



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

QUESTIONS AND ANSWERS FOR REQUESTS FOR PROPOSALS FOR ACTUARIAL CONSULTANTS

1. This RFP indicates mandatory requirements of:

- Associate or Fellow of the Society of Actuaries and Member of the American Academy of Actuaries
- Ten (10) years of experience as an actuary with an insurance company, an insurance regulatory agency or in a consulting actuary's office performing actuarial insurance work. At least five years must include experience in setting or reviewing health insurance rates.
 - Does this requirement apply to all team members or only the managing and signing actuaries? In order to reduce our overall billing rate, we have historically used actuarial students and technical staff to perform routine tasks such as summarizing information and performing internet research of comparable rate filings and medical trends. These team members are experienced and perform quality work, but do not have the above qualifications

The Department is seeking a single consultant who would be used in lieu of hiring a part-time individual. We do not want a team approach. Therefore, the actuarial consultant must fulfill the requirements as stated.

2. How many rate reviews have you done each year in the past?

The number of filings varies from year to year, but the estimate is around 40 per year.

3. How many companies and how many rate reviews do you anticipate will be required during the year Oct 1, 2010 – Sep 30, 2011?

The number of current rate filings is not consistent with the number of filings we are seeking a consultant to review since all unreasonable rates must be filed even for plans that are not required to be filed under current state law (group indemnity plans). The number of filings is highly dependent on how HHS will define "unreasonable".

4. What has your process been for rate reviews in the past and how do you anticipate this might change going forward?

The review is based on the Actuarial Standards of Practice, and the carriers are required to file data elements as identified by the Department. We

anticipate purchasing commercial pricing models to assist in the review of assumptions.

5. Do you anticipate any overrun of phase I beyond Sep 30, 2011?

We do not anticipate any overrun.

6. Will the actuary be required to use the department's software or will the actuary be expected to provide the software?

Filings are made by paper and on the NAIC SERFF system. The current review is primarily a manual review, although we are planning to purchase pricing models to assist. The consultant is not expected to provide software and will use what is available in the Department.

7. Are we going to be working with your internal resources and if so what are they?

The consultant will work with the actuary in the Life and Health Division of the Department and will utilize the SERFF system.

8. Will the work be done on site at the Department or at actuary's offices?

Onsite at the Department offices since there is no remote SERFF access and paper files would be required to be scanned and forwarded.

9. What kind of data compilation and reporting requirements are anticipated?

A summary of the rate review will be provided. In addition, HHS has reporting requirements that we may want the consultant to help generate. The NAIC is attempting to provide assistance to generate the necessary reports on SERFF, but there may be some application for paper filings. We are awaiting further guidance from HHS.

10. Is there an "incumbent" currently under contract to review rate filings?

No

11. What would the team look like that would best meet or be able to exceed your expectations?

We are looking for one dedicated actuary to review rates to ensure consistency and minimize any training on Department systems and processes.

12. Are filings to be reviewed as received? If so, what are the required time frames for review?

Filings will be reviewed as received. We are awaiting further guidance from HHS regarding timeframes.

13. Is there a possibility to review multiple filings by a company or the filings of companies within a group at the same time in order to identify common data and rate development methodologies in order to expedite the reviews?

Filings are likely to include rates for multiple products. We are awaiting further guidance from HHS regarding the required format.

14. On page 6 of the RFP, Section 3, item 3, it is requested that the respondent provide the name and address of owners/partners/shareholders of all affiliated entities and the names and address of the members of the Board for each entity. Our parent organization has over 35 entities in it. Are we to provide the requested information for all these entities or will it be acceptable to the State if we provide this information for our company and the parent company?

You may provide for your company only

15. Is it necessary to perform the rate reviews on-site at the Department?

Yes because there would be no remote access to SERFF and we would have to scan paper files.

16. What is the anticipated turn-around time for each rate review?

This will depend on requirements to be set by HHS.

