification tools and completion of CMS data submission templates.
4. Provide guidance to NHID on the data transfer from NHID through HIOS to CMS. (HIOS, or "Health Insurance Oversight System" is the CMS database and transmission tool that powers the consumer shopping tool on the Marketplace.)
5. Conduct legal research in support of NHID's responsibility to integrate federal and state law standards.
6. Assist in the development of NHID guidance to issuers, including bulletins and filing checklists.
7. Provide increased capacity to the NHID compliance division by directly assisting in the review of QHP filings. This is needed due to the increased volume and complexity of filings and shortened review time.
8. Research and advise on best practices from other states.
9. Provider other training and research as needed.
10. Recommend methods for implementing the "meaningful difference" requirement that there should be a meaningful difference between any two plans offered on the Marketplace by the same issuer.

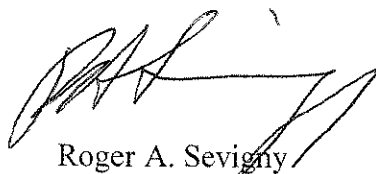
Conclusion

The grant is critical to the Insurance Department's ability to review and recommend approval of QHPs for the Marketplace for plan year 2015. We are expecting at least three times as many plan filings as last year, with three carriers and perhaps more offering coverage in the Marketplace. This is potentially a very good development for New Hampshire consumers. However, we cannot do timely review in the short (and mandatory) federal timeframes without the assistance of contractors funded by the grant. This is very time-critical, as plans must be filed by May 2014, and our recommendations to CMS submitted by August 10, 2014.

We also plan to use some of the grant funds to work to smooth transitions for people moving into Marketplace coverage. If SB 413 passes, this will include working with the MCOs in 2014 as they look at whether to offer coverage in the Marketplace in 2016.

Thank you for your consideration.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Roger A. Sevigny", is written over the printed name below it.

Roger A. Sevigny