17. Approximately how many health insurance rate reviews does your department do in a given year?

The number of filings varies from year to year since there has not been a required annual filing, but the estimate is around 40. The number of current rate filings is not necessarily consistent with the number of filings that we are seeking a consultant to review since all unreasonable rates must be filed even for plans that are not required to be filed by state law (group indemnity plans). The number of filings is highly dependent on how HHS defines "unreasonable."

18. How many health insurance carriers file rates in your state?

There are 500 carriers with the authority to write health insurance, but most are not actively marketing major medical insurance. There are 8 carriers actively marketing in the individual market, 5 health care centers and 19 in the small employer market.

19. What lines of health insurance does this RFP cover (Major Medical, Medicare Supplement, Dental, etc.)?

Primarily major medical

20. Does this RFP supersede the April 2010 RFP (due May 10, 2010) regarding rate reviews (Category 10 under the April 2010 RFP)? The scope of this RFP and the April 2010 RFP seem the same or at least quite similar.

This RFP is for activities connected only to the rate review grant.

21. Is the intended scope to both assist in the development of an enhanced rate review process as well as actually perform rate reviews? Anything you can add to clarify scope would be very helpful.

It is primarily to perform rate reviews for filings made by carriers regarding unreasonable rate increases.

22. If performing rate reviews is part of the scope, what is the annual period for which those rates being reviewed will be effective and will the rate reviews be a service that is required from a qualified consultant annually thereafter?

The period may vary. We are waiting for further guidance from HHS regarding these filings. There may be a need for services after cycle 1. This has not yet been determined.

23. Will the awarded consultant be involved in communicating to the public in relation to "compile data on rate increases for increased transparency to the public and reporting requirements"?

The consultant would be involved in preparing a report that would be available on the department website and might be involved with helping to generate reports required by HHS.

24. How many on-site meetings does the State anticipate during the contract period ending September 30, 2011?

The hired consultant would be working on-site since filings made on the NAIC SERFF system are not accessible remotely.

25. Does State of CT want a response focusing on a technology solution or is State of CT just looking for additional actuaries reviewing rates?

We are primarily looking for an actuary to review the unreasonable rate filings.

26. Will the contract include the provisions related to Examination Agreements?

No. This is not considered to be an Examination. This is a rate application activity.

27. Might there be more than one contractor engaged to support the state?

We expect to limit this to a single consultant.

28. How much of the work will be in helping to develop the enhanced rate review process and how much on reviewing actual filings? Will the State accept a proposal to help with the process development only?

The primary duty will be performing actuarial rate reviews of filings made with the Insurance Department regarding unreasonable rate increases. There may be some discussions regarding methodology, but we are not seeking the consultant to develop a review process since one is in place already. We anticipate this individual would receive some training from the Department's actuary in accessing SERFF and pricing models once they are in place along with some instructions on the general rate review process used by the Department. This person will provide a summary of the rate review and may also assist in generating reports for HH.

29. Please provide the State's perspective on what constitutes a conflict of interest that would impair a vendor from providing services under this agreement. For example, if a vendor does work for insurers that may submit rate filings but does not work on the rate filings, does that constitute a conflict that precludes bidding on this work? Can a vendor be recused from working on any filings that were done by their firm or in which their firm served as consultant to the carrier?

We believe that a disqualifying conflict exists if the vendor is doing pricing or other actuarial work for a CT regulated insurer or health care center that will be making these rate filings. If the consultant has also been a consultant to the Department's Financial Regulation Division for a financial examination in the last 3 years, we would consider that to be a disqualifying conflict as well.

30. Please describe in more detail the type of work that will be requested from the vendor and how you anticipate the vendor will coordinate with DOI staff. We would like to better understand the request for support for helping with the review methodology; please provide more detail on this aspect.

31. How quickly will you expect the vendor to be prepared to begin their review of a rate filing when requested to do so? What is the expected turn-around time for completing each review?

The consultant should be available within a week of notice of receipt of such filings. The completion turn around will vary based on complexity of review.